

The Address—Mr. Morissette

Mr. Morissette: In 1956-57—and I am referring of course to the financial year—Canadians paid in taxes to the federal government the sum of \$321.14 per capita. During the same period, the federal government paid to Canadian citizens, in the form of social security benefit, the sum of \$86.00 per capita. Those figures are those of the last full year of Liberal administration.

In 1958-59, the first full year of Conservative administration, Canadian taxpayers paid into the federal treasury the sum of \$271.16 per capita. During the same period, the federal government increased its social security payments to an average of \$120.00 per capita. That is an increase of 39.5 per cent. For the present year, it can be expected that the taxes which Canadians will have to pay to the federal treasury are going to be again materially lower than those for 1956-57.

We now have proof that, more than anything else, the government's policy of relaxing monetary restrictions at the end of 1957 helped to check the recession and to cause the business recovery. The drastic anti-cyclic measures adopted by the government at that time in order to increase public expenditure, the tax cuts, the heavy increase of what are known as federal government transfer payments, all of them measures which tended to strengthen the purchasing power and the demand for consumer goods, have allowed us to offset the bad effects of a decline in private enterprise investments.

Last year, when I spoke on the budget, I had occasion to show that the recession had been neither as deep nor as long as some people had expected. I was able to show that, thanks to the wisdom of the government's budgetary and monetary policy, our Canadian economy was relatively buoyant during a situation which was extremely difficult in North America. In nearly all fields of economic activity the slump was never as pronounced in Canada as it was in the United States, while the recovery here was faster and stronger.

In 1959, the Minister of Finance continued to apply a realistic fiscal policy and refused to give in to all manifestations of pessimism or panic. Confronted by what he personally described as an economic paradox, and anxious to adopt a policy which would both encourage full employment and stop inflation, the Minister of Finance recommended to parliament a slight increase in taxation. The Minister of Finance's optimism was justified

by a general business improvement. Today we have evidence that the policy adopted by the government at the beginning of 1959 was a wise one.

I remember that last year the financial critic for the official opposition, the member for Kenora-Rainy River (Mr. Benidickson) expressed strong doubts about the hon. Minister of Finance's forecasts regarding our economic position in 1959-60. The first of these forecasts which the opposition found fault with was that there would be a 7 per cent increase in the gross national product. Speaking for the opposition, the hon. member for Kenora-Rainy River had this to say, and I quote from page 2614 of last year's *Hansard*:

I said the other night, and I think it is worth emphasizing, that in looking at this all-important figure of the gross national product it is very difficult to be as optimistic as one would want to be, because of two particular elements that are essential to a steady rise in the gross national product. One of these elements is exports; the other is capital investment. Since the budget speech we have received the most recent issue of the *Financial Post*, a very reliable newspaper indeed. The *Financial Post* of April 11, 1959, has this to say about these elements:

I am still quoting the statement made by our hon. colleague in the opposition.

Exports are giving more indications of receding from last year's high levels. In February, for example, Canadian goods sold abroad were off 11 per cent, after taking into consideration seasonal influences. It is unlikely that the full year will be down this much, but it is still hard for many producers to see any sudden upsurge in foreign demand for most Canadian source-related products.

Again quoting from the same issue of the *Financial Post*, the member for Kenora-Rainy River had this to say:

There is still no sign of a turnaround in capital spending by business. Year-to-year decrease for Canada for 1959 will be about 5.5 per cent.

And the member added the remark that such figures were not very encouraging. The member for Kenora-Rainy River also suggested that any increase in the gross national product might be attributed to inflationary prices. Let us look at the facts.

During the first nine months of 1959, according to the dominion bureau of statistics, the gross national product actually did increase by 7 per cent. But as prices went up only 2 per cent, the actual increase was at least 5 per cent. Dominion bureau of statistics calculations eliminating the price increase factor have shown an actual increase of 4.8 per cent in the physical volume of personal expenses during the first nine months of 1959. Expenses for new machinery and equipment have increased 10.1 per cent.