

*The Budget—Mr. Benidickson*

On the contrary, Mr. Speaker, we find this. Six or seven months later, after statements of this kind that might be excused to some extent in an election campaign, the financial critic the hon. Mr. Sinclair on this side of the house asked the Prime Minister about his much vaunted assertion he had made so frequently, namely that a \$500 million reduction could be made in taxes with \$120 for each man, woman and child in the country, and so on, and why were the financial proposals of the Minister of Finance in December so meagre in comparison.

We find this. On January 20, 1958, as reported at page 3523 of *Hansard*, the Prime Minister was asserting that he had done a great deal, and this is the dialogue:

We have reduced taxes—

Mr. Sinclair: How much?

Mr. Diefenbaker: They say how much, Mr. Speaker.

Mr. Sinclair: You promised \$500 million.

Mr. Diefenbaker: When we have the authority we shall do so.

We know that in a short time the Prime Minister was given authority. He has a commanding majority here. We sometimes wonder whether it is not a commanded majority. Nevertheless, this was the assertion; even after seven or eight months of holding office he still maintained that this assertion was justifiable. We know what happened. The public was persuaded that, with the vision, the government could spend more, tax less and do all this without any inflation; and, of course, could do this with a balanced budget.

Over the week end I have heard some comments. Many people who are not partisan with respect to politics say they do not see much change in the budget propositions that have been put forward, or many changes, except one important one. Practically all of them realize that the new administration has certainly left the till empty.

Right after the election we found that the Minister of Finance had lost no confidence in his ability to operate on the theories I have just quoted. I remember the great satisfaction that was portrayed on the faces of the new members on the treasury benches when we assembled in the fall. They were quite satisfied that they could accomplish these things, and they did not seem to be much concerned about the recession.

The Minister of Finance (Mr. Fleming) in his speech the other night would lead us to believe that in his first financial effort in this chamber in December 1957 he did seem to have given some recognition to the economic conditions which eventually proved to be depressive. But I just want to give hon. members some indication this is not so and that if this were so the minister was certainly

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not talking to the House of Commons or to the rest of Canada in this way, because on the very day before he made that financial statement to this house on December 5, 1957 this was his view as expressed to the young people at the University of Toronto when he was addressing the Hart House debaters. He said: "Canada has no crisis or emergency in unemployment". A day or two before this he was addressing another group, and he had similar comments to make. Speaking before the dominion commercial travellers association he said that unemployment on the present scale naturally gives us all concern, but that there is no justification for calling it an emergency as some are doing.

The Minister of Labour (Mr. Starr) had occupied his office for some months, and this experience did not seem to convince him that there was too much to worry or complain about, because in December, in Montreal, he said this:

There is hardly an economist who does not feel that the unemployment situation is merely temporary, and that given a brief breathing pause the natural buoyancy of the economy would assert itself.

We know what happened in the election campaign. There was no attempt on the part of the administration to indicate that they had many serious worries about the future in this respect. The Prime Minister (Mr. Diefenbaker) in February and March was saying that the situation was licked, and we know that all summer after the election there were optimistic noises being made despite warnings from all sectors of the country. In the middle of June when the Minister of Finance was obliged to disclose the financial situation in his budget the picture really began to shock the country.

We have since seen the financial results. The true position was indicated, not only by a deficit where the minister had predicted a surplus but also by the terrific deficit which he forecast for the year 1958-59, and the intimation that deficits of this order were likely to be with us for some time. I am sure that this, as much as anything else, has set off the inflation psychosis to which the governor of the Bank of Canada referred in the report which was recently issued.

I maintain that this lack of frankness, over two years, is still one of the most serious matters of misconduct of which this government can be accused. There are many matters at this very moment which call for candid statements to this house. I am thinking of such subjects as tight money and inflation and I intend to say something about the conversion loan. I want, also to say that we on this side abhor the debating tactics of several hon. members on the other side of the house