

The Budget—Mr. Nowlan

charges of misleading the house and charges of an absolute breakdown of the financial structure of this country, with an inevitable deficit of \$1 billion.

Yet what do we find? When the minister brought down his statement last Thursday night and the white paper the day before we found that there was a deficit of not \$700 million for which he budgeted but of \$618 million. I think that the Minister of Finance and this government deserves great credit for having accomplished this result in the light of the dire prophecies which were made last year. When I hear these gloomy prognostications about the way the country has been betrayed, the way in which the financial structure of the country is being jeopardized, I must say that outside the attendance in this house, where members are always assiduous in their attention and in their attendance, the attendance in the galleries would not suggest that the nation is living in fear and trembling of what is going to happen under this budget or that it wishes to express any indignation or any great apprehension because of what was proposed by the Minister of Finance.

We have had a difficult year during which to finance. I think the Minister of Finance deserves a great deal of credit for having planned the financing of this nation, assuming additional responsibility and financial expenditures which were never contemplated in the days in which we were in opposition and having succeeded in coming out with a deficit of not that which he had expected but which was less than that for which he had budgeted. Why is it that there should be these suggestions about the "terrible Tories" having betrayed their promises and exposed the country to increased taxation. We have heard about the things which are supposed to have been done; according to the amendment which has been moved—

This house regrets the bad faith of the government which sought and secured support from the Canadian people on a program of lower taxes, reduced expenditures and a balanced budget, and which has now produced in flagrant disregard of pre-election promises a budget calling for higher taxes, record expenditures and a large deficit.

Mr. Speaker, there is no doubt that promises of any kind, whether pre-election promises or otherwise, should be honoured and respected so far as circumstances will possibly permit, but I would suggest to you, sir—and I think all hon. members on both sides of the house would accept this general principle—that promises made to this House of Commons and promises made to parliament stand in an even more favoured position in so far as sanctity and respect are concerned than promises made during an election campaign.

[Mr. Nowlan.]

What has been one of the major reasons why we are facing increased taxation at this time? It is simply the necessity for putting on a sound financial basis the old age assistance and security fund which was accepted by this parliament in 1951 after a joint committee of the House of Commons and of the Senate had spent months in considering the inauguration of such a fund. I have the report of that committee here, but I do not intend to weary the house by reading excerpts from it, unless hon. members should desire me to do so. But this was the effect of the report—that there should be established provision for old age assistance and old age security in this country and that the fund should be on a self-supporting basis. As a matter of fact, reference was made to this point in the committee's report itself, that the fund was to be placed on a "pay as you go" basis. This report was adopted by the government of which the Leader of the Opposition (Mr. Pearson) was then a member. Others who sit in this chamber today were also members of the cabinet at that time; the hon. member for Essex East (Mr. Martin); the hon. member for Bonavista-Twillingate (Mr. Pickersgill)—

Mr. Pickersgill: I do not think I was a member at that time.

Mr. Nowlan: No. The hon. member for Bonavista-Twillingate was, of course, still relegated to the back room. It was some time before he escaped his enclosing confines and came to the front row of the house.

A resolution was moved to establish this fund, and it came to this house having previously been approved by the governor general because it involved the expenditure of money. It was moved by the hon. member for Essex East, who was at that time the minister of health and welfare in these terms:

That it is expedient to introduce a measure to provide for the payment of pensions, without a means test, of \$40 a month to persons who have attained the age of 70 years and have appropriate resident qualifications and to establish a fund made up of special contributions levied for that purpose.

In other words, this fund was to be established to pay for the pensions. The minister of finance of that day, now one of the distinguished ornaments of the Supreme Court of Canada, and one who will be remembered by many of us here, said in dealing with this matter that the fund should be self-liquidating. As reported on page 390 of *Hansard* for October 25, 1951, he said:

The purpose of the provisions to which I have just referred is to ensure that the fund, at least after the first few months, will be self-sustaining and that the revenue sources are sufficient to ensure an adequate flow of income to meet the pension payments and the repayment of loans. This is the basic principle on which it is proposed to operate the fund.