

The Budget—Mr. Benidickson

came to the cabinet from the ministers. All we can say from examining the economic proposals as contained in the budget, and some of the other legislation, is that this number was certainly winnowed down and most of those proposals must have got the axe.

Last night I think we all got the impression, after the build-up, that it was like expecting a volcano. There is some scientific knowledge, of course, when we might have a volcanic eruption. Everybody is watching the situation. There was much consternation, but when the eruption came we found, in so far as this build-up was concerned, that there was little or no lava.

This all brings us back to a review of the presentation of the Minister of Finance (Mr. Fleming) when he came before us not long ago with his major economic proposals for 1960-61. As usual, he was full of confidence in his own foresight, in his own capacity. He told us he knew exactly where we were going and, indeed, everything was going according to plan all the time. In the course of the budget debate he had this to say, as recorded at page 3174 of *Hansard* for April 12, 1960:

—this balanced budget is the outcome of co-ordinated decision and planned policy over a period of time. We have followed a consistent policy. The program adopted from time to time has been flexible to meet changing conditions, but this has been a goal and it has now been attained.

He was asked by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) whether or not the past deficits of over \$1 billion had been a part of the plan. We got no answer. Certainly, at that time there was no indication of this new deficit of almost \$300 million, and of course it is not long ago we had this forecast. We all realize that March 31 last was a rather fine night for the Conservative Minister of Finance. He had his hour of pride and triumph when he brought down a budget with an indication of a surplus.

There was one comment at that time which was a bit prophetic. It was to the effect that there is no virtue in a balanced budget as an end in itself; it depends upon what the economy needs. We, perhaps, should not expect too much in the way of surpluses. We should have realized that not too much is to be expected in the way of surpluses from a Conservative administration because I think the record indicates that since confederation there have been only four surpluses brought in by Conservative governments. Last night we had a statement from the minister, notwithstanding what he said about having a goal, having a plan and everything being

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under control, in which he said this, as reported at page 999 of *Hansard*, for December 20, 1960:

Supplementary budgets are not entirely novel in the Canadian experience. They are intended to deal with important changes in the situation that may emerge within the course of the year. A responsible government cannot stand by and allow events to take their course simply on the ground that budgets are brought down only once a year.

I think that is a good policy in itself but it does not seem to be consistent with what the views of the minister were at the beginning of this year. Certainly I think the record will establish that the minister did not have many telescopes in 1960 when he was doing his economic thinking. This was his view as expressed at the beginning of the year to the Canadian club of Toronto which he addresses usually annually. He stated:

The experience of the last two and a half years has taught us that in a period when economic conditions are changing rapidly fiscal policy must be flexible.

He said that again last night.

It must be adapted as far as possible to changing conditions. It is not easy to alter fiscal policy to keep fully abreast of conditions when they are undergoing rapid or frequent change. So much of government fiscal policy must express itself annually in the budget measures. Adaptations between budgets are not possible on a large scale. This fact adds to the importance and responsibility of the budget and the accuracy of the economic forecasts on which it is based.

We shall have some examination as to just how much good forecasting there was in the budget that was presented to us last March. This further indicates just the super-confidence of the Minister of Finance and points to the lack of justification as the year has developed. As reported at page 2685 of *Hansard* of March 31, during his budget speech, he stated as follows:

This year's budget, devised to meet the conditions and needs of 1960, will, I believe, effectively serve this goal.

It did not seem to serve the goal very well because we have the unusual procedure of having a supplementary or amending budget. Then after a decision to have this budget is made, as I say, we find it is really going through motions more than anything else because there is in it little that could not have been provided in a normal budget in the spring. I ask the Minister of Finance what of real substance is in his budget that could not have been normally presented in a normal budget in the spring. It is because of the unusual circumstances that these high hopes were raised through the drama of a special budget; and of course that is the reason why there is such bitter