

Government Monetary Policy

of June 17, 1958, he said, "Oh, perhaps we are in a mild recession". And as found at page 1235 he said this:

—there are hopeful signs that we have reached the end—

We heard a great deal during the preceding months about public works which, it was suggested, had been provided in some way that was completely new and different from that in which they had been provided in the previous administration. I have here a comparison of the estimates, budgetary and other provisions, for public works programs. I have here the figures found in the blue book of estimates for 1956-57, 1957-58 and 1958-59, in what all members know is contained in one of the columns of a document placed at the back of the book. The heading of the column is "Construction or Acquisition," standard objects of departments. It so happens that for 1956-57 the previous administration provided more funds of this category—I refer to this make-work type of project—than was put in there in 1957-58. When one totals the whole thing one finds that the grand total for 1957-58 was \$595 million. This was including loans and advances of a type that might establish work for our people if there had been an aim to create work in that climate. I remind you, Mr. Speaker, that the Minister of Finance had practically no changes to make in this area in December 1957. In the following year, when he himself was doing the full planning, this was raised, despite increases in prices and so on, to only \$635 million.

The interesting thing is that most of the increases that occurred in 1958-59 were completely with respect to projects that had been started by the previous administration. I refer to the St. Lawrence seaway authority, which had an appropriation that went up from \$100 million in 1957-58 to \$128 million in 1958-59, and the trans-Canada highway, which again was based on a formula established by the previous government, and which had an appropriation that went up from \$30 million in 1957-58 to \$45 million in 1958-59.

Those items have very little to do with economic planning on the part of the Minister of Finance (Mr. Fleming). Because those increases are approximately \$50 million one can see that some of the other construction items were actually shaved, notwithstanding the recession on the horizon.

Let us go on further regarding 1958. We had a winter works conference held, I think, in July of 1958. The Prime Minister (Mr. Diefenbaker) addressed that conference and minutes were recorded. On July 14, 1958, in opening the conference the Prime Minister said:

I welcome this gathering, which I hope will recommend action to be taken well in advance of the winter.

The Minister of Labour (Mr. Starr) was interested in this conference, and after it concluded this heading appeared in the press on July 16:

Labour Minister promises prompt action on winter work plans.

Then the minister was interviewed in August and the press heading is:

Winter job plan ready for cabinet.

Again, in September:

Cabinet studies jobless.

Labour minister Starr said today a government program to combat winter unemployment now is in the hands of the federal cabinet.

But nothing happened. On October 13 the mayors gathered in Ottawa and tried to impress the government with the importance of going forward with some of the proposals that had come out of this summer conference. These included such things as recommendations for sales tax reduction, or elimination of tax on materials used in construction during the winter months. It was urged that there be accelerated capital depreciation allowances for winter plant improvement, and that there be initiated federal-provincial-municipal cost sharing public works.

What was the dismal result? We know that the program of the federal government in this period of economic uncertainty and prospective heavy winter unemployment was not announced by the federal government until October 31. The provinces had then to make a companion offer to their municipalities. In my own province of Ontario the program for that winter was not available to the municipalities until November 21.

I say there was abdication here of the type of leadership so essential to make the most of the situation then prevailing. The house does not need to take my word for this. I can cite one of the most respected bankers of the land in his day. Unfortunately he is now deceased; I refer to the former president of the Royal Bank of Canada.

He looked back on the financial record of the new administration in the utilization of monetary policy for the purposes of creating employment and well-being in this country. I quote from page 13 of the annual report of the Royal Bank of Canada which followed the annual general meeting of shareholders held January 8, 1959. Mr. Muir said:

Last year, as in previous recession years and while the economy was still on the down grade, I urged tax cuts by government and price cuts by business. Instead of tax cuts last year which would have encouraged business activity while reducing pressure on prices, we got increased government spending. Instead of an immediate deficit last year,—