

*The Budget—Mr. Fontaine*

our farmers, who have intelligently managed the distribution of agricultural production. Truck gardening is now practised on a large scale and all sorts of co-operative enterprises are operating with great success, such as the co-operative of St. Damase, the hub of small-scale farming.

When introducing the budget last year, the Hon. Mr. Abbott pointed out that our country's prosperity was the result of the collective and individual effort of the citizens of our nation.

There never was a better-deserved tribute, and this is still true today. Canada goes on setting the pattern of a united, strong and responsible nation. Our people know the value of work and co-operation.

The efforts now made by the opposition to rouse the people are useless. It would have the people believe that they are called upon to make too many sacrifices. They want to convince our people that they are not happy. But such efforts will not succeed even if, in some quarters, people indulge in demagoguery and try to rouse the poor against the rich.

Never perhaps, Mr. Speaker, has the opposition offered such childish arguments; on the one hand, they claim that the government does not spend enough money, while on the other hand, they blame it for not reducing taxes. They ask more money for the Colombo plan, more subsidies, higher allowances and pensions and, at the same time, lower taxes. In other words, to implement those requests would mean budgeting for a deficit, even during the good years, whereas our Minister of Finance, like all good administrators, wants to balance his budget by equalizing revenues and expenditures. It is claimed that the Canadian taxpayer is being too heavily taxed by the government in this budget. Let us remember that federal expenditures, which the government cannot reduce at the present time, amount to about four billion and a half. I have said that they could not be reduced at this time. In fact, almost half of the total is for national defence and I wonder if our opponents are sincere when they talk about fighting communism while at the same time calling for the reduction or even the cancellation of this amount. To us it is a necessary and unavoidable sacrifice that must be made if we want to secure the greatest of all assets, freedom, and particularly freedom under a Christian system; it is also a sacrifice that must be made to maintain the material prosperity which we now enjoy.

[Mr. Fontaine.]

It has been said that the landslide victories achieved by the Right Hon. Louis St. Laurent and by the Liberal party at the 1949 and 1953 elections are the sign of a healthy nation. The way the Canadian people have reacted to the present policies of the government and more particularly to the budgets of the Minister of Finance shows that the nation is healthy. In spite of the criticisms offered by the opposition, the Canadian people keep cool and continue to trust a man who, through wise administration, has made it possible for Canada to enjoy the greatest period of prosperity in our history. It would have been easy for the hon. Minister of Finance to reduce taxes in one or two important fields, so as to give the impression that all of the main burdens were removed. No, the present policy of the government does not aim at putting up a false front, at deceiving: it is a far-reaching policy directed solely toward the welfare of the nation as a whole.

I mentioned our national defence expenditures but there are also other very large expenditures which cannot be reduced; I refer to the amounts spent to maintain our social services, to pay the interest on the national debt, which has been reduced by two billion dollars, thanks to a wise and far-sighted administration.

What is the source of these revenues needed to cover those extraordinary expenses? What taxes does the government collect for that purpose? First of all there is the tax on incomes, which supports the whole structure: it brings in more than two and a half billion dollars and covers our defence expenditures and part of the cost of our social security. It is evident therefore that the federal government cannot relinquish that tax.

The solicitor general for the province of Quebec said at Levis, on April 8, that the federal government had made a serious and insulting error when they refused to allow the Quebec taxpayers to deduct from the federal tax the whole of the provincial income tax. The Minister of Finance has explained in detail and very clearly why such a thing cannot be done, and I do not have to cover that ground again. One needs but to analyse that statement; if they keep on, they will have us believe that it is the federal government that has imposed that 15 per cent tax in the province of Quebec.

I fail to understand the attitude of the provincial government which was offered