

sections of the community to adapt to the new environment to meet the challenge of the 1960's of new demands, new products, new markets in Canada and abroad.

Already a most significant feature is apparent. By orderly decline the Canadian dollar has reached the position where it is trading close to parity with the United States dollar. Virtually all Canadians will welcome this development, from which the economy will derive substantial and immediate benefits in terms of production and employment.

When my hon. friend the member for Kenora-Rainy River was speaking of deficits I had the impression that he was scoring debating points rather than getting to the heart of the issue. Nowhere did he whisper what he, or his old mentor, Professor Lamontagne, or his new mentor, the heir presumptive, Walter Gordon, would have done to avoid a deficit. Would he have raised taxes; and if so, which ones? Or would he have reduced expenditures; and, if so, which ones? He cannot have it both ways. He cannot face both directions at the same time.

Yet that is precisely what the Liberal rally in its plethora of platitudes last week sought to do. Reduced taxes and greatly increased expenditures; that was the theme, that the battle cry. How gullible do they think Canadians are? Under the proposals made by that rally the deficit this year would certainly exceed \$1 billion.

I suggest to my hon. friends that it is time for a return by them to responsible thinking. Apparently what is needed is not only a royal commission—with or without psychiatrists—to examine the defence policy of the Leader of the Opposition, but a royal commission to examine the fiscal thinking of the trio of tyros who have replaced the four horsemen opposite.

Then the Leader of the Opposition states that these proposals are only a guide; by which expression I assume he attaches to them the same importance as Mackenzie King did to the 1919 resolutions when he described them as a chart and compass. The most significant of the "chart and compass" resolutions took 38 years to implement. Doubtless we may anticipate equivalent expedition with this guide.

What I say to my hon. friend the member for Kenora-Rainy River is this: It does not lie in his mouth to wax indignant about a deficit at one moment, to exercise all his considerable powers of flip, glib sarcasm about Conservative governments in one breath, and then at the next moment in the next breath to advocate policies the inevitable result of which would be larger and larger deficits. Yet that is precisely the

dilemma upon the horns of which he has gored himself; and so gored, what a pretty sight he is.

One of my friends summed up this dilemma of the Liberal rally rather well, I think. He said, "I've read everything they said, and they succeeded, on most issues, in getting themselves in the undignified posture of straddling the fence, with an ear to the ground, grinding an axe." What an apt description of a rally which, with all its vaunted efficiency, succeeded in dealing with only 12 out of 21 resolutions, and only that number after a revolt of the young grass against the big business brass.

But what of this deficit? Naturally the Minister of Finance is not pleased by it; but should it cause any concern? What it represents is 5.6 per cent of our total expenditure this year. There have been many times in our history, both under Liberal and Conservative governments, when a deficit represented a very much higher percentage of expenditure. On an earlier occasion in the house I gave the house detailed figures and indicated that the great Liberal finance minister of all time, Mr. Fielding, in his second last budget expressed no concern over a deficit which represented 35 per cent of the total expenditure of that day. The famous Dunning budget showed a deficit of 19 per cent of expenditure. The less noted Dunning budget, his first after 1935, showed a deficit of 14.6 per cent of expenditure.

One might relate the deficit to the gross national product or place it on a per capita basis. On either basis, there have been many, many occasions when the deficit has been very much larger than now projected.

But the real test is, what is our per capita debt? The hon. member for Kenora-Rainy River delights in dialectical exercises about the alleged rise in our net debt. He is strangely silent about our ability to pay. The realistic test is our per capita debt. In 1950 it was \$849; in 1956 it was \$701; in 1960 it was \$679. With this forecasted deficit, as of March 31, 1961, it will be of the order of \$684. Despite the greatest increase in services to our people of any equivalent period in our history, our per capita debt is \$17 less than in 1956. That is the realistic way to look at the issue. What a record in which to take pride.

Let me turn now to the budget purposes and the tax changes. The objectives of this budget may be summed up and stated in five propositions: to provide immediate stimulus to employment; to intensify the impetus to balanced economic development; to encourage more effective use of Canadian savings in the development of our resources and industry; to assist in the improvement of our