

*The Budget—Mr. Hamilton*

My conception of one Canada is where each segment of the economy and each area of Canada can have reasonable opportunity to share in the growth of the nation. At present, in certain areas and in certain industries there are inflationary pressures. I warned the government of these pressures last year, but my warnings were ignored. The government last year introduced a general expansionist budget that had no regard for region or industry. The heating up of the economy in 1965 in certain areas has become alarming. The rise in prices to those who have low or marginal incomes is a disaster.

During the last year the Bank of Canada reacted to the inflationary situation by imposing tighter money restrictions. The government at that time put some slight restrictions on some construction. This budget, however, adds several dampers to the economy. In some sections of the country and in some segments of the economy this is helpful. In other areas where we should be encouraging expansion to fully mobilize the nation's resources, it will not be helpful. Checks in these areas have also been imposed.

Let me illustrate some examples. Last year I warned of the danger of lack of plant capacity in the steel complex, in the petrochemical industry and in the pulp and paper industry. During the last year tremendous efforts by private enterprise have been made in the industries to get that extra capacity. I think that today, the first of April, 1966, we can say that the pulp and paper industry has gone over the hump. But there still remains a weakness in the petrochemical industry with respect to fertilizers, despite tremendous efforts this past year to create new plant capacity.

When the world needs our food producing capacity, Mr. Speaker, we are held back by lack of fertilizers. It causes Canadians no joy to know that we may have to import butter; that by 1969 we may have to import beef; to know that perhaps we may not be able to get all our wheat and cheese out to markets. This is a matter of great national loss, and not just a loss to the farming industry. Yet, under the present restrictions, it is going to be hard to get money for the expansion of port facilities, and for the increase of fertilizer production.

Steel, Mr. Speaker, is the heart of our industrial growth. Not many Canadians know how this industry has expanded in the last ten years or so. I do not want to quote the whole table, but I can quote some figures, particularly from 1954. Our production of

steel in Canada has risen from 3 million tons in 1954 to 10 million tons in 1965. That can only be described as fantastic growth.

As we increased our production, with the help of a devalued dollar, our imports of steel began to decline from the high point of 2.9 million tons to 1 million tons. Likewise, as we increased our production, our exports began to climb, from 73,000 tons, to 1½ million tons. When one thinks of going from 73,000 tons to 1½ million tons in the period between 1954 and 1964, he can see the tremendous effort undertaken by the industry to compete.

Look at what has happened in the last two or three years. Our production is still rising, and the steel plants are increasing their capacity, but our imports have also begun to rise again. They had reached a high figure of 2.9 million tons, and had gone down to a low of 1 million tons. In the last three years they have climbed from 1 million to 3 million tons. Also, our exports which were climbing, stopped in 1965, and have dropped from 1½ million tons approximately to 1 million tons.

I know a little about the problems of the industry. All I can say is that these figures indicate to me that there are pressures of an inflationary sort. With the dampening effect of the new budget there will be no encouragement to the industry to expand. The result will be that this will cause higher prices in future, because it is well known that the production of the steel complex is basic to the whole pricing system.

The construction industry is a special case, and I shall not have time to deal with it unless I go a little faster. What has happened, Mr. Speaker, indicates to me that the minister is making the same mistake that previous ministers have made, namely the application of tight money, and also the placing of restrictions on all industries and on all areas, regardless of the need to do so. This is the castor oil type of program that defeated the government of 1957, and that may well bring the present government down to defeat.

I should like to conclude with mentioning some new policies which may be helpful. First, I ask why does the government not use the restrictive items of the budget on a selective basis, industry by industry, and region by region? For example, if it is agreed that the steel industry needs more expansion, why not exempt that industry from forced loans, new capital cost allowances permit cost allowances, etc., in order to stimulate it? Also, if it is agreed that we need more fertilizer plants, why not exempt that type of