

The Budget—Mr. Monteith

to have a marked script telling them when to laugh and applaud. There was little concern for the Canadian taxpayer. Of course, with no apparent effort being made to curb expenditures, what else could be expected? The minister said that imports were up 9 per cent and exports down 4 per cent; exports to the United States were up and exports to the United Kingdom were down. He said that there was to be no further sales tax on road machinery, fire-fighting equipment and so on purchased by the municipalities, a very welcome gesture.

The minister does not believe that we have a high cost economy, which would seem to be a contradiction of some other ministers. There was uproarious laughter from the Liberal benches on the announcement that inventories on hand on April 6 must be sold, less the decreased tax. There was no apparent thought that while this is probably the only way the matter could be handled, some small operators could be forced out of business. There are plans to overhaul the federal Succession Duty Act. The present minister will start the overhaul, but who will finish the job?

There is no apparent concern about the hundreds of millions of bushels of wheat unsold in the west. In the minister's opinion there is no serious unemployment. When one considers the whole picture, Mr. Speaker, it seems to me to be anything but an impressive budget. My reaction as a newcomer to this experience of listening to a budget address was that there was very little of anything for anybody except the government.

There used to be a rule of thumb method of dividing profits of a company, Mr. Speaker. It was roughly 50 per cent to the shareholders in the way of dividends and roughly 50 per cent left in the company for further expansion, and so on. Now, the government takes approximately 50 per cent of the earnings, if those earnings are over \$20,000, and leaves the other 50 per cent for these two purposes. This means possibly only 25 per cent of net earnings are left in the company to assist in the development of the company and of Canada.

I wonder if there is not a point of diminishing return in this matter of taxation. The minister found this out in connection with the taxing of tobacco and cigarettes. I feel a reduction in tax rates might well mean an increase in over-all taxes flowing into the treasury. I feel further that individual tax rates are too high. If the government could ever see its way clear to practise a certain amount of economy itself, as it preaches to others, there is no doubt that these onerous tax rates now in force could be reduced.

[Mr. Monteith.]

Just a word about unemployment. I should like to read a clipping from this morning's *Globe and Mail* which bears the heading "Lay-off at Stratford". The item is dated at Stratford, April 13, from the Canadian Press and says:

Fifty-six men will be laid off April 21 from the C.N.R. motive power shops here in what is expected to be general staff reduction of between 700 and 800 workers in motive power and car shops across the system, C.N.R. officials said today. The layoff here represents a staff reduction of eight per cent—to 901 workers in shops here.

I cannot reconcile this announcement with all the fine words coming from the government benches. May I repeat, as I said in the house last March 1, that the government should take the lead and assure their own employees in the Canadian National Railways that their jobs are secure. That, in itself, would give confidence to the country as a whole.

I am not able to dwell on this subject further today, but I would point out that the list of employees in the civil service has grown from 115,000 at the height of the war effort, when there were all sorts of special services in effect, such as rationing and the like, to 125,000 in 1950 and to 135,000 regular employees last December, at which time there were altogether 170,000 on the payroll. I am wondering why the government's own railway employees should be let out at this time, when the government itself declares that we are due for better times and conditions.

I should like now for a moment to get back to a discussion of the budget. The budget would authorize the deduction annually of \$1,500 from taxable income for payments towards superannuation plans. This is a suggested increase from \$900 per year. What workingman or so-called white-collar worker could this possibly affect? Only someone earning a very large salary could derive any benefit from this change. It will not benefit other than a very few Canadians in the higher income brackets. I think that in this particular the minister's efforts might well be labelled "An Executive's Budget".

The budget also provides for the taxation of a residential mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954, were a profit from a business. The remainder of the minister's statement in this connection is not of importance as it has to do with non-resident mutual insurance corporations.

Might I outline briefly the history of taxing these mutual fire insurance companies, as I understand that history. I think it was in 1947 that the budget first proposed taxing