

The Budget—Mr. Pearson

Prime Minister will keep quiet for a few minutes now and compose himself—

Mr. Diefenbaker: I will not have to ask the C.B.C. to correct a report.

Mr. Pearson: Is it any wonder that—

Mr. Pickersgill: The Prime Minister had to send in a correction last night.

Mr. Pearson: I seem now, Mr. Speaker, to be interrupted by both my friends and my foes. Is it any wonder, in these circumstances, that we accuse the government in this budget of both bad faith and bad management, as a result of which confidence in this government and therefore confidence in Canada has been weakened, both at home and abroad. There is lots of evidence of bad faith, although the Minister of Finance got very indignant this afternoon because we used these words in our amendment. I tell him and the government that the word of Canada does not mean as much now as it did.

Mr. Fleming (Eglinton): Shame on you!

Mr. Pearson: I can get lots of evidence to support that statement. I can give the evidence of the R.C.M.P. contracts. I can give the evidence of term 29 of the pact of union with Newfoundland, which was finally and irrevocably and unilaterally determined by the Prime Minister the other day. I can give the evidence of the commitment by the government to purchase pictures for the national gallery which was later rescinded. I can give the evidence of the promise to convene a federal-provincial conference on fiscal relations.

Then, Mr. Speaker, what about bad management? I had hoped to be able to talk tonight about the conversion loan which the Minister of Finance insists was such a colossal success. Yes, I think that was the word he used: It was a "colossal" success. But ask the man who owns a bond. Ask the municipalities. Ask the provinces or the corporations who have to borrow money at present interest rates. I tell the Minister of Finance that far from this operation being a colossal success, in its timing, in its scope and in its cost it was a failure. It has resulted in dear money, in lack of confidence in Canadian bonds, and I do not think the minister himself believes all the adjectival praises he heaps upon it at this time.

We will leave the conversion loan because the 15 minutes I was going to spend on that subject have been taken up by the Prime Minister and the minister for northern affairs.

Some hon. Members: Oh, oh.

[Mr. Pearson.]

Mr. Pearson: Let us look at the prospects for 1959.

An hon. Member: Let him speak as long as he likes.

Mr. Speaker: Order. I feel that if we are going to have these statistics on the record there will have to be 50 per cent more silence from 3 per cent of the membership.

Mr. Pearson: Thank you again, Mr. Speaker. In former days, and by that I mean days before the present Minister of Finance, the prospects for the coming year were usually given in considerable detail in the budget speech. But the present Minister of Finance has practically eliminated this customary and important section from his budget speech for this year, massive a performance though it was. In 1958 five pages of *Hansard* were devoted to the prospects for the forthcoming year. This budget speech had one paragraph to forecast economic conditions in 1959-60. It had one paragraph on the forecast of the gross national product which is the basis for estimating a revenue and thereby establishing a deficit or a surplus. All the minister had to say this year, was that, assuming normal crops, stable prices and no untoward external events, there should be a gross national product of about \$34.5 billion, or a 7 per cent increase. He made no attempt then to justify this optimistic forecast, and he made no attempt to justify it this afternoon. It is a forecast which has been dismissed by many experts, and I will name mine, although he did not name his this afternoon. They include the Canadian tax foundation, the financial editor of the *Montreal Gazette*, and indeed the Canadian Chamber of Commerce, which in its submission to the government forecast a gross physical output in 1959-60 of approximately 1 per cent, not 7 per cent.

Mr. Diefenbaker: What date is that?

Mr. Pearson: That was two months ago when they made their submissions to the government.

Mr. Fleming (Eglinton): They do not disagree with mine now.

Mr. Pearson: Let us look at the figures. For the first quarter of 1959 the estimate is a 4 per cent increase. To achieve 7 per cent for the whole year, Mr. Speaker, that 4 per cent would have to increase to 6 per cent in the second quarter, 8 per cent in the third quarter and 10 per cent in the last quarter, without any increase in prices. Let us hope the minister's calculations in this regard are not as far out as they were last year.

Mr. Fleming (Eglinton): Or yours.