

The Budget—Mr. Monteith

ficient consideration is being given to the effects of high government expenditures and its concomitant high taxation on Canada's economic advance and its competitive position. The labelling of various government programs as "free" should be avoided and the cost to the taxpayer should be clearly spelled out at the time they are proposed.

We wish to express our deep concern to you and would welcome your assurance that the dangerous trend towards ever higher government expenditures will be fully recognized and arrested and that only essential government expenditures will be undertaken.

I wish to quote one paragraph from a report presented to the Canadian Manufacturers' Association ninety-sixth annual general meeting. This is the report of the vice-president and general manager, J. C. White-law, Q.C. Referring to the growth of Canada's gross national product he stated:

As it turned out, almost half of the 10.9 per cent growth in Canada's gross national product last year was due to higher prices rather than to increased output. Excluding the effect of price changes, the real growth rate of the economy dropped to 5.9 per cent from 6.9 per cent in 1965.

I quote the following from the *Gazette* of Wednesday, May 31:

Representatives of industry attending the annual meeting of the Canadian Manufacturers' Association here are obviously disgruntled, even seriously disturbed, by the fiscal performance of governments in Canada. Their thinking on this issue has permeated most of the sessions....

The brunt of the manufacturers' arguments rested on the dwindling competitive advantages of businessmen in this country vis-à-vis foreign powers. In most cases, they found their rallying points in the escalating expenditures by the public sector, which leave no hope for tax relief in the finance minister's budget tomorrow night.

We all realize how true that was. The figures I am going to quote could be obtained from the public accounts but I take them from an article by Peter Newman in the *Ottawa Journal* of June 2. Referring to the present government he wrote:

Since it came into office, federal expenditures have risen by \$3,115 million—from \$6,585 million for the fiscal year ended March 31, 1963 to the \$9,700 million for the next fiscal year in the current budget.

That is an increase of over 47 per cent in gross expenditures during a period of five years. Where are we going, Mr. Speaker?

An editorial in the *Gazette* of June 3 contained the following:

Though another contribution to inflation has been the massive increases in government spending, apparently little will be done to check this trend. The estimates for 1967-68 forecast the biggest spending program in Canada's history. Federal expenditures are growing this year almost twice as fast as the federal-provincial tax committee expected them to do. The very fact that the government, in a buoyant year, should find itself with a sizeable

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deficit should in itself be sufficient warning that spending is running ahead too fast.

I was most interested in a report that appeared in the *Toronto Star* of June 2 which referred to the minister's budget as a rejection of two extremes. However, it also contained the following paragraph:

Trade Minister Robert Winters, for example, told a Toronto Rotary club recently: "I'm a businessman at heart. I like balanced budgets."

This is another indication of some kind of division within the cabinet. Did the Minister of Trade and Commerce agree with the Minister of Finance on the budget he presented, or just what is the situation? I have here a press summary of a speech which the Minister of Trade and Commerce delivered at Saint John on June 1. It reads as follows:

Trade and Commerce Minister Robert Winters today expressed concern that while Canada's foreign sales were booming, Canadian-made products were losing ground at home.

I could not agree more with that statement and would add that textiles are probably losing the most. Textile manufacturers have just reason to fear the future. I have here a copy of the letter which they sent to the Minister of Finance. It is addressed to the Hon. Michael Sharpe, Ottawa; I presume that was an error. Anyway it sets out their predicament in detail. I wish I had time to read it all, but surely the minister realizes the seriousness of the situation with regard to the textile industry as a whole. However, he has done nothing about it.

A report in the *Toronto Star* of Friday, June 2 told how builders received the budget. It stated:

Metro builders are disappointed.

"Three cheers for nothing," said one spokesman, Harry Sadler, on hearing last night's federal budget did not include removal of the 11 per cent sales tax on building materials.

Such a move might have helped trim the cost of the average new home in metro by about \$1,000.

Need I go further, Mr. Speaker? I think it is obvious what a disappointing budget this has been to all concerned in all walks of life. What then do we have? We have a monstrous budget deficit because of careless overspending with all of its evil effects upon the economy—higher prices, higher interest rates, tapering capital investment—because the minister has given up, bowing to the spending whims of his colleagues. We have a budget which means higher consumer prices, and offers no incentives for business and individuals to increase productivity. We have a budget which reveals that the minister has