

without sufficient clothing, went without decent shelter, while we had right here in Canada all of the things needed, and they were all going to waste? On the one hand, men deteriorated, while, on the other, the goods they needed also went to waste. Are we to go back to that? There is nothing in the budget to say that we are not, and there is nothing in the criticism that we heard from the official opposition this afternoon to indicate that they too are not prepared to go back to that.

May I pause to say, for fear I might be misunderstood, that this party is not opposed to a policy of encouraging export trade. Indeed we are very much in favour of such a policy, and we have supported every proposal of the government to that end. We believe export trade to be an important factor in our economy, provided that exports are paid for by imports. But that is an altogether different thing from saying that Canada must depend upon export trade as its main prop in producing and supporting a high standard of living. In my opinion there is only one reason why a country must sell goods, and that reason is that it must buy the goods that it cannot or does not produce. The less varied the resources of a country are, the greater is the necessity for export trade, because the exports will pay for what the country must import. Let me cite an example of what I mean: An export market is much more important to Great Britain than to the United States, because the latter country can and does produce more of the needs of its own people. Similarly, export trade is more important to Canada than to the United States, because our resources are less varied than those of the United States.

An export market, then, sufficient to enable us to buy such imports as are necessary to the functioning of our economy and the maintenance of the health and well-being of our people is highly essential, in fact imperative, if we are to have a high standard of living. But once we have attained that amount of exports, it is the home market which is important; it is the making available to the people of Canada of the goods that can be produced in Canada which is important.

The minister referred to the policy of the government of extending credits to the countries of Europe and the value of this policy in expanding our export trade now and in establishing it for the future. I appreciate that part of the government's policy. But even without these considerations we, because of our circumstances, have an obligation to help our more unfortunate neighbours and to make sacrifices if necessary to do so. Con-

sequently we shall support the government to the limit in that regard. But we must remember that we cannot raise the standard of living of our people without higher consumption at home.

The second factor to which the minister looks for maintaining employment and production is private investment for capital purposes. It would be strange indeed, Mr. Speaker, if there were not heavy capital expenditures at this time, in view of the fact that very little was expended on durable goods during the war. The minister and the government should be aware, however, that under our present economic system the production of capital goods and money capital has a pronounced habit of outrunning opportunities for investment. I think it is correct to say that every major depression in the last fifty years and perhaps for longer than that was brought about by the drying up of opportunities for investment. Such situations were incorrectly attributed to overproduction. It is also a patent economic fact that the openings for new capital on a worldwide scale are decreasing—that is, leaving aside the result of war devastation—while the means for creating new capital are constantly increasing. The speed with which we found the capital needed for war production is ample proof of that assertion.

The minister himself is not at all hopeful that the investment of new capital on a large scale will continue very long. Commenting on retardation in the construction industry because of shortages of material and skilled labour he said, as reported in *Hansard*, at page 2903:

It is to be hoped that this industrial and commercial expenditure that cannot readily be made now will be deferred a year or two, when it will help in sustaining high levels of employment and incomes after other temporary stimulants are less strong.

The use of the word "stimulant" here is appropriate, because the whole idea seems to be to keep the economy going by means which can no longer maintain healthy economic conditions, regardless of how effective they may have been in the past. This sort of shot-in-the-arm method does not and cannot meet the situation to-day. May I say that the minister has every reason to be apprehensive that in a year or two other stimulants will be necessary for even the partial functioning of our economy. I share his misgivings, and for reasons which I am sure he knows.

Early in the war the government appointed an advisory committee on reconstruction. It was commonly known as the James committee because of the name of its chairman. This