

*Excise Tax Act*

but I think that the majority will be in favour of the amendment because, if I am not mistaken, it is simply a question of eliminating the 11 per cent tax.

We shall be told that the Minister of Finance has retreated and reorganized his tax so as to impose 4 per cent immediately, then increase the tax by another 4 per cent in another year, and by 3 per cent in the next. But, there is actually a wish to impose an 11 per cent tax on building materials, and machinery used in manufacturing, so that the cost of living and prices of all available goods will increase, which will add to the inflation we have in the country.

To increase this tax in stages, as the Minister of Finance is doing now, or all at once, does not make a great difference.

Whether you cut your dog's tail in several short parts or all at once, the result is the same. When the tail is cut in many places, the dog only hurts that much more.

This is, in a way, what is happening in the case of this tax. The Minister of Finance with his escalator tax, which in a year and a half will be at 11 per cent, will not change anything in the situation, because the people will have to pay the tax all the same.

Mr. Speaker, let us not forget that for about 50 years, in our country, taxes have been gradually increased one after the other, bit by bit, as it is done again today, with the result that out of every dollar earned by a Canadian citizen about 47 cents are paid in taxes. If this tax had been imposed all at once, the Canadian people would certainly have revolted, but since the Minister of Finance is imposing it by stages, bit by bit, the people do not realize it so much but the increase still remains. Therefore, we must put a stop to those tax increases and, in my opinion, the time has come to do it.

I see the hon. member for Mercier (Mr. Boulanger) who seems to be quite happy with this tax. If he feels it is right for him to rejoice now, I believe that his constituents do not smile as broadly as he does at the present time.

Mr. Speaker, we appreciate that the expenditures at the various levels of government are increasing. The federal government expenditures are increasing. For instance, today we have before us a bill concerning municipal assistance. This will require an expenditure of \$400 million. So, we appreciate the government expenditures are going up.

However, when expenditures go up, the government must look for additional revenue. Unfortunately, we find that to increase its revenue, the government has no alternative but to take the required funds out of the pockets of Canadians by means of taxes.

As long as the government keeps to beaten tracks in matters of economic administration, it will be unable to get the money it needs otherwise than by taxation.

We are against this tax but we recognize that the government needs additional revenue. Instead of seeing the government increase taxes or try to get along without the additional revenue it needs, we would like to suggest other means to solve the problem.

I heard the hon. member for Burnaby-Coquitlam (Mr. Douglas) suggest several times that deficit budgeting is a means of obtaining new sources of revenue. Deficits lead invariably to indebtedness, to payment of interests, and at this point, we do not go along.

We suggest therefore that deficits should be financed by the Bank of Canada, an agency of the Canadian government that does not have to charge any interest, because the Bank of Canada being a Canadian organization, it turns out that we owe money to ourselves. In short, I am in favour of this type of deficit budgeting financed by the Bank of Canada, because we would owe this money to ourselves. In that case, it is more or less the left hand that owes to the right hand and we would not object to the Bank of Canada financing the deficits.

We are against the increase of this tax and we would suggest, at the same time, other sources of revenue. Since we have explained often enough in the house how to find other sources of revenue, we feel that it is useless to dwell any longer on the subject.

That is why the majority of the members of our group will vote in favour of this amendment.

(Text):

**Mr. T. C. Douglas (Burnaby-Coquitlam):** Mr. Speaker, the effect of this amendment is to send the bill back to the committee in order to retain the exemption on building materials and production machinery. In other words, the committee of ways and means would be instructed to remove the 11 per cent sales tax on building materials and production machinery. It is true that the 11 per cent