

C-49 that at the present time there is in the government's name almost \$5 billion on deposit with the Bank of Canada and the chartered banks. So the Minister of Finance cannot reply that it is impossible for him to make a tax reduction because to do so he would be forced to borrow money. Forecasts for the coming year indicate, if one takes the Conference Board's figures, that real growth in this country will be marginal; on a per capita basis there will be a deficit as far as real growth is concerned. So the minister cannot say that a tax cut is not warranted, as the economy is already running at a satisfactory level.

The Minister of Finance has already expressed the view that if money is left with the taxpayer it does more to curb inflation than if money is spent by the government. Why is he not a man of his word? Let him amend the bill before us, so that instead of offering Canadians a mere 3 per cent reduction in 1975 and ensuing years he could assure them of at least an 8 per cent reduction, thus placing a little more buying power in their hands.

Support for our proposition is developing day by day. Last week most hon. members received a copy of a policy review and outlook for 1975 entitled "Restructuring the Incentive System", edited by Judith Maxwell and put out by the C. D. Howe Research Institute. I realize the government is embarrassed when these reports are cited. Certainly, when I cited certain passages from the Jump and Wilson report I noticed the parliamentary secretary was quick to try to explain why that report was perhaps more favourable to his position than I had indicated. I observed, however, that he did not once challenge the passages I had read from the report. As I say, I realize that government members are embarrassed by some of these statements, but I would ask every member of the House to read from this C. D. Howe report the chapter on control of government spending. For example, the study reads at page 48:

It is fair to say that the federal government is seldom exposed to the kind of revenue constraint which normally influences the spending pattern of individuals and business firms.

Later, on the same page, the report states:

Taxes could be reduced in such a way that revenues would increase at about the same rate as the gross national product.

Wouldn't it be a pleasant surprise if instead of allowing personal income tax to rise at the rate of 22 per cent a year, the government would accept as its standard that personal income tax should at least not rise faster than the gross national product? As is pointed out in this and other research documents, there is an elasticity in personal income tax revenue of approximately \$1.6 billion in relation to the gross national product. The net effect is that in the absence of suitable and repeated tax cuts we shall find that personal income tax will continue to outrun the rate of increase in the gross national product. This is why we in the Progressive Conservative Party are demanding that government revenues be curtailed, and in taking this first step we are ensuring that the government will act more responsibly in its spending.

● (1510)

Let me put it this way, Mr. Speaker: if the Minister of Finance is truly being overruled by his cabinet colleagues, and the group of seven is tending to set financial and fiscal policy in this country, it is up to the members of the

Income Tax

House to ensure that responsibility be restored to the finance department. I have already touched on some of the figures. For the record, I believe it is important that they be left indelibly on everyone's mind. On a national accounts basis, in his November 18 budget speech the Minister of Finance proposed that government expenditures should rise in the fiscal year 1974 from \$23.7 billion to \$34.9 billion in 1976, a 47 per cent increase which we say is excessive. The minister also forecast that direct personal taxes from the taxpayers of Canada should rise from \$11 billion to \$15.9 billion, an increase of 44 per cent or \$4.9 billion. Those, Mr. Speaker, are the Minister of Finance's own figures.

Shifting to budgetary revenue, we find the minister forecasts that personal income tax in fiscal year 1974 of \$7.9 billion is going to skyrocket to \$11.35 billion by fiscal year 1976, an increase of 43 per cent or \$3.4 billion in a two-year period. In the earlier budget of May, the Minister of Finance indicated that we would be in a deficit position this year. By November he had changed his opinion, saying we will have a surplus of \$275 million.

Those are the facts, Mr. Speaker. We say there is room in the budgetary stance of the government to give the Canadian taxpayers this further break of \$500 million, a 5 per cent tax reduction of between \$60 and \$150 across the board for most taxpayers. In saying this, I emphasize that we believe there is very little control over government spending at the present time. Certainly, when estimates have been under review in the finance committee we have repeatedly tried to get some evidence from the President of the Treasury Board (Mr. Chrétien) or from the Minister of Finance about the actual restraints they are imposing upon their colleagues' spending habits.

For example, are there any five-year guidelines which cabinet ministers are asked to observe? Do these ministers have to furnish Treasury Board or the Department of Finance with an estimate of their expenditures for 1980 or 1981? Much to my amazement, I found that there was no long-range estimating by either department. The approach is ad hoc. It is the approach of allowing revenues to accrue, as I have said, and then deciding how those revenues should be spent.

Let there be no mistake, Mr. Speaker, if we in this House do not shut off the increase in government revenue, the government will certainly spend the available funds. Let there also be no mistake that if the Minister of Finance is sincere when he says he believes in government restraint, he should ask for and receive the support of every member of the House.

Mr. Paproski: And of his cabinet.

Mr. Stevens: And, as has been suggested, of his cabinet. We do not want to delay debate either on the amendment or on Bill C-49, but I feel it is right to put the facts squarely on the record. This government has tended to overtax the personal taxpayers of this country. If the minister cannot put a stop to this, then it is time the members of the House stopped it. This is why I hope as many members as possible will speak to this amendment. I trust they will let the government know their views and, hopefully, the government will give us some answers con-