

The Budget—Mr. J. M. Macdonnell

\$203 million, but with \$343 million; in other words, something like 22 times, a good arithmetician tells me.

Of course, we remember the budgets before 1949, in those days when we had cyclical budgeting, the cycle of course not being a financial cycle, but a political cycle. We remember that the minister before 1949 held back plenty of money so that in 1949 we could have the sunshine budget in which, I believe, there was tax reduction to the extent of about \$323 million.

But those times are gone. However lenient we were then, I think the time for that has gone past. And I begin to wonder if these extraordinary increases are pure coincidence. I am generous enough to believe that somehow or other the Department of Finance can estimate better than that. Indeed, I wonder if it is just becoming a habit. I suppose ministers of finance must love surpluses. Indeed, the other evening when the Minister of Finance announced the surplus and spoke about the buoyant revenues—caused, of course, largely by disastrous increases in prices—the thought crossed my mind: Is it possible that the Minister of Finance does not detest high prices as much as the rest of us do?

However that may be, when the minister announces his windfalls I notice there are never any apologies. He always sounds rather proud, although what he is really telling us is that he has picked our pockets to the tune of several hundreds of millions of dollars. And it is not all his fault, perhaps, because we poor taxpayers have been so foolish that we have almost allowed ourselves to be wheedled into a feeling of satisfaction over what is nothing short of a great failure on the part of the minister. What we should do is criticize him severely for having taken more money than he needed. I remind myself of what that great British Chancellor of the Exchequer, Philip Snowden, is reported to have said: If a chancellor of the exchequer has a half crown at the end of the year more than he needed, he is guilty of taking money under false pretences.

Mr. Abbott: Even if he had a heavy debt?

Mr. Macdonnell (Greenwood): I am coming to that. Let us just consider what surpluses are like, unless they are according to plan, and are earmarked for debt reduction, so that we have got something to which we can hold the minister. We have never had anything we could hold him to. Moreover our surpluses have never been from spending less but they have always been from taking more.

Of course it is obvious that the effect on the spending departments must be bad when there are surpluses. Can anyone imagine a

[Mr. Macdonnell (Greenwood).]

nice fat surplus, and spending departments really co-operating with the minister in doing what they can to bring down their expenses? I simply cannot imagine it.

Now let us apply this to the present situation. I believe in pay-as-you-go—no doubt about it; but I do not think that this year we need budget for too great a surplus. I have spoken about the practice, now almost a settled habit, of having large, unexpected surpluses. There is a competent view that with the foreshadowed gross national product of \$20 billion we are heading into another large surplus. I suppose it may be said that neither fiscal control nor the stiff deterrent of the reduced depreciation is likely to reduce by very much this \$20 billion production if, as I imagine, this estimate is based mainly upon a construction plan already in existence.

And this brings me to ask this question: Suppose we increase the general sales tax, as the minister has asked, by 25 per cent, and other excise taxes by 66⅔ per cent and more and suppose we have another surplus, even though it be much less than surpluses we have had in the past and which, as I say, competent opinion is predicting for the current year; will we not feel that we have behaved in a very unwise manner by adding in this way further to the cost of living?

Therefore, having regard to the acute living cost situation which exists, having regard to the fact that it will be accentuated by this budget, having regard to the legitimate belief that this year of change-over and adjustment is an especially difficult year, and having regard to what we understand to be the fact, namely that defence spending is going at a rate less than anticipated—having regard to all this, I am going to propose that this year, instead of accepting without question the minister's request for money, we say to him that we will not give him the \$3,700 million he asks, but that he can forgo at least the increase in the general sales tax.

I believe there is every expectation, judging by precedent, that his revenue will increase adequately to cover the amount—which I think is \$105 million this year—but I also point out that, if contrary to expectations the surplus does not fully cover the amount, he can still have recourse to economy, perhaps with more enthusiasm than in the past.

There is small reason to believe that this budget will achieve the aim set up by the Minister of Finance, that of controlling inflation. Quoting again from the *Winnipeg Free Press*, "No government can continue to throw oil on the fire with one hand and keep