

The Budget—Mr. Benidickson

frank and forthright with us, as I think he should have been, in giving us even a key. He has couched references to the gross national product in the most vague terms and this, I suggest, is unprecedented.

However, we have in this budget one element which, perhaps, is of some consequence and to which attention should more deservedly be paid. I refer to the minister's statement with respect to capital savings, balance of payments and exchange rates. I quote from the hon. gentleman's budget speech.

When the economy was fully employed and expanding rapidly and when inflationary reserves were active, such capital inflows—

The minister had been talking about capital inflows.

—and the matching import surpluses of goods and services were appropriate and beneficial.

Mr. Chevrier: That was in Liberal times.

Mr. Benidickson: I was going to refer to that.

Under today's conditions they are not only unnecessary but in some forms they can be even harmful.

Even in the current session, and certainly in every other session of the present parliament during the past three years, the minister and all those associated with him have said the very opposite. They have spoken with great horror about the previously high imbalance of payments in 1956, and, of course, used it very noisily during the last election campaign. Nevertheless here we find these astonishing words "when the economy was fully employed and expanding rapidly". Does anybody doubt that the economy was at its peak in 1956? But when that was the situation—and the minister has always asserted that there were unnecessary inflationary pressures at that time—the hon. gentleman finally says to us, after four years of political activity on an opposite course, that these were appropriate and beneficial under those conditions.

Then the minister goes on to say, in this section of his speech:

The public reactions to these warnings and measures—

He is speaking of the budget of March, 1960.

—have clearly been in the right direction. The capital inflow has been reduced, the exchange rate on our dollar has been reduced, the surplus import of goods and services has been reduced; but they have not been reduced enough.

But to return to the minister's performance last Tuesday night on television, I must say I was astonished that when he was challenged as to why he had been so slow in taking action in the control of foreign exchange, if that was to be so tremendously

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beneficial, he should have said that while it was not appropriate then, because of what he had done a year ago it still was now appropriate. The interesting thing is that one has to go outside the budget speech to another speech which the minister made in the country in order to find a key to why he thought his budget of March 1960 was helpful in the matter of reducing the premium on the Canadian dollar.

I find that the minister has held this view for all the 15 months since he presented that budget. The interesting thing is that apparently it was the fact that he was only going to the market for \$210 million that made this helpful. Indeed, as late as January of this year, in his 1961 budget presentation to his friends in Toronto, the minister made the statement that his budget in 1960 had been helpful in the Canadian dollar situation because he went to the market only for \$210 million, and it had a direct relation to the premium on the Canadian dollar. Now what is the situation going to be when in one portion of the budget the minister says he is going actively into the market to assure that the Canadian dollar goes down and there will be, using his words, "a significant discount"? We, of course, want to know what "significant" means before we can conclude this debate.

Mr. Pickersgill: We will not find out.

Mr. Benidickson: We will put forth our best efforts to find out. There is great inconsistency. The Minister of Finance in Toronto as recently as January was defending the uncontrolled exchange rate on the Canadian dollar. I think he will recall that we in the opposition expressed concern a year ago that the premium on the Canadian dollar had a very damaging effect upon our over-all economic situation, and particularly upon our vital export trade and tourist trade. As I say, the minister was a great defender of the uncontrolled premium as recently as a year ago.

It is very disturbing to some readers of the minister's budget to compare his former statements with the minister's statement on Tuesday night in which he said, in connection with balancing payments, that it would be the government's aim to reduce the trade deficit and the balance of payments substantially, and to ultimately achieve a position of balance. In the next paragraph he said the government's purpose was to put Canadian producers in a position where as a result of these policies they would soon—he was talking about exports—be selling at home and abroad many hundreds of millions of dollars worth of Canadian goods and services which would yield a substantial effect, directly and indirectly, in the form of "more jobs, more