

The Budget—Mr. Benidickson

disappointment that the package was so void of real remedies for the serious situation we are facing.

The minister always, even in supplementary budgets, ends his long remarks with perorations that are certainly of megalomaniac proportions. This is what he said last night, as reported at page 1015 of *Hansard*:

The government, bearing its responsibility to the nation, has set before parliament a comprehensive and courageous program of constructive action. Let citizen and parliament and government then unite in a dynamic of effort, of faith, and of achievement.

Will the public who are called upon in this conclusion of his speech last night think that in this partnership they have had a leadership in anything dynamic to meet the economic situation of this country, in the kind of budget that was presented to us last night? Indeed, the reaction is, as I say, one of great disappointment. Of course it follows three years of extremely deplorable financial performance. All down the line the public finds that practically nothing has gone according to the promise.

They also remember that the Minister of Finance was one who, in opposition days certainly sounded the tocsin along lines that are the very opposite of the form of administration that he has presented year after year. Over three years we have had reckless financial adventures. The production of the country has been penalized by tremendously increased taxes. Investments have been discouraged by extremely high interest rates. There has been a continuous rise in the cost of living. Despite what was said in March we have an unbroken string of annual deficits. As indicated in March, the debt of this country has risen over a billion dollars. We now add an additional deficit of almost \$300 million. That is why business and industry today are extremely uneasy about the instability of the bank rates and the unstable interest rates. As so many bank presidents have said in their annual statements, they feel that this government is lacking in leadership to the country in these serious times.

Last spring and again last night the Minister of Finance took recourse to simply charging that his opponents were doing harm to the country by any talk of doom or gloom. We know that anyone who perhaps discerns any weed in the financial guard of the Minister of Finance is described as a real Cassandra. However, since spring I think events have proved that this country had a great deal less to fear from opposition criticism than from ministerial complacency which has brought us to our present plight. There were then 555,000 unemployed but you would never have guessed it from the complacency shown in the budget of 1960. We received nothing

but rosy pictures of our prosperity. We are still getting these statements about prosperity—we had one again last night—in spite of the alarming situation in which we find ourselves.

The minister, of course, has a phrase for it. When he finally confessed in September that things were not as good as he predicted in the spring, he stated, "We are in a period of rolling readjustment". That expression sounds better than "slump". However, as someone said the other day, we must be getting into real trouble because we now have this mood of euphoria. When people start to talk in these fancy economic terms, things are really getting tough indeed.

Mr. Bell (Carleton): That was a fancy Latin term.

Mr. Benidickson: The minister continuously had this erroneous optimism. After the budget in May of this year he went out to Winnipeg. This is what he is quoted as saying on May 18. He was interviewed by a representative of the press and the article states as follows:

The minister had another smile for Canada's economic prospects, despite gloomy predictions of approaching depressions and foreign trade crises... "I have little patience with prophets of doom and gloom."

What was the actual economic situation at the time of the presentation of the budget last spring? Was the minister justified in the rosy optimism he had at that time with his prediction for the conclusion of the year 1960? I want to give you, Mr. Speaker, just a few facts concerning the economic climate at the time this budget was brought down.

We know that the Minister of Finance has, not only in his own department but in many other departments, a vast army of government economists and other advisers who should have been able, if he takes their advice, to recognize some of these symptoms. Without this kind of assistance, the opposition certainly presented warnings at these times of some of the developments that looked very ominous indeed.

What was the economic situation for the first quarter of 1960? Business failures could only be compared, in their quantity, with the bad situation of the 1930's. For three successive months in the first quarter of 1960 business failures had been rising. Cash income of farmers for the first quarter of this year showed a decline of \$50 million in comparison with 1959.

The *Financial Post* had this comment to make:

In a sharp break with all previous Canadian experience in the post-war years, consumers pulled back their spending during the first quarter.