

The Budget—Mr. Benson

Beyond suggesting for several months that the government should "do something", the Leader of the Official Opposition (Mr. Stanfield) had no concrete proposals to offer until only a few weeks before the December budget. At that time he decided that all our problems would be solved by slashing taxes, in addition to all the vague and undefined increases in federal spending he has also been proposing. The Leader of the Opposition sets off across the country proposing wholesale tax cuts that would cost the governments of this country up to a billion dollars. Since he pooh-poohed my calculation, let me just put on the record how this figure is arrived at. The removal of the surtax would cost \$240 million; removal of the 11 per cent sales tax on building materials, \$360 million; and a 6 per cent personal income tax cut would involve a loss in federal and provincial revenues of \$445 million, for a total of \$1,045 million. This would mean a loss to governments, because reductions in federal income taxes also reduce the revenues of provinces which the Leader of the Opposition says have not enough money now. I hope he drops in on the Conservative premier of Ontario as well as the Conservative premier of New Brunswick and tries that idea out on them.

Then, we have the hon. member for Prince Edward-Hastings (Mr. Hees), who was a senior member of that ill-fated Conservative government. He wants a massive but unspecified reduction in business taxes. I had hoped his leader would make it clear during this debate whether a corporate tax cut is official party policy. And if the Conservatives are talking about a corporate tax cut similar to their proposed 6 per cent personal tax cut, then they are talking about another \$118 million.

I am sorry that the Leader of the Opposition did not find it possible to remain in the House for the continuation of this debate which was requested by his own party.

Mr. Baldwin: He has gone to meet a few more of the unemployed.

● (3:40 p.m.)

Mr. Benson: This indicates his obvious disregard for the House of Commons.

Mr. Baldwin: He will be here to vote tonight.

Mr. Benson: He is going to be like so many other Conservatives who only show up for the votes. I have a few suggestions I wanted to make to him before he continued his travels to central Canada and the Atlantic provinces.

For instance, he might tell people who call in on the hot line shows what he would do after cutting taxes. The one billion dollars has to come from somewhere. Perhaps he would cut some government programs like unemployment insurance, or social assistance programs. Or perhaps he would keep the programs at their present level, increase the deficit and borrow the money to cover the deficit. He might wish to explain how he would do this without shoving up interest rates at a time when we are trying to provide housing in regions where housing is poor and unemployment is highest.

[Mr. Benson.]

If he proposes to maintain programs at their present level and increase the deficit, he should tell the Canadian people what this adds up to. Already, with our present programs, we are forecasting a deficit for the next fiscal year of about \$600 million. So, if the Leader of the Official Opposition had his way, the Canadian public could look forward to a deficit of at least one and one-half billion dollars, and that is without one further cent of spending beyond what we now forecast. I hope the hon. gentleman will explain to Canadians the consequences of a budgetary deficit about double anything we have ever run in Canadian peacetime history.

The Leader of the Opposition might also like to explain on his travels who would directly benefit from his proposed tax cuts. Tax cuts would have a stimulating effect; I have never denied that. Nor have I said they would be unduly inflationary at the present time. Government spending also has a stimulating effect, and when it is aimed at industries and regions that need help results are achieved faster and more directly. But who would directly benefit from a tax cut? Normally, the people who benefit from a tax cut are those persons and regions that enjoy the higher incomes. It is not the unemployed, because their incomes are not high enough. And, of course, if government programs were cut to pay for the tax cuts, then those most in need would suffer even more.

The Opposition appears to have embraced the trickle down theory, the theory that if you leave enough money in the hands of the well-to-do it will eventually trickle down to the people who really need it. While it is not surprising, that this position has been adopted by the Conservative party, it is surprising to find members of the New Democratic Party rushing to adopt the same position for the first time only after I brought down my December budget. They called for tax cuts of 10 to 15 per cent, in addition to urging the government to spend billions of dollars more for social assistance, social capital and for economic development, the result of which would be an astronomical federal deficit, with the result I previously indicated.

Members of the Opposition parties are like the Bourbon kings of France, Mr. Speaker: They learn nothing and they forget nothing. Those responsible for governing the affairs of nations around the world have learned that attempts to accelerate economic growth too quickly and too hard are in the end self-defeating. The lesson has not penetrated the minds of members opposite, whose approach seems to be dominated by a lemming-like instinct for self-destruction.

The measures we have already taken to spur the growth of production and employment will require the federal government to raise a substantial amount of cash in the coming fiscal year, which in turn has an important bearing on the extent to which the monetary and banking system is expanded. As I said in my budget speech last month: There are limits to the extent to which the banks can be encouraged to increase their holdings of government securities without running the very serious risk that the expansion and increased liquidity of the