

to freeze their pension at \$80. What does this mean? Assuming that the cost of living increases by at least 2 per cent, and it will probably increase more than that, at the end of five years they will be receiving \$9 a month less in actual purchasing power than they would have received if the legislation now on the statute books had been left alone.

It seems unbelievable that the government would freeze the basic old age pension and refuse to grant a cost of living bonus to these people. No other group coming under federal jurisdiction is denied a cost of living bonus. Retired civil servants, military personnel, Members of Parliament, Senators and those receiving the Canada Pension Plan all have a built-in cost of living bonus in their retirement plan. Only the old people are discriminated against.

What is the government saving? It is saving \$15 million a year. Contrast this with capital cost allowances to industry which the Minister of Finance (Mr. Benson) estimates will cost the treasury \$250 million. The government cannot find \$15 million a year to give a cost of living bonus to the old people, but it can find \$250 million to hand out to industry through write-offs. This is in keeping with the Liberal philosophy, "take care of the corporate structure and the corporate structure will take care of you."

Increased pensions for veterans and recipients of the guaranteed supplement will not come into effect until April 1, 1971. This will do nothing to help these people eke out an existence during the coming winter months. It will do nothing to help stimulate the economy at a time when it is in the doldrums. One cannot escape the conclusion that the government is callously unconcerned about what happens to the old people, the veterans and the unemployed during this winter. Their plans are aimed at an economic upswing during the latter part of 1971 in the fond hope that the economy will be rolling again by 1972. Such cynicism is unhumane and inexcusable. I am convinced that the Canadian people are not likely to forget this attitude.

[Translation]

**Mr. Romuald Rodrigue (Beauce):** Mr. Speaker, the supplementary budget tabled last week by the Minister of Finance (Mr. Benson) brings nothing new but that it indicates the government has abandoned its policy of balancing the budget.

Over the last few years, both the government and the Minister of Finance have spoken very highly of the benefits to be derived from a balanced budget.

With a strong government, they said, there will be no more adverse budgets. The government was to take every step to insure maximum administrative efficiency.

All the afore-mentioned, Mr. Speaker, was to bring us a just society and a balanced budget. Those promises were made throughout the country and widely publicized, and Canada was to enjoy after that all the pleasures of the Garden of Eden.

*The Budget—Mr. Rodrigue*

That period was short, barely long enough to launch the publicity and inform the population. We just got to see the outside of that famous paradise, that is to say the fence in front of which some flowers had been planted for show.

Yet the Minister of Finance was so optimistic in his budget speeches of the last two years. Nevertheless last Thursday, as he announced a deficit, the Minister of Finance kept his smile and his confidence. Confidence in what? I wonder.

The minister talked of strategy, of economic objectives, of improving the income of Canadians, of guiding the economy toward high and sustained expansion, of eliminating regional economic disparities, of a more equitable distribution of goods and services and of several other matters. How conceited! There is no doubt that those objectives offer interesting features and are sought by all Canadians.

• (4.30 p.m.)

Mr. Speaker, I am positive that all members, whatever their political affiliations, are wishing for the same thing as the hon. minister and that they approve of the objectives. We hope these expectations will materialize and progress beyond the stage of wishful speeches. Otherwise, we will be bound to believe that the minister has joined the ranks of meteorologists who are always so sure of their long-term forecasts which in any case prove to be partly right in the long run.

So, this is a return to the adverse budget policy. When the budget was introduced last March, a surplus was forecast but now it so happens that the Minister of Finance is speaking of a \$570 million deficit for the current year. Even if the minister while forecasting a deficit has no new taxes to announce except for the extension of the 3 per cent surtax, or social development tax, until December 31, 1971, an adverse budget points to new taxes later on. This is not for the coming months, of course, but new taxes will have to be levied some day, because deficits cannot be covered by borrowing only. So, there will be an increase of the national tax and of course, interest also will have to be paid on these borrowings, because as far as I know, the minister has yet to make the decision of asking the Bank of Canada to finance public projects on an administration cost basis.

For the time being, the government deals with liquidity problems, without caring too much for the future. A few weeks ago, it floated a \$550 million bond issue, at rates of 5½, 6 and 7 per cent depending on the term of the loan. It was said on the prospectus of this issue that the capital from the bonds would be used for the redemption of \$375 million worth of maturing on Canadian government bonds on December 15, 1970 and for general expenditure purposes of the Government of Canada, including advances to the Canadian National Railway for the reimbursement of \$40 million in bonds maturing on January 16, 1971, at a rate of 2½ per cent.

The amounts borrowed to redeem bonds at maturity are ever increasing, in fact, they are even greater than the amounts to be redeemed, as well as the rates of