

The Budget—Mr. Otto

things. I know how difficult it is to do some of these things but for goodness sake, let us stop the drift. As I said before, when the Liberals took over we were selling \$123 million more in goods than we were buying. Last year, Mr. Minister, this figure went down to just over \$100 million in spite of over \$1 billion in wheat sales pioneered by the previous Tory government. I am telling you, I want to see Canada prosper just as you do but you are not going to let it grow and prosper unless you make these changes to keep our young people here, to make industry competitive and make this country great. You had better start right now. It is a lot later than you think.

Mr. Steven Otto (York East): Mr. Speaker, the hon. gentleman who just resumed his seat said he hoped he was not too difficult with the minister. I may appear to be critical of the minister and his department, but I want to tell him I am not. After all, if this is a debate I should like to put forward some ideas that I know he will want to consider. Believe me, he does not need me to tell him that the Budget was good or bad. The Budget was well received by the public and by the business sector and he can be satisfied that it is a good Budget.

In every established nation, especially an agrarian one, a Budget is primarily a remedial measure, that is, it is meant to remedy certain inequities and certain things that happened the year before. Only a small portion of the Budget initiates new ideas. I am sure the minister will agree that this has been the history of Budgets up to now. By and large, I have no complaint with the measure the minister introduced to rectify the abuses in corporate pension plans. As all hon. gentlemen realize, these plans were a way of taking profits out of the company by purporting to endow employees with pensions in which they never got a vested interest. It is an important remedial measure.

I was pleased to see the other measures relating to personal income taxes, the renewal of the sales tax on production machinery and so on. These things are good. The minister will agree that by and large they are remedial and necessary. However, I put it to the minister that within a short period of time he will have to discuss with his departmental officials whether or not a Budget shall be remedial only or should introduce new ideas, new measures to set a completely new climate for finance and for business.

● (4:20 p.m.)

Let us consider for a moment, Mr. Speaker, the 5 per cent withholding tax, which is something along the lines of the wartime compulsory savings plan. It could be a new idea but it depends on the emphasis the minister puts upon it. For instance, if the minister says that in the future the government will have a strong voice in either a short-term or a long-term disposition of profits or a portion of profits, then this is a new idea which will have a serious and strong effect on business. But if as far as the minister is concerned he only means to allay inflation, then I put it to the minister that this a remedial measure and probably may not have—I do not say will not have but may not have—much effect on inflation.

I also put it to the minister that today inflation or recession does not depend heavily upon the supply or scarcity of money. I put it to the minister that business today is influenced by other factors which are psychological. For example, if business thinks it can make and sell a product then it will do so; and if it has not sufficient money to finance it, it will borrow it at any cost and add the cost to the price of the goods.

I also put it to the minister that he should examine whether or not supply and demand today are really controlled by the same forces in that supply is controlled by the producer who in turn, by promotion, advertising and consumer credit, has a very heavy hand on the control of demand for goods. Consequently these two are lumped together.

I also put it to the minister that I think the expression he used in his speech about too much money chasing too few goods resulting in inflation is partly true but not always true. I would ask the minister to consider whether, if you have inflation, it necessarily means that there is too much money chasing too few goods. I seem to recall that for the past five years there has been a scarcity of money and a surplus of goods. Money has been scarce. It is never plentiful enough to fulfil the ambitions and plans which companies have instituted for themselves. At the same time we have an inflationary pressure which will reach 5.6 per cent from January to December in 1966 and which will effectively remove any interest earned on the money of people with fixed incomes.

Therefore I put it to the minister that the principle which he and everyone follows, that too much money chasing too few goods equals inflation, may not necessarily be the case, and