

government, to other governments and to the people of Canada in general by reducing government spending and clearly pointing out that we can reduce waste; that some of the programs we have, while good in themselves are not of national priority. Having done that, I think we can also cut revenues and regain to a large extent the confidence that I fear is being lost; that is, the confidence that should exist between the electorate and those whom they elected that they will use the tax money fairly, that they will tax only to the extent that is essential and that constant vigilance is exercised on the waste that can creep into government expenditures. I say to the Minister of Finance that if he embarks upon that road, not only will he have our support but he will have the gratitude of the Canadian people in general and of taxpayers in particular.

**Mr. Jack Cullen (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, I have been endeavouring to ascertain—the press have asked me this question—why this debate on second reading seems to be going on and on. Frankly, I have no answer for them. This budget, or a good portion of it, was debated prior to the defeat of the budget on May 8. We had the budget debate in November and now we have the second reading debate, and I expect on clause 1 we will have another debate. So it seems difficult to figure out. Perhaps we will get the answer from one of the hon. members opposite.

While I am on my feet and participating in this debate I should like to congratulate the hon. member for York-Simcoe (Mr. Stevens) on his elevation to the position of Conservative co-critic of financial matters. I notice with interest that the troika has now been reduced to a duet. However, when I look across the chamber I see the Leader of the Opposition (Mr. Stanfield) in the role of playing coach. When the leadership convention is over, I suggest to the hon. member for York-Simcoe that he should hang loose, because that may be a good role for the leader of the opposition and the hon. member for York-Simcoe may then be either part of the troika or shifted to some other area of responsibility.

**Mr. Stanfield:** The hon. member must be trying to prolong this debate.

**Mr. Cullen:** At the outset of the debate on second reading of this bill, the hon. member for York-Simcoe called for further tax cuts in addition to the very substantial reductions proposed in the budget, to inject further stimulus into the economy, and he deplored increased government expenditures. After two years, I suggest with respect to the opposition, the wheel has turned full circle. At the time when the Minister of Finance (Mr. Turner) introduced the budget of February, 1973, Conservative spokesmen contended that it was not nearly expansionary enough. The hon. member for Don Valley (Mr. Gillies) said that the deficit should have been more than 2½ times that projected in the budget. He contended that the monetary policy should be far more expansive.

The hon. member for Edmonton West (Mr. Lambert) contended that government spending was not being increased nearly enough to promote adequate economic growth. That, it may be remembered, was at a time when the economy was already headed for one of its strongest performances in many years. By the fall of 1973 it became

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apparent to the hon. member for Don Valley that the economy was indeed growing very rapidly, a development which obviously greatly confused him and other members of his party. As the Minister of Finance pointed out at that time—if I may quote my minister—it seemed that the Conservatives were so confused that on Mondays, Wednesdays and Fridays they were calling for more expansionary policies to further accelerate growth of the economy, but on Tuesdays, Thursdays and Saturdays they were calling for more restrictive policies to slow down the growth of the economy.

● (1610)

**Mr. Baker (Grenville-Carleton):** And on Sundays we prayed for the country.

**Mr. Cullen:** The official opposition never really did determine whether they should be coming or going until the time of the May budget and the subsequent election campaign which they foisted on the Canadian people by their defeat of that budget. Then, instead of proposing to jam down the accelerator they proposed to jam down the brakes. The hon. member for Don Valley called for a budget surplus although his leader indicated that he would settle for a balanced budget. They advocated a drastic slowing of the growth of the money supply, imposition of consumer credit controls and, of course, imposition of wage and price controls, all of which together would very effectively have brought the growth of our economy to a jarring halt.

Looking back, it is perfectly obvious that the Conservatives were once again advocating the wrong policy at the wrong time. But it was not necessary to have the benefit of hindsight to know at the time that the highly restrictive economic policies being advocated by the members of the official opposition were dead wrong. In a paper published only three days before the budget of May, 1974, the Conservative Party's own economic advisers warned strongly against adoption of restrictive economic policies. I quote as follows from that report:

Any government policies aimed at reducing domestic demand may only accentuate an existing trend of demand reduction and do irreparable harm to the confidence required by business in order to undertake investment.

Of course, a drastic reduction in domestic demand was precisely what the leader of the Conservative Party and his followers were proposing to the Canadian people. It is perhaps not surprising that for many months following the federal election last July, the Conservative Party took refuge in total silence on virtually all aspects of general economic policy, a silence which was broken only last Thursday, January 30, by the hon. member for York-Simcoe when he told us that the government was not doing nearly enough to stimulate the economy. As I noted earlier, the wheel has turned full circle.

Notwithstanding the fact that the budget introduced by the Minister of Finance in November was highly expansionary, the hon. member for York-Simcoe called for the injection of further massive stimulus in addition. Recall that the budget projected a budget deficit of \$1 billion for 1975-76. The hon. member for York-Simcoe proposed to almost double that deficit. He advocated not only an additional \$500 million cut in income taxes but also the com-