

The Budget—Mr. J. M. Macdonnell

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): I shall be very glad to do so.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 10, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, we are living at a time so critical in the history of our country and of civilization that no one with any proper sense of responsibility should allow himself to be critical just for the sake of trying to score an advantage. Whether or not we are fortunate enough to come through this period without war, I suppose it is quite likely that history will look back to the spring of 1951 as a time of critical significance.

Everywhere we turn, in the Far East to Korea, in the Near East to Iran, and on this continent toward Washington, dangerous events are crowding one on another.

And yet this very fact means that we must deal faithfully with the situation before us. Everyone will sympathize with the burden carried by the minister, but its very heaviness means that the decisions which he makes are specially charged with possibilities of good or evil for the citizens of Canada.

There were great problems in wartime, but there was also an awareness in men's minds of the tremendous events that they were living through, and an acceptance of the challenge in terms of effort, of sacrifice, of courage and forbearance. Today we have almost the same danger, but not the same spirit. We are facing big events, but it is doubtful if we have the largeness of mind which is necessary. Somehow we must find the proper spirit, but, look as we will, it is hard to discern it now.

Hackneyed words come to the mind—hackneyed but true: "Where there is no vision the people perish"; and surely we are entitled to ask that the vision which we need should come from those who have been chosen to guide the people.

True, the minister has many of the words of admonition—"save", "work", "restraint". But the voice of authority and inspiration is not present in the government, and so we grope along in the dark.

[Mr. Speaker.]

The Minister of Finance (Mr. Abbott) said one thing we can all agree with in the little homily at the end of his speech:

Tonight is the annual occasion when we count up the cost of our policies in terms of money. That cost is high.

We can agree with those words of the minister. I would say that the cost is high. It would have been high in any event, even if everything had been done. But it is higher than it should have been. Also I would seek to satisfy the house and the people of Canada that, as things are going now, we are not going to get what we are paying for. I shall try to explain that later.

Two great issues face us, as the minister said: "the pursuit of peace and the control of inflation". The ministers of national defence and defence production, we may say, are charged with the pursuit of peace, or, in other words, with our program of defence production. The Minister of Finance is charged with the other great problem, the control of inflation.

Stalin was fond of quoting Lenin to the effect that the way to overthrow a capitalist state is to debauch the currency. We have no doubt that Moscow will be quick to appreciate the difficulties which come to a free economy when a large defence program is imposed on a situation of full employment where factors of inflation are already evident. When we recall that from January to September 1950 the living index rose about eight points it is clear that the factors of inflation were present at the time when this new burden was imposed on us.

It is clear that inflation is especially dangerous to free countries where economic results are produced by the decision of free agents working in competition with each other. On the other hand, the police state regiments everyone and its logical outcome is slave labour; therefore it is not by any means so vulnerable to inflation.

There are indeed two alternative dangers which we face. If inflation should get out of control, then the communist predictions and the communist textbooks will be proved true and our system will be vastly weakened. If on the other hand the dangers should scare us into permanent rigid and universal controls, we would be in great danger of slowing down our effort.

The next couple of years might well be critical and even decisive. We will need capacity, resourcefulness, patience and forbearance. The pressures will be great and as the defence program gets into greater swing they will be greater. The situation we face now is easy enough to describe; it