

*The Address—Mr. Low*

St. Laurent). Let me say here a word about the Prime Minister's speech delivered this afternoon. First let me compliment him, especially upon that part of his speech in which he dealt with the state of the nation. I compliment him particularly for demonstrating that he can face facts—for he was doing it pretty well this afternoon. I think his forecast for 1950 was most reassuring, especially when he mentioned, as I believe he did, that the anticipated investment in new developments for 1950 was estimated at 22 per cent of the gross national production—a figure which is much higher than that of last year.

This is remarkable, and we fervently hope that it comes to pass exactly as anticipated. But let me point out that the investments he mentioned will be made only if there is confidence that the production resulting from them can be sold. I would point out to the Prime Minister that a very large part of the \$16 billion of gross production is still financed through production loans obtained from the chartered banks by acceptable borrowers. Moreover, the proceeds of these loans filter through long chains of transactions, to become the purchasing power with which consumers must buy the food, clothing and shelter they require. If anything should interfere with this flow of consumer purchasing power as, for example, curtailment of production loans by the chartered banks, and perhaps calling in old demand loans for repayment, then very quickly the whole outlook as presented to us this afternoon by the Prime Minister (Mr. St. Laurent) could be changed. Such a thing could happen again as happened in the years 1930 to 1933. During that period the chartered banks withdrew and cancelled out of existence \$932 million of purchasing power in the manner I have indicated. We all know of the disastrous results in those years and the years following. That power still rests with the chartered banks, and I see nothing to prevent the shrinkage of substantial portions of consumer purchasing power if the banks should again begin to feel that their usual customer borrowers could not repay their loans within the usual short-loan term. Thousands more people now know that fact than ever did before. Therefore, as markets abroad are lost, as primary production prices begin to skid, and as even as little as 10·4 per cent of Canada's labour force begins to find itself unemployed, it is only natural that considerable restlessness would be evident amongst people who have experienced a few of the difficult periods of the past.

There is a way by which the government can reassure the people and thus keep up the confidence on which the prosperity of the future must be based. It will not help to tell

[Mr. Low.]

the people of Canada that we will continue sending more goods abroad than we bring back in trade. The use of a foreign investment program to balance trade is no long-term solution. I disagree strongly with my hon. friend from Rosetown-Biggarr (Mr. Coldwell) when he advocates that such a course be taken. It is a palliative for the immediate years ahead. It may be used successfully for a short time in an effort to give help to certain countries of Europe and southeastern Asia that require our help, but it is no long-term solution. We would be opposed to its introduction as a long-term solution. All we have to do is to look at the situation in the United States today to be frightened away from it. That is what the United States of America has been doing for a good many years, and that is why they find it impossible today, because of the flow of interest from these investments, to buy as much from the other countries of the world—and therefore balance their payments with the rest of the world—as they export in goods and services to them.

The use of a foreign investment program therefore does not offer any long-term solution, but what would be really effective would be a positive declaration by the government that they will revise the laws and practices governing financial policy so as to definitely assure the people that never again will they allow wanted goods and services to be destroyed or remain unproduced or unsold from lack of effective purchasing power in the hands of Canadian consumers. When that positive kind of assurance is given to the Canadian people, there will inspire them a confidence in the future that will make Canada the greatest and happiest country in the world.

I read with some interest just the other day an editorial on the front page of the *Financial Post* for February 18 under the caption, "Let's not be panicked by the gloomsters." I presume that was what the leader of the opposition (Mr. Drew) was referring to this afternoon, and I commend him for the strong terms that he used. I will use some a little stronger. There was some pretty good sense in the editorial, but there was also some stupid nonsense such as this sentence, for example:

The socialists and the little clutch of Social Crediters are, of course, intent upon destroying the economic system.

I cannot speak for the socialists—they will speak for themselves—but I can for the little clutch of Social Crediters, as these apologists and pundits of high finance call us. There is an old trick which the guilty have used since time began. When their nefarious practices