

*The Budget—Mr. Monteith*

Government spending alone is sending hundreds of millions of dollars more chasing after goods and services.

The other night the minister sort of glossed over the fact that unemployment throughout Canada stands at 3.5 per cent, 2.5 per cent in Ontario and 2.1 per cent in the prairies. There was no mention made of the figure for the Atlantic region. Actually it is 6.5 per cent for 1966 and 10.6 per cent for the month of March compared with 3.9 per cent for Ontario for March. The unemployment figure for Quebec is nearly twice as high as that of Ontario and in the Atlantic provinces it is nearly three times as high.

As the minister noted, prices are now 7.3 per cent above what they were two years ago. It is obvious, sir, that the grocery dollar is getting smaller and smaller. At the same time that prices are rising the government must attempt to raise funds of its own in competition with private business and with individuals, so in effect the price of borrowing money rises too. Recently we have seen interest rates flatten out slightly, with a small increase in lendable funds. We can also expect, now that the chartered banks have been allowed to charge higher interest rates, that there may be some increase in bank credit or the supply of money. This latter trend, which helps encourage business expansion by providing productive capacity, suddenly must come up against government competition for the same funds.

What does it mean? It means interest rates will tend to stay high. It means that bond prices tend to go soft and the corporation bond markets go soft. Here is what the *Montreal Gazette* reported on June 3, the day after the budget. The *Gazette* quotes a *Montrealer* as saying:

● (3:20 p.m.)

"We're bound to see the government do a fair amount of new financing this summer and fall."

Then there is this comment:

...and the feeling was that until the money market finds out what the government plans to do "we're walking on egg shells."

The federal government is competing with every businessman, with every manufacturer who wants to borrow money to modernize his plant and to expand and create new jobs, with every retailer who wants to borrow money to improve his store and expand his inventory and with every citizen who wants to borrow money to buy a new home or to send his children to college. This, I think,

would be acceptable if it were necessary but the huge government spending is not necessary.

I have more respect for the minister than to think that he has casually brushed off any concern about where the money is coming from, although at times he seems to have given up hope in the wave of his colleagues' spend, spend, spend philosophy. For instance, at one point in his speech the minister warned that too many Canadians are trying to take whatever they can get. He goes on to say that some might say that government spending and taxation should be less but then tries to absolve himself by saying that the level of spending is in accordance with the views of this parliament and adds, I think a bit sadly, that "in any event this alternative is not open to us."

We just cannot spend like this without knowing where the money is coming from. I wonder whether the minister is aware of information about trends that he has not passed on to this house? Is the minister counting on a bonanza from Expo that might provide hundreds of millions of dollars in foreign exchange, which in turn could ease this country's need for United States funds? If this is so, we should be told. Does the minister expect, for example, some radical change in trends resulting from the United States auto pact which may greatly enhance this country's position? If he does, we should be told. Does the minister expect some bounty from a new wheat sale or some other transaction? If so, we should be told. Does the minister contemplate another budget in the fall in which he can raise taxes? If he does, we should be told. We have a right to know if the minister has a rabbit in his hat or a pigeon up his sleeve. If he has we want him to pull them out now.

Sir, my concern with the financial gyrations of this government is that it has a total disregard for the expenditure of the peoples' money. One would think it had gone out of style, and certainly the government's lack of concern is borne out by figures. True, the various ministers responsible for departments, including the Prime Minister, are responsible for having put forward their demands, but cannot the brake be applied? Can there be no slowing up along this line?

I would mention three examples that show a gross disregard for the peoples' dollar. First of all, I claim that the government has gone wild with building up new departments and as a consequence of that, with building up the civil service. Though certain new departments