

prime minister with an inheritance of mistake after mistake. The Minister of Finance tried to add a 5 per cent surtax in his mini-budget which he introduced on November 30 along with what the minister described as a financial statement. That so-called financial statement called for delays in capital spending but no particularly great cuts. It called at the same time for restrictions on housing expenditure.

I contend that although it was not intentional these restrictions did hurt the little man. The man making between \$5,000 and \$8,000 a year would have felt the pinch of an additional \$50 on his tax bill at the end of the year. Certainly he would have felt it much more than the man in the \$35,000 bracket who had to pay just the ceiling amount of \$600. The \$50 extra tax might make all the difference in his being able to put bread on the table for his family. It is no wonder that the Canadian Labour Congress stated at the time that the policies of the present government are favouring the rich and the powerful.

Mr. Arthur J. Smith, chairman of the Economic Council of Canada, writing in the *New York Times* on January 22 last, said this of the government's spending policies:

In 1965 and 1966, the substantial increase in government expenditures was superimposed on the very large expansion of demand in other sectors of the economy. Although more moderate advances in total private demand in 1967 tended to ease the public-private competition and conflict for the use of resources, it became increasingly clear during the year that government spending had been growing at an unsustainable rate—

At the same time the bank rate went up to 7 per cent, the highest in history. The index of industrial spending, which is considered a reliable barometer of growth rate, fell below 3 per cent last year. The average growth rate for the years 1946-66 was 4.8 per cent. This indicates a reduction last year of close to 40 per cent. The lag in growth rate was accompanied by rising unemployment, higher taxes, softening of the dollar and prices that rose 4 per cent over the previous year. The labour force has risen 2.7 per cent over a year ago but 6.1 per cent of that force is unemployed. If I may compare these figures with the two previous years, the unemployment rate in January, 1967 was 5.2 per cent whereas it was 6.1 per cent in January of this year and 5.1 per cent in January, 1966.

I should like to refer to an article that appeared in the *Toronto Star* which is not exactly known to be a Conservative paper, on

Supply—Finance

December 8, 1967. I want to put on record only one paragraph.

The federal economy program unveiled last night by revenue minister E. J. Benson consists almost entirely of restraint on proposed spending increases, rather than reductions of current spending levels.

• (5:50 p.m.)

This is an article that should be of interest to everyone who is privileged to live in this country. Farther on the article indicates that there have been no—I repeat, no—actual cuts. There was only a paring of departmental requests. Let us examine the proof of this. Let us look at the record of the government's spending for the past five years. In 1963 it spent \$6,750 million, in 1964 it spent \$6,872 million, in 1965 the figure was \$7,218 million, in 1966 it was \$7,734 million, in 1967—now we start accelerating rapidly—the figure was \$8,795 million, and in 1968 we see another gigantic step to \$10,300 million. The increase since 1963 has amounted to \$3,730 million or an increase of nearly 60 per cent in five years in government expenditures. Clearly there were no cuts; instead we had a true increase in expenditures.

If we leave supplementary estimates out of both the years I previously referred to—if they are included they must be included for both years—the increase amounts to about 8 per cent. You cannot fool the public too long about this sort of thing because today they are too sophisticated to swallow that kind of fertilizer. My idea is that the government's accent should not be on the inflow into the treasury but on the outflow. That is where the accent would be in any business that was floundering around as this country seems to be. For 1967 federal expenditures amounted to \$595 for every man, woman and child in Canada. How much farther can we go? Of every dollar that the average middle class or lower income person in this country receives, 34 cents is taken in federal, provincial, municipal or hidden taxes. This is a very serious state of affairs.

But savings can be made. It has been said that the minister ought to cut down departmental spending. I submit that the first department that should be cut is the C.B.C. The Secretary of State said in the house that something rotten was going on in the corporation. Is it not about time that we stopped subsidizing the C.B.C. to the tune of about \$150 million a year? Why not sell it to private enterprise? Let them take it over with the understanding that they shall provide service to all areas that are now served. I do not think that the sale would be difficult to make.