

The Budget—Mr. Nowlan

to other basic enterprises lead to serious lack of conservation, especially in lumbering, forestry and mining. Higher interest and higher taxes bring more unemployment because they affect the purchasing power of the people. Our troubles begin to compound themselves.

After all, Mr. Speaker, the Tories recognized the ills that we had and the larger ills that we were heading for. At the time of the several elections the Prime Minister (Mr. Diefenbaker) and his party assured the country that they had the answer. We now find that instead they are following a policy of advising the people of Canada to play the sitting ducks game and to take the consequences of an open season. We feel that this procedure is hardly in keeping with the solemn pledge that was given to the Canadian people. I should therefore like to move, seconded by the hon. member for Kootenay West (Mr. Herridge):

That the amendment be amended by adding thereto the following words:

"and this house further regrets that the government has failed to present to parliament a planned financial and economic program designed to develop the economic health of the nation by, among other things, (a) reversing the trend of rising interest rates (b) establishing a capital gains tax".

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am sure the hon. member who has just taken his seat will not be offended if I amplify that story with which he regaled the house a short time ago and in which he spoke about the minister and the marginal notes which were included in the wide margin. Actually, I think the Minister of Finance (Mr. Fleming), myself and some of the rest of us who are associated with the legal profession have perhaps a better knowledge of that story because we were all told it in law school many years ago. It has three parts to it instead of the one to which he referred. The advice which was given to the students was this. If you have the law with you, you do so and so with a judge. If you have the facts with you, you do so and so with a jury. It is only when you have neither with you that you do what the hon. member suggested be done.

In the same breath the hon. member regretted the fact that all of the newspapers and all of the magazines in this country had accepted the statement of the Minister of Finance that prosperity was around the corner and that this country was moving forward every day in its recovery from the depression. I would suggest to the hon. member that the Minister of Finance obviously had the facts with him and he impressed the jury because in matters of

this kind the jury, of course outside of the members of the House of Commons, are those journals and magazines and other agencies of public opinion in this nation.

I am rather intrigued by the atmosphere of gloom which still permeates the hon. member for Burnaby-Coquitlam (Mr. Regier) who has just taken his seat. The financial critic for the opposition was more careful in his gloomy prognostications than he was last year. As you will recall, Mr. Speaker, this house was confronted with the appalling prospect of having a deficit which was going to amount to over \$1 billion and if you do not accept the words of a politician for that, then you accept the words of financial authorities across the country. This afternoon for a few moments I checked back on some of the statements which were made during the budget debate last year. We have that redoubtable master of statistics who now has the Martin bureau of statistics figures with which he regaled the house in the past. Speaking in the budget debate last year he said this as reported at page 1883 of *Hansard* of July 3, 1958:

Instead of these promises being fulfilled we are faced—

There was no doubt, no hesitation, no question.

—with a billion dollar deficit. This the Minister of Finance denies—

And so on and so forth.

And the Leader of the Opposition, in dealing with this matter last year, says this as reported at page 1903 of *Hansard*:

If you think my predictions in these matters—

And he predicted over a billion dollar deficit.

—coming from a political source are suspect. I can refer you again to the director of the Canadian tax foundation which is an accepted authority.

And he goes on and spells out a deficit of over \$1 billion. I cannot put my finger on it at the moment but I am sure that my friend the financial critic of the opposition will recall that last year, in dealing with this matter, he too said that if the figures were analysed properly there would be a deficit of over \$1 billion. He also quoted various tax authorities which he called to witness in order to establish the financial condition in which this country was going to find itself after one year of budgeting under the present Minister of Finance. The Minister of Finance had suggested that the deficit would be \$700 million or approximately that amount, and all of the dire prophecies which the hon. member for Burnaby-Coquitlam is still repeating in this house this afternoon were stated by our friends in the official opposition last year. There were