

The Budget—Mr. Quelch

the minister may say that the appreciation of the dollar does help the Canadian economy, does help to reduce prices, it nevertheless does severely penalize the farmers who are trying to export their products in competition with those countries whose currency is depreciated.

If the policy, or perhaps I should say the effect, of appreciating the dollar is considered beneficial to the Canadian economy, then I think those who are being penalized by it should be compensated in one form or another. Today production, employment and income are undoubtedly at a very high level. Therefore I think now is the time to assess the effect of government policies upon the various parts of this economy. I believe when the minister brings down his budget he should be guided by the way different parts of the economy have been affected by government policy.

The minister disclosed in his budget a surplus of \$282 million in 1956-57. He proposes to use this \$282 million to pay off a part of the national debt. No doubt that is a very worthy objective, to reduce the debt by \$282 million, but we consider it more important at this time to combat high prices; that is, to reduce the cost of living and make our prices more competitive with those of other countries. It is the only way to do it. Therefore we believe we could have used that surplus of \$282 million for the purpose of bringing about a reduction in the sales tax. After all, the only way you can reduce taxes for people in the low income brackets is by reducing the sales tax. I am not suggesting that we disturb the 2 per cent sales tax for old age pensions.

For 1957-58 the minister estimates a surplus of \$305 million. It actually could have been \$500 million if it had not been for the \$50 million to be credited to reserve account assets, the \$50 million to reduce the amortized deficit in the superannuation account, and the \$100 million paid out for the Canada Council. I quite realize that the first two of these three payments may be fully justified; it may be considered sound procedure, but I do not consider the practice of taxing \$100 million from the taxpayers of this country in one year in order to invest it so that certain organizations may receive the interest on it is sound.

If the desire is to invest \$50 million and give the interest on that amount to the arts and humanities, and to use another \$50 million for capital expenditures over a period of 10 years, then surely the logical procedure should have been to vote \$2,500,000, the equivalent of 5 per cent on \$50 million, and pay that to the council, and then pay them

another \$5 million representing one-tenth of \$50 million. In other words we could have taken this year just \$7,500,000 out of the taxes of the people instead of \$100 million as has been done. It almost looks as though the minister was anxious to hide away \$100 million in some form or another.

I know it would be out of order to criticize that measure now because it has already passed parliament; but I would suggest to the Minister of Finance that in order not to penalize the taxpayers by taking \$100 million away from them we should just charge them with \$7,500,000 this year, and then obtain \$92,500,000 from the Bank of Canada and pay that to the council. That would have this effect. That \$92,500,000 would increase the cash reserves of the chartered banks, thereby providing a cash basis for expanding their funds for mortgage loans up to around \$1 billion. In that way we would ease the shortage of mortgage funds and at the same time reduce taxation on the people to the extent of \$92,500,000.

However, let us consider the minister's figure of \$305 million. As I say, I do not think it should have been \$305 million. I think it should have been at least \$405 million or \$505 million, but we will take the minister's figure of an estimated surplus for 1957-58 of \$305 million. He proposes to use \$93 million to expand social services; he proposes to use \$55 million to reduce taxes, or a total of \$148 million, leaving an estimated surplus of over \$150 million. We fail to see how the government can justify the meagre increase in old age pensions, old age assistance and pensions for the blind of \$6 a month. The figure of \$40 a month was low in 1949, and the proposal to increase it by \$6 does not begin to cope with the increased costs of living.

Some time ago the western provinces realized that \$40 a month was totally inadequate; therefore for a number of years they have been paying supplementary allowances. We believe the increase should be at least \$20 a month, with authorization for \$20 in the form of old age assistance.

I may say that as far as the C.C.F. amendment to provide \$75 is concerned, if the government is prepared to pay \$75 we will be quite prepared to support it. I am suggesting that at the present time there should be an increase of at least \$20 a month. What would that cost? The total cost on the basis of participation by provinces in 1957-58 would be old age security, \$150 million; old age assistance and pensions for the blind, \$15 million, or a total of \$165 million. This would raise social security payments to \$208,500,000, and with tax reductions of \$55 million it