

The Budget—Mr. Benidickson

period of 1959. Approximately one half of this increase represents a further advance in final product prices.

We heard last night, as we have heard year after year, that this government has inflation checked. The report goes on:

So that in terms of physical volume the gross national product shows a gain of about 1½ per cent. The post-war average increase in the physical volume of output has amounted to approximately 4 per cent a year and was 3.5 per cent in the year 1959.

So I suggest that again the Minister of Finance in his forecast of this all-important item is at least 50 per cent wrong.

Mr. Macdonnell: Does the hon. member not think it would be as fair to say that the Minister of Finance was about 97 per cent right? In other words, it seems to me that this use of 50 per cent would raise the impression in the minds of many people that the Minister of Finance had made an enormous error. Let us say the gross national product is \$30 billion. It might be supposed that his estimate was \$15 billion and that he was 50 per cent wrong. Actually the fraction is so small that to use the figure of 50 per cent is utterly misleading.

Mr. Benidickson: I wonder how wrong the hon. gentleman would say the minister was, in terms of percentage, in predicting a surplus of \$12 million and revising it, half way through the year, to a deficit of almost \$300 million. I do suggest, as the statement from the dominion bureau indicates, that the gross national product for three quarters shows nothing like the increase of 6 per cent which was predicted, and that it actually shows an increase of less than 50 per cent of the figure forecast.

We are always accused of undue doom and gloom, and I recall that during the budget debate last year the minister even suggested that people in other lands arrived at their conclusions about Canada very largely on account of something which was said in the House of Commons by members of the opposition. The hon. gentleman referred to certain quotations from statements I had made appearing in sources outside Canada. I indicated to him, particularly in the spring, that people with a detached view, an objective view, a non-partisan view in Europe and the United Kingdom, were suggesting, as we were suggesting in the opposition, that the indications in the spring were certainly not as roseate as the minister was representing them to be in his financial statement. I should just like to quote at this point what has been reported this month by a representative of the *Telegraph* of London, England, who came over here to see for himself what the situation was. This correspondent did not rely

[Mr. Benidickson.]

on what he might have read in some speeches by the opposition. This is an excerpt from when the minister was sitting on this side of London, England:

No one who revisits Canada after a five-year interval can fail to notice the changed atmosphere. When I was there in 1955, the air of confidence—not to say self-satisfaction—was almost over-powering. Today thinking Canadians are disappointed and apprehensive.

He went on to say that he was approached three times by persons begging for money within 100 yards of the parliament buildings in Ottawa.

Mr. Aiken: Maybe they were members of delegations.

An hon. Member: Liberals.

Mr. Benidickson: That had nothing to do with the opposition. This gentleman came over to see for himself.

The Minister of Finance gave us a fair amount of selective reporting last night in his extremely lengthy address. I think it is only fitting that again if we feel he is unduly optimistic in his reporting the house should be made aware of some other figures of current economic activity that should be in the minds of us all as we together determine what we think should be the course to follow in our legislative program.

The Minister of Finance and the Prime Minister referred to prosperity. They referred to the past three years in Canada's history. I gave some indication of what the climate was when the budget was brought down at the end of the first quarter of 1960 and how it indicates that somebody was pretty blind to the situation in bringing forward the forecasts that were brought forward at that time.

But what is the present situation? Retail sales for October, the last month reported, were down 4 per cent. Even in the slump of late 1957-58 retail sales continued to hold their own and of course assisted in preventing the slump from being even worse than it was. Our unemployment figures indicate that the situation is worse now than in 1958, but here is spending for consumption, something upon which we fortunately had a right to place some reliance in 1958, but today we are disappointed. In October of 1960 retail sales were down 4 per cent. They were down for the January-October period slightly.

I want to read from the current issue of the *Financial Post*. I invite hon. members to compare some of this objective comment with the statements that were made last night in the budget address:

As 1960 comes to an end the climate for business is considerably less encouraging than that of a year ago.

Then, business activity was building toward the crest of 1958-59's gentle boom. Total output was