

*The Budget—Mr. Monteith*

the then minister of finance, decided to go to the country. The government was returned, again in a minority position, and according to the figures I mentioned earlier with regard to increased expenditures, this was about the time those expenditures began to skyrocket. So did taxation.

Following the election the present Minister of Finance brought down a budget on March 29, 1966, the main achievement of which was to restore practically all the tax cuts which had been made prior to the election. He also imposed a refundable profits tax on business. At the same time the minister injected one of his famous exhortations about spending restraints while announcing the government's plans to increase spending which, as I have pointed out, was done to the tune of 13.7 per cent. He has maintained that level of consistency ever since.

Then came the mini-budget which doubled the old age security tax; it went from \$120 to \$240 per year. That budget also added 1 per cent to the sales tax, which increased from 11 per cent to 12 per cent. This tax increase, covering almost everything, hurt everybody but most of all those in the low income bracket and those on fixed incomes, particularly the recipients of old age security. This was the Christmas present for Canadian taxpayers on December 19, 1966.

**Mr. Graftey:** Scrooge.

**Mr. Monteith:** Then on June 1, 1967, came the next Sharp budget.

**An hon. Member:** It was sharp, all right.

**Mr. Monteith:** It was described by the press as a "do nothing" budget. It did nothing concrete about inflation; it did nothing to reduce taxes; it did nothing for the farmer, the businessman or the consumer. The white paper said that prices rose 4.6 per cent during the year. The budget did nothing about that. All it did was exhort Canadians, not the government, to tighten their belts.

Now we find the minister in a familiar position where he must bring in another face saving budget to correct the omissions of his last budget. Last Thursday night, when he was delivering his so-called budget message to the House of Commons, one gained the impression that he was doing his level best to explain away the predicament we are in, so that Canadian citizens would believe there are circumstances afoot over which he really does not have any control.

[Mr. Monteith.]

I admitted last Thursday evening that there is turbulence in the financial and economic community at large. But upon re-reading his message I cannot help but believe that the government has obviously been working on a razor's edge in its fiscal policies. The minister admitted that his cash reserves were at rock bottom until new cash was obtained and he had great difficulty borrowing on the financial markets. He now says that in the next 16 months he will be going frequently to the money market.

Once again we will have the government siphoning off for non-productive purposes capital which might far better be made available for the development of this nation. Everybody knows the increases in taxation which the minister imposed in the budget he delivered the other evening, so I will not enumerate them again. I simply say that they are to the detriment of the average Canadian and are as a result of gross mismanagement by this minister and his government.

**Some hon. Members:** Hear, hear.

**Mr. Starr:** Resign.

**Mr. Monteith:** There are so many criticisms to offer on the mismanagement by this government that really I cannot cover them all, or come close to doing so. I suggest that my colleagues who follow me in this debate will be dealing with them in some detail and will in specific instances lay before the government evidence of how they have been completely incompetent in handling the affairs of this country.

I should like to quote briefly some statistics to indicate that the trend this government has taken is at the expense of our economic situation as a whole, and the individual Canadian. These, Mr. Speaker, are some of the figures. Federal government spending was 15 per cent higher for the first seven months of this year. In regard to the number of unemployed, there has been a large increase over the situation of a year ago. Consumer prices in October were 3.6 per cent higher than those of October, 1966. Imports in October were up 5.5 per cent over the same month in 1966. Exports for October, 1967, were down 6.3 per cent compared with October of 1966. Gross national product is increasing at a rate of about 7 per cent, of which about half represents price increases.

**Mr. Stanfield:** Much more than half.