

another deflationary period, which I do not believe we could risk.

● (4:40 p.m.)

In this regard I also think something might have been done by the government to decrease the tremendous debt load at the present time. Last year I believe we spent \$1,180 million by way of paying for the cost of our national debt. On looking at a report issued by the Tax Foundation I find that the forecast is that our national debt will increase next year at a much more rapid rate than it increased last year. This means that we are going to find ourselves involved in an ever-increasing debt load which draws capital out of productive use and throws it into that kind of dead expenditure which is the cost of government. Debt charges during the coming fiscal year will amount to approximately \$60 for every man, woman and child in the country, just for the national government alone.

I suggest that had the government adopted a policy which would slow down this increase in our national debt then we might have been doing something important toward giving the right kind of direction to the economy and speeding up its productive value. I think that the government is using a monetary policy at the present time which will work in the opposite direction from that which is intended. Because of this we stand in danger, as a result of this slow-down type of budget, of pushing the country into a deflationary economic situation which we all agree we do not want. Our need in Canada is not to hold back but to move ahead. The distribution of goods and services is a field in which we are only beginning to tap our potential. Smugly we pat ourselves on the back for being good businessmen while we rationalize our own trade deficits and slow down our production.

The disposing of surplusage is a narrow and old fashioned way of assessing our tremendous production potential. What about the many other countries which do not provide their people with enough to eat? What about the vast and continuing world markets for both primary and secondary products? The time has come to institute policies to bring about a freer sale of surplus commodities and to pioneer in the field of world-wide distribution of goods from wherever they are produced to wherever they are required. This is the challenge of the age so far as the international scene and our own national economy are concerned.

The Budget—Mr. Thompson

The *Globe and Mail* business section of today's issue carries a series of articles which illustrate the need for clear thought and action in relation to trade. The Prime Minister of Barbados speaking yesterday in Canada said that the 1926 Canada-West Indies trade agreement is hopelessly out of date. Then the Minister of Trade and Commerce talks about the necessity of increasing our trade with the Communists behind the Iron Curtain.

What are we doing in this regard, Mr. Speaker? Are we merely gauging our trade policies in certain parts of the world on surplus commodities, or are we gearing our trade policies to the real needs of the world and our ability to meet those needs? What real efforts are being made by the government to use trade as a means of providing lasting and realistic support for developing nations? The kind of imagination and the kind of policy which we in Canada need are to be found in a policy which will not slow down in any way, or cause the government to say that they must slow down, the productive capacity of our over-all economy.

In considering the proposed amendment to the Budget motion, Mr. Speaker, I would say that the amendment actually outlines the shortcomings of the policy of the Minister of Finance. Until we can aim our policies toward relieving these particular problems which are outlined in the amendment we are not going to have a satisfactory financial situation in this country.

Behind all of this is the need for bringing in a realistic monetary policy geared to the distribution of goods instead of geared to a debt system which holds back our potential productivity. We heard last night from the hon. member from Prince Edward Island about the pockets of poverty and the financial and economic situation which exists in that province, a state of affairs which can hardly be tolerated in an era of affluence such as the present. Therefore I cannot stress too strongly the danger of slowing down the economy and, instead of decreasing the cost of living or at least holding it steady, pushing ourselves into a truly deflationary period where there is not adequate capital to move what we are able to produce, with a resulting further upward spiral of living costs.

In closing I would again re-emphasize that we need to adapt our monetary policies to a greater degree of productivity and to hold back on those non-productive developments