

*Tight Money Policy*

I should like to draw hon. member's attention to that phrase, "the beginning of the current expansion in 1961"—not on April 8, 1963 as some hon. members on the other side would like us to believe.

—the improvement has not matched that in the rest of Canada.

● (5:10 p.m.)

Farther on the report states:

The number of claims filed for benefits under the Unemployment Insurance Act declined 4 per cent in the Atlantic provinces, 17 per cent nationally, between December 1964 and December 1965.

There is no indication from that statement that there is any boom in the Atlantic area. With reference to the budget of the Minister of Finance (Mr. Sharp) the report goes on to say:

It would appear that little real consideration was given in the federal Budget to regional economic differences.

This is the problem which we face in the Atlantic provinces and the problem which this government is unwilling to face up to. Tight money is strangling the economy of the Atlantic provinces. It strangled it in 1955-56. I well remember the present member for Victoria-Carleton (Mr. Flemming), who was then premier of New Brunswick, talking about the damage the government of that day was doing to his province and to its economic prospects. He referred to it as the castor oil treatment. He said that the Atlantic provinces were being given the same dose of castor oil that the government considered the rest of Canada needed, just as a mother who had ten children would give all of them castor oil because one of them needed it. We are getting the same castor oil treatment today that we received then and it has the same result in slowing down our progress. This is the great danger, the frightening thing the government is doing at the present time.

I do not wish to leave the impression that we are not progressing in the Atlantic provinces today; we are. I do not wish to leave the impression that this government has done absolutely nothing to assist, because that is not correct. What I am saying is that it is not doing enough and is not adopting the right philosophy to continue us on the road to the prosperity we all are working so hard to achieve. Also, I am saying that our people have a right to expect the same kind of opportunities in our area of Canada that people in any other area of Canada have a right to expect. We do not ask for any more;

nor do we expect to receive any less than anyone else in Canada expects to receive.

If the government continues to apply this tight money policy in a blanket way across the nation, great damage will be done to the economic prospects of our area of Canada. I think the report of the Atlantic Provinces Economic Council points this out in very realistic terms when it says:

The local effect of possible reductions in business investment spending is also a question mark. Should national and international firms regard projects in this region as being marginal in relation to those undertaken in other parts of the nation, the region's future economic growth could suffer heavily.

In other words, Mr. Speaker, the great industrial firms of this nation and the great international firms who are doing business in Canada have priorities and today they can secure only so much capital. They have to make a decision in respect of where they are going to spend that money. The great problem we face is that they are going to decide not to go forward now with their proper expansion in our area by reason of the difficulties in securing funds on a national level because of tight money.

The Economic Council of Canada, established by this government, has recognized the problems associated with the Atlantic area. They have said that the present government while slowing down the boom, could use its fiscal policy if it desired to do so to see that economic expansion continues in the Atlantic provinces where it is needed. The Atlantic Economic Council report put it in these terms:

Since fiscal policy, compared to monetary policy, is more capable of application on a regional basis, it seems unfortunate that the federal authorities did not give more attention to the potentialities of the Budget for attaining the economic and social objectives of the less prosperous areas of Canada at a time when the national economy is indeed booming.

It was a most unfortunate thing. There was no indication whatsoever by the Minister of Finance that he was going to treat the Atlantic provinces differently from the most prosperous area of Ontario or British Columbia or Alberta. We are all in the same package. The one policy applies, whether or not it should apply. This is the old Liberal philosophy, the philosophy which the present Minister of Finance no doubt had a good deal to do with developing and maintaining when he was the deputy minister of trade and commerce prior to 1957.