

*Election Promises*

The Leader of the New Democratic Party ought to keep in mind the fact that we are providing a very large stimulus to the economy at the present time.

**Mr. Broadbent:** How does the deficit compare with that of Germany?

**Mr. MacEachen:** I believe the Leader of the New Democratic Party has swept aside totally the difficult fiscal position of the Government of Canada at the present time. He has declined to consider the position of the federal government in comparison to that of the provinces, the relative situation of the five eastern provinces with respect to the federal treasury, and the relative situation of the largest oil producing province with respect to the federal deficit.

The fact of the matter is that the federal government is expected, presumably, to bear the main brunt of economic stabilization in Canada. It will be quite difficult for the federal government to discharge that responsibility unless it has access to more revenues that can come and ought to come from a new pricing arrangement.

As I said, the Leader of the New Democratic Party has overlooked a number of these important factors. He is asking me to administer a "quick fix" to the Canadian economy through massive new expenditures, through massive tax cuts and to administer lower interest rates. If I thought that recipe would solve the long-term problems facing the country, then I might be tempted to use it; but I believe that what that policy seems to recommend is the curing of short-term symptoms which in the long run make our situation worse.

Surely the objective of the Leader of the New Democratic Party and that of myself is precisely the same: to bring about increased productivity and a resumption of growth in the economy. I doubt whether, in the long term, that resumption of growth and increased productivity—new real investment—will occur if we put into place the policies recommended by the hon. member for Oshawa.

As I said earlier, my attitude in that respect was influenced by my attendance at the meeting of OECD ministers and by the discussions at the Summit. The consensus was that it would be desirable to maintain the battle against inflation and not to risk a renewed outbreak of inflationary expectations by an attempt to deflate at the present time.

The hon. member for Oshawa made another important point. He said that there is no difference between the fiscal stance of the former Conservative government and that of the present government. In that he made a very basic mistake. If the fiscal plan of the former minister of finance had been allowed to reach fruition, or if, indeed, we look at the predictions he gave us in his December budget, we see that his financial requirements for 1980-81 were stated as \$8.2 billion and his deficit would be \$11.7 billion.

The hon. member for Oshawa has obviously failed to take into account the new projections given in my April statement, which indicated that the financial requirements for 1980-81 had increased to \$11.7 billion and that the deficit had

increased from \$11.7 billion to \$14.2 billion. I regard this as a very considerable deficit and a very considerable stimulus to the Canadian economy.

**Mr. Crosbie:** Come off it!

**Mr. MacEachen:** I would differentiate my posture from that of the hon. member for St. John's West in that respect. The Leader of the Opposition identified the difference. The fact of the matter is that the policy which I have been pursuing leaves more in the economy and provides more stimulus of the economy than did the December budget. To put it another way, if the policies of the former minister had been allowed to come into effect, the economy would lose a considerable amount of this particular stimulus.

**Mr. Clark:** Hogwash.

**Mr. MacEachen:** If the Leader of the Opposition wants to consult the statistics he will find that the figures are perfectly correct.

This afternoon I have been asked, on the one hand, by the hon. member for Oshawa to undertake massive deflation, and I have been asked by the Leader of the Opposition, on the other hand, to revert to the deficit reduction policy of his government which would take place over a four-year period regardless of the impact of expenditure and the deficit on output, growth and employment. I have taken a course in between, Mr. Speaker. I have not followed the extremism of the former minister of finance nor the extremism of the Leader of the New Democratic Party.

**Mr. Clark:** In fact, you have done nothing at all.

**Mr. MacEachen:** The Leader of the Opposition is wrong again in saying that we have done nothing at all. What we have done is to avoid a deflationary net impact upon the economy of the \$2.3 billion which his minister of finance would have extracted in the form of the excise gasoline tax. After he had paid for the mortgage tax credit program, he would have deflated the economy through that particular tax measure by \$2.3 billion.

**Mr. Crosbie:** Where is your housing program? Where is the one you promised?

**Mr. MacEachen:** I want to make it very clear where we stand at the present time.

**Mr. Crosbie:** You are not standing, you are crawling.

**Mr. MacEachen:** I want to make it very clear where we stand at the present time.

**Mr. Broadbent:** Inertia has become the principle.

**Mr. MacEachen:** I am delighted at what has happened. I have deserved the opposition of both opposition parties. It gives me some comfort that I am following a more moderate course. What I am saying is that both fiscal and monetary