

goods originating outside the British empire make it impossible for them to obtain United States dollars by the export of their goods to both Canada and the United States.

While we can sell large quantities of Canadian products at the present time at world market prices, unless we are prepared to accept their goods in return, we cannot stabilize our trade with these countries now and look forward to the sale of our goods in the future.

Many of these European countries have exhausted their supply of dollars in buying small quantities, even of seed grain for milling purposes, at high prices caused by United States speculative marketing policies. To my mind, Canada should now plan her trading relationships with these nations so that we may develop and perpetuate markets that are open to us, by guaranteeing both now and in the future, the admission to our markets of desirable goods of many descriptions manufactured by eastern European nations and particularly Czechoslovakia.

In return for our Canadian products, Czechoslovakia is prepared to export to us large quantities of goods such as glassware, plate and window glass. She is also a great manufacturer of textile goods; goods that we in Canada need. And I scarcely need point out that there are other countries much nearer to these European nations than we are. They, too, produce wheat and coarse grains in abundance, lumber and a host of other products. If we are not quick to avail ourselves of the opportunities now offering of new and permanent markets, then we must not complain if, while we hesitate, other countries step in and consolidate a position for themselves.

In conclusion, may I point out that a mutual exchange of goods with eastern European countries will go far toward helping them to rehabilitate themselves. This is not a form of relief; it does not involve loans with any question of repayment. It is a good business arrangement for all parties concerned. There have been times in the past when we, too, have been short of United States dollars and our trade has suffered accordingly. Therefore we can appreciate and understand the position in which these eastern European countries find themselves at the present time. They have goods we need and we have goods they want. Let us get together on this thing. Our workers, too, will benefit and will be enabled to pay the taxes so dear to the heart of the Minister of Finance.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I, too, should like to join with others in congratulating the Minister of Finance (Mr. Abbott) upon the delivery of his first budget speech. In all sincerity, however, I

[Mr. J. H. Matthews.]

cannot say that I congratulate him upon the contents of it. In the first place, I consider it took a somewhat dismal and unrealistic view of the future and, second, it fails to provide for an equitable distribution of the burden of debt and taxation.

If there is one thing that is necessary today more than anything else it is to maintain the confidence of the people of this country in our ability to go on and achieve that new order of which we heard so much during the war and of which we hear so little today. It is not to be wondered at if the people are today beginning to fear that they will seek that new order in vain, because they will recall, and hon. members will recall, that the Prime Minister (Mr. Mackenzie King) stated during the war that, unless that new order was well on its way before the end of the war, we might look for it in vain. Many people are already beginning to wonder whether or not that promise was given merely in the form of a bribe that would cause them to be willing to undergo great sacrifices during the war.

We are still in a state of reconversion, a transition period from war to peace, and the maximum output of consumer goods has not yet been reached. On the other hand, I think everybody in Canada knows, or at least they should know, that when reconversion has been completed the Canadian people will be in position to enjoy the highest standard of living that they have ever had or ever dreamed of. We suggest that it is high time we face these problems realistically and deal with them adequately.

I should like to summarize briefly our economic position as disclosed by the minister in his budget speech. Our productive capacity is today many times greater than it was at the start of the war. We have greatly increased the number of our factories and industries and we have greatly increased their efficiency of operation. We also have more skilled labour now than we had at the start of the war and new areas have been opened up to provide raw materials for our increased production. In addition, while carrying on our war effort we were able to reduce our external debt by about thirty-five per cent. I shall refer to our internal debt later on.

The minister disclosed that our national production for 1946 was over \$11,000 million and he suggested that by the end of the year it might reach \$12,000 million, making a total personal income of \$9.2 billion after allowing for investment income not distributed and contributions to pensions. This provides an average income of over \$3,000 for a family of four. In spite of that favourable picture, the minister went on to tell us that over fifty per cent of the people in this country who