

one of the large corporations. If we did that, we could meet the needs of the Canadian people, for better nutrition, health, housing—

The Acting Speaker (Mrs. Morin): Order, please. I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Orlikow: I wonder if I could just complete my sentence, Madam Speaker.

The Acting Speaker (Mrs. Morin): Is there agreement that the hon. member shall continue?

Some hon. Members: Agreed.

Mr. Orlikow: If the minister would adopt some of the suggestions which I have made tonight, we in this party could vote for his income tax proposals. However, I am certain the minister will not do that. He will not listen any more tonight than he has in the past. That being the case, it is likely that we may vote against this bill.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Madam Speaker, I will take notice of the brevity of the previous speech and try to confine my remarks to a few comments which I hope will be taken as constructive suggestions to the minister and the government.

I want, as many of my colleagues have done, to make reference to the fact that the minister has been working hard with regard to the matter of determining guidelines for our country with respect to the whole question of inflation. I sincerely commend the Minister of Finance (Mr. Turner) for the various moves he has taken in this regard. I can see it is a difficult job.

In my short stay here I have come to realize that the minister has very serious problems. Not the least of those problems is the question of trying to give leadership within cabinet with regard to restraining expenditures on the part of government, keeping government spending down to a reasonable limit so that the inflationary trend now being experienced in this country will in fact be modified.

I find a situation developing which is difficult to understand. While the minister is attempting to give some leadership and guidance to his colleagues, his position is being undercut because of the appointment by the Prime Minister (Mr. Trudeau) of his own elite group of advisers. That is unfortunate. The Minister of Finance deserves better treatment from the Prime Minister when engaged in an attempt to deal with the great problems which face this country today.

The government is not dealing with the Minister of Finance on a proper basis. With this group of advisers, the government is trying to go in all directions with regard to economic planning. As far as this country is concerned, this is a reprehensible turn of events. I look forward to the Minister of Finance being involved in the future planning of our economy as opposed to a select group in the office of the Prime Minister.

Some hon. Members: Oh, oh!

Income Tax

Mr. Hnatyshyn: I appreciate that I have support on the other side of the House when I make these constructive suggestions.

As far as the minister is concerned he is surrounded by very competent officials. He has an outstanding parliamentary secretary who is in the House taking notes on everything that is said on this side, ready to adopt our suggestions, no doubt, to be used in future government proposals.

I do not believe that the suggested reductions in personal taxation will be sufficient to restrain the demands of wage-earners for increased cost of living allowances in 1975. If restraints are not achieved, 1975 will be a year of above normal work stoppages with the resulting loss of productivity, thereby defeating one of the objectives of the budget for improved productivity. Indeed, if the cost-push effects of our present inflationary economy are to be neutralized, and they must, then there must be sufficient incentive provided to accomplish an immediate cooling-off period for wage demands. I believe that a 10 per cent tax reduction in personal taxation would provide this incentive. A 10 per cent rate of reduction would be more in line with the current rate of thrust of our inflation. With this equalization of trends downwards, personal tax reduction—and upwards, inflation—it would provide a more acceptable basis for some agreement relative to restraints in wage demands for 1975. The growth of government over the years has been great. The fact of the matter is that there has been such an increase in the growth of the public service and of government itself, that some economists are prophesying that within 15 to 20 years roughly 85 per cent of all expenditures in this country will be attributable to government. Competition between government and the private sector for capital, materials and manpower is keen and is a contributor to inflation. At the present time the government is winning the fight to gain a larger share of each of these resources. As a result the private sector continues to experience difficulty in meeting demands on its facilities and resources for the production of materials to meet the requirements of domestic and export markets, and as a consequence there is a continuation of the upsurge in inflation.

• (2120)

If the private sector is to regain the competitive position that it held prior to the era of rampant government expenditure, some very bold and substantial restraints on government spending are required. I implore the government to take steps to come to grips with this question of government spending. I realize that this whole question is a complex and difficult one; to use a term current nowadays, increasing government spending has become almost irreversible.

I suggest that the cabinet should find some system of priority in regard to government expenditure, and that leadership be shown by the government in its own dealings. I implore the government to give serious thought to strengthening the hands of the Minister of Finance