

The Budget—Mr. McMillan

Whenever we predict the truth about interest rates, and they can see the results of those rates, they still say we are preaching doom and gloom. I will give the house two or three examples. At the time of the conversion loan—and we all remember that—the Prime Minister (Mr. Diefenbaker) and the Minister of Finance went on the air and said that everybody would get money cheaper; that the bond market would be stabilized; and that the provinces and the municipalities would borrow money to better advantage. We said just the opposite; we said that everybody would be paying more for money, and because of this unemployment would increase.

A little later the Prime Minister said, "It will mean bigger and better jobs; it will mean a higher standard of living for everybody". To disagree with the statements is to preach doom and gloom; to state the truth is to advocate doom and gloom. On many occasions when the bonds were plunging down from par to about 20 per cent below their face value the Minister of Finance said that the bond market had been stabilized; only to see the bonds go down again a few days later. We on this side of the house said that something had to be done to stop the drop in the bonds and therefore the high interest rates, and the minister at that time accused us of preaching doom and gloom.

Having in mind the fact that only on two occasions has any Conservative government had a surplus of as much as \$1 million since confederation, and having in mind the inept way that this government was running its fiscal policy, I predicted in June, 1958, as recorded in *Hansard* at page 1587, that this government would never have a surplus. I see no reason to change my mind, although I will admit that the minister predicted a \$12 million surplus this year. I have no reason to alter my prediction. It may be doom and gloom, but it is doom and gloom for the taxpayers.

As far back as April, 1959 I made another prediction. I declared that the fiscal policy was going from bad to worse. The Prime Minister and the Minister of Finance became very expansive in the way they were going to help the provinces. The provinces came here. I predicted on that day, as reported in *Hansard* of April 14, 1959, at page 2676, that there was no use the provinces coming here for help because this government could not even help itself. What happened? The provinces came here and the Prime Minister in effect told them to go home and collect their own taxes. Nothing was said about the \$100 million for Mr. Frost. On different occasions Mr. Frost has said that he wanted more than \$100 million.

[Mr. McMillan.]

During the election campaign Mr. Frost was in close liaison with the Conservatives in this house. After that occasion Premier Frost gave the Prime Minister a dinner in Toronto and there was much patting of one another on the back. Mr. Frost never got his \$100 million. He was critical of this government because of the fact they were putting this extra tax on foreign capital; but this is doom and gloom for Mr. Frost, who else?

On various occasions I have referred to the fact that the minister gave gimmicks to the wealthy people in order to get them to take bonds or to sell bonds. These gimmicks were given to the wealthy people at the expense of the taxpayers. On August 10 last I referred to the \$125 million 3 per cent bonds sold at \$94.65, to mature in 19 months. This bond was so conceived as to pay individuals and corporations paying 50 per cent income tax a 5 per cent net after income tax or 10 per cent before income tax. In other words, their net earnings from this bond would be the same as if they had a bond at par paying 10 per cent or over. In his baby budget the minister says that this is an important but technical matter. These are his words:

But unfortunately increasing use is deliberately being made by others of a device to pay bondholders the equivalent of interest in a form that is tax free.

The hon. member for Kenora-Rainy River (Mr. Benidickson) and I have repeatedly called this to the attention of the Minister of Finance and have told him that this was a device to give the wealthy people an advantage over the ordinary taxpayers, or those who could buy only a very small number of bonds. Now because he catches the provinces doing the same thing that he has been doing he says, "I will stop you". The minister is saying in effect, if you do what I do I will stop you; I agree it should be stopped; it should never have been started. The minister says, "Obviously such issues are very attractive to individual lenders in the high income brackets". The minister is penalizing those who use this practice when buying provincial and municipal bonds. He is penalizing them not because he thinks the practice is wrong but because he wants to collect more money. This amounts to a lot of money. I always thought that a minister who would deliberately load the bond sales so much in favour of the wealthy to the detriment of the ordinary taxpayer is not a fit and proper person to be finance minister of Canada.

Mr. Fleming (Eglinton): Mr. Speaker, on a question of privilege, the hon. member can say what he likes within the rules of parliament—nobody will worry very much about