

*Oral Questions*

**An hon. Member:** It was \$3.7 billion.

**Hon. Donald J. Johnston (President of the Treasury Board):** Madam Speaker, if I understand the question correctly, the hon. member is asking me what programs are to be cut in terms of the projected deficit which the numbers given last night suggested to the House.

● (1120)

First, I point out that last night's statement with respect to the deficit, as indicated in the information put forward by the Minister of Finance, does not take account of what other measures may be introduced subsequently this year, and does not take account of the negotiations which will be carried on by my colleague, the Minister of Energy, Mines and Resources. It was clearly indicated last night by the Minister of Finance that that number, at this point, represents a maximum number. I can assure the hon. member that I am continuing with the responsible restraint measures which were begun by this government in 1975 and will continue—

**Some hon. Members:** Hear, hear!

**Some hon. Members:** Oh, oh!

**Mr. Beatty:** Madam Speaker, the President of the Treasury Board now indicates that he insisted that no cuts be made prior to the statement being tabled last night. I would like to ask him about the statement by the Prime Minister on January 12, in Toronto, in which he outlined a five-point Liberal economic platform which included a firm commitment to hold down the growth in expenditures to less than the growth in the gross national product, and to reduce the federal deficit in a phased and orderly way.

Why did the President of the Treasury Board agree to allow these firm commitments to the Canadian people to be broken?

**Mr. Johnston:** Madam Speaker, I reject any suggestion that I have allowed any commitment to the Canadian people to be broken. It has been, and remains, the intention of this government to reduce the deficit in an orderly way.

#### EFFECT OF FISCAL MEASURES ON ECONOMIC GROWTH AND JOB CREATION

**Mr. Edward Broadbent (Oshawa):** Madam Speaker, I have a question for the Minister of Finance. On December 12 last, when in opposition, the Minister of Finance said that the Conservative budget "last night painted a picture of double-digit inflation, increased unemployment, higher taxes and slower economic growth".

Considering that his statement last night as Minister of Finance painted a virtually identical picture, and considering that the Liberals voted on December 13 on a motion calling for economic growth and job creation, why did the minister last night betray completely his party's commitment which led to the defeat of the Conservative government and to a general election?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I have no hesitation in replying to the hon. member's question as to why we joined with the New Democratic Party in defeating the Conservative government on that night. We did so because we opposed basically the inequitable tax system which was implied in the excise tax on gasoline, and because we opposed the use of that particular tax to finance what we considered to be an inequitable mortgage assistance program.

**Some hon. Members:** Hear, hear!

**Mr. MacEachen:** That is the reason we defeated the government. There were other elements in the budget presented by the hon. member for St. John's West which were not pronounced upon and which I have looked at, and some of them I found worth while in the present circumstances and brought back. I am happy that I was able to rescue the hon. member for St. John's West from oblivion.

**Some hon. Members:** Hear, hear!

**Mr. Broadbent:** Given last night's statement, I am sure the people of Canada will hope that the present Minister of Finance will soon join him in oblivion.

**Some hon. Members:** Hear, hear!

**Mr. Broadbent:** I remind the minister that what he voted on, as opposed to what he says now, was a motion calling for a reduction in taxes, a reduction in interest rates, and economic stimulation. That is what his party voted for, not for what he just said.

● (1125)

I would like to say, in asking my second question, that considering that in the campaign and in the throne speech the Liberals have committed themselves to regional development programs, and considering that the minister of finance from Nova Scotia has pointed out in the past 24 hours that the statement of the Liberal Minister of Finance last night contains not a thing for regional development, when is this government going to start delivering on its commitments to all those parts of Canada which have not shared in the economic benefits of this land, which the Liberals have been promising for more than a decade?

**Mr. MacEachen:** Madam Speaker, the hon. member's question gives me an opportunity to explain why I dropped from my statement last night the provision calling for a special tax contract with firms which might decide to locate in regions of underdevelopment. The reason it was dropped is that I concluded that the present DREE program had sufficient flexibility and because, indeed, I could not find out from the material which the hon. member tabled in the House of Commons what was involved in that particular program.

I indicated in my statement last night the continuing concern of the government in regional development, and that presently there is an ongoing review of techniques that might