

The Budget—Mr. Regier

government action is necessary. It is also our conviction that our ills will not be remedied until the government subscribes to and implements the basic philosophy of a planned economy.

I should like to say that I regret very much the admission of the minister that for his lifetime in office he has avoided consultation with the governor of the Bank of Canada in the preparation of the budgets he has presented to this house.

Mr. Fleming (Eglinton): I did not say that.

Mr. Regier: I believe this is a serious oversight on the part of the government and may in large measure be responsible for the mess in which they now find themselves.

Mr. Fleming (Eglinton): I never said what you are attributing to me.

Mr. Martin (Essex East): Yes, you did.

Mr. Regier: The failure of the government to decide these matters in consultation with the governor of the Bank of Canada and to seek the advice of the man who ostensibly operates the Bank of Canada in the interests of the people of Canada is a serious matter. The minister complained that because of the intransigency of the governor he was unable to consult with him in the preparation of the budget.

Mr. Fleming (Eglinton): I did not say that.

Mr. Martin (Essex East): Certainly the minister said that.

Mr. Regier: I heard the minister say that the day before yesterday, and I believe the record of *Hansard* will show that very clearly indeed.

Mr. Martin (Essex East): Hear, hear.

Mr. Regier: The minister now predicts an increase in the gross national product—we can only assume he is doing so—of roughly 3 per cent. This is completely inadequate to meet the needs of our country. When you consider that the minister is going to depress the value of the Canadian dollar; when you consider the increase in our national population per annum, the minister is actually predicting a per capita decrease in the production of goods and services. This admission that things are not expected to improve indicates that the government seems quite content to live for another year with a level of business stagnation, as we now know it, of almost one million unemployed next winter; and there is an indication that the government intends to attempt to ride out the storm hoping that by some miracle conditions will right themselves.

I may say it is interesting to note, in regard to the increase in our gross national product,

that there has not been enough growth ever since 1956 to match increases in our labour force and take care of those displaced in industry and agriculture because of technological changes. In constant dollars our gross national product has risen. In 1957 it rose by .1 per cent; in 1958 by 1.1 per cent; in 1959 by 3.2 per cent; in 1960 by only 2.1 per cent. That stands in sharp contrast with what happened in the years preceding 1957. In 1950 the rate of real growth was 6.9 per cent; in 1951 it was 6.2 per cent; in 1952 it was 8 per cent; in 1953 it was 8.6 per cent; in 1954 it was again 8.6 per cent. The per capita value of goods and services is today 5 per cent less than it was in 1956, and the minister is predicting that this very sad situation is going to continue at least until the end of the next fiscal year, namely March 31, 1962.

We have one of the highest rates of labour growth in the entire world. I believe only Japan has a labour growth rate in excess of ours. In the eight years 1950 to 1958—and these figures are taken from the United Nations world economic survey, 1959—we had an annual labour force growth of 2.2 per cent, whereas in the Netherlands it was only 1.2 per cent and in the United Kingdom it was only .9 per cent. When we have this rapid labour force growth action is essential on the part of the government to ensure that employment opportunities advance at a rate that is at least equal to the rate of growth of our labour force.

We had anticipated there would be some massive plans presented to the Canadian people at this time. Pump priming, as it has been commonly known, at this particular time in the field of production would be of little value. We need to take action to stimulate effective demand in Canada in order to assure ourselves of adequate opportunities of employment. The government is not undertaking measures that are designed in that direction.

I should like to ask the minister, since he now subscribes ostensibly to a policy of lower interest rates, how he plans to effectively reduce interest rates when he himself admits that we will have to find over \$1 billion of additional money on the money market or by using the Bank of Canada. I believe the minister is contradicting himself when he blames the governor of the Bank of Canada for excessively high rates of interest when he, by his own activities, is going to be responsible for this terrific amount of new borrowing on the Canadian money market.

The whole role of the Bank of Canada, I am very happy to note, is likely to be reviewed by a royal commission, I believe the government has announced. I notice this