

*The Address—Mr. Rowe*

kind made in Canada for customs purposes was thrown out by those in the other place. This was a serious setback to the economic program of the present government. However, the conversion that he accomplished—against terrific objection—of the Canadian dollar from a premium dollar to a discount dollar has done more to develop our favourable commodity trade balance and encourage industrial expansion than any single government measure in the last 25 years.

May I also compliment the energetic Minister of Trade and Commerce (Mr. Hees) whose untiring enterprise has given new life to our exporting industries. There has been a tremendous revival in industrial interest, stimulated by the present government all along the line. Trade missions and trade fair programs have been expanding. Export credit facilities have been provided and many advances have been made by our trade commissioners in search of trade.

The funds and the function of the industrial development bank have been extended and loans to small businesses have been made available in greater volume. The establishment of the national productivity council, the national design council and the domestic consumers service all indicate clearly that this government has a new and modern industrial concept. As the GATT agreements are dying a natural death in the face of the new common market challenge, it is most appropriate and important that our government has taken such steps in the interval to put our economic house in order. It is also in keeping with the traditional policies of the Conservative party that these economic crises should be met as they arise.

Had it not been for the sound fiscal policies of the Conservative party under the Right Hon. Sir John A. Macdonald—and this is an historic fact, Mr. Speaker—had it not been for the sound fiscal policies that gave birth to the industrial life of this country, Canada would have long since been annexed to the United States. She could not have stood alone, and so I warn our people that a revival of industrial expansion was never more needed than at the present time. Indeed, one can remember that the leading Liberal in Macdonald's time opposed that policy and ran one election on a platform of commercial union with the United States. I think they have changed a little bit since then.

Canada also faced one of the most critical economic challenges of our history in 1930, and it was the government of the Right Hon. R. B. Bennett that secured the British preferences for Canada in 1932. In view of the great depression of those years the benefits of the imperial trade agreements were more

[Mr. Rowe.]

or less overshadowed. They were discounted, they were lost sight of, but today they stand out conspicuously in history as one of the greatest achievements in all the long term of our relationships with Britain. That I believe is admitted now, but there are those of us who can remember that the colleagues of members on the opposition side opposed them. I was a member of the house at that time and I can well remember when every Liberal opposed them, except the former minister of agriculture, the late Mr. Motherwell.

However, since that time the Liberal party used those preferences for bargaining purposes, sacrificing some of them in 1938 in order to make a favourable trade agreement with the United States. Later, after lowering tariffs to the lowest point they ever reached in 80 years—just before GATT came into being—they had nothing left for trade bargaining but the imperial agreements. Even at that I have always been doubtful whether that agreement did Canada any good. It was a kind of sacred cow so far as economics are concerned; and now, Mr. Speaker, it is lost in the shuffle.

Thirty years later it is very amusing to find the Liberals very fearful of losing what is left in the British trade preferences. It must now be obvious to all that with fewer and fewer people producing more and more primary products, the only hope for an increasing population to find jobs and for an increasing agriculture to find markets is by the increased and rapid expansion which is possible in our secondary industry.

I regret that the hackneyed phrase "We must buy finished products from a country if we are going to sell our primary products to that country" has been accepted so generally. That is not true. As an example to the contrary, for many years the United States has been our best customer and yet she sold to Canada hundreds of millions of dollars worth of goods more every year during the past century than we bought from her. In the same years the United Kingdom bought many millions of dollars worth of goods more than she sold to us, and yet she remains our best overseas market.

We cannot hope to consume all the coffee, sugar, bananas and raw cotton which Latin America might wish us to buy in order that Latin America would be able to pay for the machinery and chemicals we have to sell. We do not need its copper, timber and wheat, but some other countries do need them.

In view of our years of international trading experience it is a strange concept now that we must balance our trade with Japan, while for 50 years we have had many times