

lending institutions are not providing funds for those people in the salary bracket over \$8,000 a year.

Mr. Speaker: Order. I regret I have to inform the hon. member that his time has expired, unless there is unanimous agreement that he may continue.

There is no such agreement.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to make some comments on the course of this debate, some observations upon the minister's budget.

I should like to begin by dealing with the impression the minister tried so hard to give that there were no tax increases in the budget. This is a false impression, because when inflation takes place and money incomes increase, it means that many Canadians will not only be paying higher taxes, but paying a higher rate of tax—having got into another tax bracket—notwithstanding the fact that in real terms their incomes may even have declined. Others will find that the value of the exemptions has been still further eroded. Again, Canadians who in the past have been considered not sufficiently well-to-do to pay income taxes, will find themselves paying tax as a result of inflation, as a result of an increase in their cash incomes, though they may well have suffered a reduction in terms of real income.

It is nonsense for the Minister of Finance (Mr. Benson) to pretend there is no increase in the rate of tax projected for the next fiscal year. It is nonsense in the light of the fact that for the next fiscal year he has predicted an unpredictable increase in the cost of living—an unpredicted decrease in the value of the dollar. The minister may have made no change in the former rates of tax, many Canadians will find themselves subjected to increased rates of taxation, even though they may have enjoyed no increase whatsoever in their real incomes. This might be called: How to raise income tax rates without even trying.

Some hon. Members: Hear, hear.

Mr. Stanfield: The minister did not forecast the degree of inflation expected to take place in 1970. He hopes it will be less than in 1969 when it was something over 4½ per cent. The figures we have seen so far this year indicate a substantial increase in the cost of living during the current year. When the minister presented his budget in the spring of 1969 I

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believe he forecast a rate of price increase of about 3½ per cent. Of course, he turned out to be very wide of the mark.

There is a long tradition of bad estimating, bad prediction, on the part of this government. About the time I entered this House I recall the former Minister of Finance, now the Secretary of State for External Affairs (Mr. Sharp) predicting in the budget for 1968-69 that the increase in government expenditure would be held to 4½ per cent. In fact, the increase turned out to be more than twice that amount. Then, during the financial crisis of February and March, 1968, which some people will remember, we were given a firm assurance by the present Minister of Finance, at that time President of the Treasury Board, expressed in the following terms as reported in *Hansard* of February 13, 1968:

Mr. Speaker, I should like to guarantee to the House that after the supplementary estimates are introduced during the year, and the year has ended, with the normal lapses which always occur, we will hit our \$10.3 billion ceiling and will balance the budget this year.

Later, following the election campaign, in October of 1968, the minister said, after some introductory words which I do not need to quote, "This will leave a substantial deficit of \$730 million." He was referring to the same year. It may be that following the tradition of his predecessor the hon. gentleman proved himself a sufficiently bad forecaster to be appointed minister of finance.

This year, after such a record, the minister is not making any predictions about the amount of the increase in the cost of living. He seems to have given up predicting. Quite frankly, Mr. Speaker, there are a good many of us who would like to see him give up being a minister. Let me say this: it is nonsense for the minister to try to pretend there is no increase in the rate of personal income tax in Canada this year. In fact, there will be a substantial increase, the amount depending upon the degree of inflation which takes place.

All this follows substantial increases in recent years—substantial but sneaky increases in taxation in 1967, 1968 and 1969. Of course, in the budget presented in the spring of 1968 a surtax of 3 per cent was imposed on both personal and corporate incomes. Last year, in the fall budget of 1968, the minister imposed an additional 2 per cent social development tax, limited to a total maximum—

Mr. Benson: No.