

The Budget—Mr. McMillan

be flexible from year to year, but there are occasions when it becomes appropriate to reassess the economic outlook and to adjust fiscal policies between the main budget dates. This is such a time.

This is the second occasion on which the Minister of Finance has thought it appropriate to reassess the economic outlook between budget dates. This is the second time he has felt it appropriate to step in, as it were, in midstream. This is the second time he has given a supplementary financial statement. The first time was in December, 1957. He thought then, as he thinks now, that such a time had come.

It might be well to compare these two supplementary statements. It might be well to compare the minister's reassessments on those two different occasions and to observe the results produced or are likely to be produced. In 1957, under the Harris budget, the country was going along and paying its way with a \$400,000 surplus each day. As the result of the baby budget in 1957 an era was inaugurated, and when that budget was implemented the depletion of government accounts and the overspending on current account has amounted to \$2 million every day since. In other words, the minister substituted a \$2 million deficit day for a \$400,000 surplus day. Day in and day out the taxpayers of Canada are worse off by \$2 million because of the minister's reassessment in December, 1957. Just as sure as day dawns, the people of Canada are worse off by \$2 million before the day is spent, and surely for the taxpayers of Canada every day is a dismal Diefenbaker day.

This afternoon the hon. member for Carleton (Mr. Bell) referred to the inconsistency of the Liberal party. I certainly cannot accuse the government of being inconsistent about this \$2 million deficit day. This \$2 million a day, day after day, becomes monotonous. It becomes monotonous for the Minister of Finance. This has already far exceeded the cost of world war I while it was being fought when we had 500,000 men overseas in the three services.

The minister has had to borrow this money from the people. He has borrowed money to pay interest on this money and, what is worse, he has borrowed money to pay the interest on the interest on this money, and this has been going on over three years.

On account of the need of flexibility in the minister's mind, in 1957 the increased interest has already amounted to \$200 million a year. This has gone up by over 50 per cent or by over \$500,000 a day. This extra interest plus bonuses and commissions over the last three years will approximate \$600 million. That is a staggering amount. It is enough to build four

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Welland canals based on the cost at the time the Welland canal was built. It is enough to complete our share of the St. Lawrence seaway and have a lot of money left over. It is enough to build 40 Hamilton two mile skyways across the Hamilton harbour. This is just extra interest, it is not the interest.

Worse still, a lot of this high interest is built into our financial structure and in such a way that we will have to pay extra high interest on it for a generation or more. This would not be so bad if this extra spending went to pay additional money to our senior citizens or to put men back to work.

The former government raised the old age pension by \$6 a month and this government by \$9 a month, a total increase of 37½ per cent, but the contributions toward that were raised by 50 per cent. This government changed the old 2-2-2 formula to a 3-3-3 formula, an increase of 50 per cent, more than enough to meet the increase in the old age pension payments.

It is true that this government put men to work in housing but the money spent in housing is capitalized and does not come out of this over-spending. That money is capitalized as is the money used for the completion of the St. Lawrence seaway and as is money used for building the South Saskatchewan dam. It is also true that men were put to work under these schemes but that money is capitalized and goes to add to our gross debt. Our gross debt as of last year was up by \$2.5 billion, since this government came into power. It will be up at least by \$2.8 billion by the end of this year because the minister has a deficit close to \$300 million. When you add to this amount the depletion in two government accounts, the unemployment insurance account and the defence equipment account, we arrive at a figure of between \$3.4 billion and \$3.5 billion, more than double the cost of world war I between the dates of declaration of war in 1914 and demobilization in 1919.

All this extra spending is a far cry from the promises that we heard to the effect that there would be an increase in social services, there would be tax cuts and the budget would be balanced. As I said, the increase in social services has been more than balanced by the increases in special taxes. We know that this government has collected more taxes than any other government before in our history. It has also spent more and its accounts are more out of balance than at any time in our peace time history. This record of the government's performance and the statement that "no one will suffer by reason of unemployment so long as I am Prime Minister" certainly take the cake to my mind.