

The Budget—Mr. Gordon

Non-tax revenues	640	639	655
Budgetary revenues	5,930	5,876	6,150
Old age security fund revenues	670	691	730
Total revenues	\$6,600	\$6,567	\$6,880

Footnotes:

(1) After abatements already enacted for provincial personal income tax collections of about \$45 million in excess of the previous year.

(2) The lower forecast of customs revenues is due to the cessation of the import surcharges which were imposed in June 1962.

Mr. Gordon: It is more difficult to estimate the budgetary expenditures for this year than to estimate the revenues.

The main and supplementary estimates for 1963-64 tabled on May 29, plus the estimated disbursements of the old age security fund, total \$7,300 million.

I indicated when I tabled these estimates that we have been forced to bring forward for this budget the expenditure estimates prepared by the previous government. We are not satisfied that these estimates reflect the most efficient and economical way in which our national affairs can be run. A thorough reappraisal of government expenditures has been initiated, in the course of which all existing spending programs will be reviewed, and some will be reduced or eliminated. While the initial results of this reappraisal will be apparent in the next budget, its full effect will take some time to make itself felt.

The government is also pressing forward with a review of the recommendations made by the Glassco commission. Those recommendations that may be expected to result in greater efficiency in the public service or in useful reductions in expenditure will be implemented as quickly as possible.

As in other years, there will be some further supplementary estimates before the end of the fiscal year. They will include among others the new programs this government will be introducing, programs that will add \$70 million to government requirements this year and will add considerably more next year when they are in full operation. The cost of several of these programs should fall again a year or two later when they have run their course.

Hon. members will appreciate that there are too many imponderables involved for me to make an exact estimate of what the total expenditure for this year may amount to. Subject to these cautionary remarks and qualifications I am prepared to set the total

figure at about \$7,600 million, including \$755 million for the old age security fund.

On the basis of the revenue estimates mentioned a few minutes ago this means, if there were no major tax changes, a deficit this year of some \$720 million. The deficit next year might be even greater.

It would be irresponsible for us not to face up to this situation. As I said earlier, Canada is beginning to recover from the loss of confidence resulting from the financial and economic mismanagement of the previous administration.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Tell a big lie often enough.

Mr. Lambert: You are smiling now.

Mr. Gordon: No, I do not smile when I say that. I mean every word of it. And a restoration of confidence in ourselves and in our country, a restoration of confidence both at home and abroad, is a necessary prerequisite to business expansion and the creation of more jobs.

I would like to say to the hon. member opposite that confidence is not something one can count on or measure in any concrete way. It is a state of mind. It is psychological in character. And its recovery might well be shattered if we failed to take clear and positive steps toward some reduction in present budgetary deficits.

Hon. members will appreciate from the outline I have given of the problems that confront us and of the state of our finances that our opportunities for manoeuvre are severely limited. This means, Mr. Speaker, that we have no alternative but to look to our tax structure not only with a view to providing incentives for increased employment and industrial growth, but also in a search for additional sources of revenue.

An examination of the tax structure shows clearly that taxes are already very high, but that the revenue they produce continues to fall short of necessary expenditures. It shows also that, as all of us know, our tax system is outdated, is too complex and has a disturbing number of loopholes.

A thorough review of it, which I am sure will be most valuable, is being made by the royal commission on taxation. The commission had not planned to submit its report to the government until some time in 1965. I have discussed this with the chairman, and in view of the pressing nature of the problem he has promised to revise the commission's schedule and to submit its report by the end of 1964. However, we cannot wait even that long before beginning to make changes in our tax system. I shall propose some of