

The Budget—Mr. Benson

Mr. Benson: Yes, I am willing to bet.

This forecast was, of course, greeted with scorn by members of the opposition who have vested political interests in painting the darkest possible picture of the state of our economy at all times.

An hon. Member: What about Paul Martin?

Mr. Benson: I can remember back in 1966 when unemployment was 3.6 per cent, but the economy was going to pieces according to the opposition.

It is worth noting, therefore, that a number of other, more objective sources are inclined to share our view of the economic outlook. In its most recent international survey, the Organization for Economic Co-operation and Development foresaw the prospect that the growth of GNP during the second half of 1971 would equal or perhaps even slightly exceed potential capacity in Canada. As they said "this would be consistent with a decline of unemployment after the early part of the year".

On December 10, the *Globe and Mail* reported that "a sharp acceleration of Canada's real economic growth rate in 1971 was predicted yesterday by participants in the annual business outlook forum held by the University of Toronto school of business". On January 12, the *Gazette* reported that the European Financial Society, a major international financial consortium, forecast that Canadian GNP would increase by 8.5 per cent and industrial production by 5 per cent during 1971.

I noted with interest that one of the aspirants for the Conservative leadership in Ontario, education minister William Davis, was reported in the *Toronto Star* yesterday to have expressed confidence that measures taken by the federal and provincial governments will soon ease Canada's unemployment problem.

Mr. Alexander: That was yesterday. Wait 'till you read his speech today.

Mr. Benson: Only this morning, the *Globe and Mail* reported that the Ontario department of treasury and economics—and here I am quoting good Tory sources—expected the provincial economy to recover ground lost in 1970 by the middle of 1971 and, as the *Globe and Mail* put it, "to be on the way to a boom by year's end".

I am sure that this confidence in the renewed vigour of our economy will prove to be fully justified in the months ahead if we, as a nation, maintain our orderly course and refuse to be panicked into rash and ill considered actions that inevitably would do our economy far more harm than good.

Yesterday, when the Leader of the Opposition was speaking of the government he used the words "prideful" very often. He referred to us as a prideful government. If this means that we have pride in the accomplishments of the Canadian people, we have pride in being Canadian and we have confidence in the future of this great country, then we are pleased to be called prideful.

Some hon. Members: Hear, hear!

[Mr. Bigg.]

Mr. Speaker: I believe the hon. member for South Shore (Mr. Crouse) seeks the permission of the minister to ask a question.

Mr. Crouse: Yes, Mr. Speaker. I listened very attentively to all that the minister had to say. With governments at all levels taking some 38 per cent of the gross national product, I would like to ask the minister how much higher this percentage rate will go and at what point the minister thinks rising taxation will retard the economy by discouraging both saving and capital investment.

Mr. Benson: Without accepting the 38 per cent figure, which I think is debatable, I think the hon. member will find if he looks at it very carefully that the percentage of GNP taken out of the economy by all governments in Canada is slightly higher than that in the United States and lower than in almost all European countries.

Hon. J. A. MacLean (Malpeque): It is not my intention to reply directly to what the Minister of Finance (Mr. Benson) had to say because when I collected my few thoughts on this important budget debate I was unaware of the fact that the minister would be speaking immediately before me. However, one thing is clear from his remarks, and that is that he is not aware of the fact that national budgeting and the national monetary policy are more complicated than balancing a household budget, or something of that sort. It is obvious to anyone that when tax levels become very high they sometimes pass a point of diminishing returns. I am of the opinion that some of our taxes have already passed that point under present conditions.

I wish to refer briefly—and my speech will be brief—to the budget on which this debate is based. The budget, in my opinion, is a budget of missed opportunities, a budget filled with sins of omission. The government has failed to take the opportunity offered to it on December 3 to come down with a budget which would have a beneficial effect on the economy at this time. I think the government failed because it did not have its eyes on the horizon. Instead, at best it had its ear to the ground or at worst its head in the sand.

An hon. Member: And its rump in the air.

Mr. MacLean: Perhaps those were the only two choices it had because, as some cynic has said, you can only have your ear to the ground or your head in the sand when you are prostrate before your leader. Incidentally, a leader who, through no fault of his own, has no personal knowledge of want or privation, no doubt finds it difficult or impossible to have sympathy for and rapport with workers who find themselves out of work through no fault of their own and are therefore unable to earn the income which they and their families require.

• (4:00 p.m.)

If the government had had its eyes on the horizon on December 3, or even last summer, what would it have seen? It would have seen dark economic clouds on the horizon. It would have seen that by mid-December 538,000