THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston.

Mr. G. G. COOTE (Macleod): Mr. Speaker, since I am allowed only forty minutes in this debate I can deal with the budget only in a very general way. I hope that some of the speakers following me from this corner of the house will deal more definitely with some of its details.

It is clear from the address of the Minister of Finance (Mr. Rhodes) that the government has no definite policy for dealing in a fundamental way with the extraordinary conditions now existing in the country. It seems to be drifting along, waiting for conditions to improve; but that conditions are not improving is evidenced by the fact that the number of unemployed receiving direct relief had increased from 800,000 last fall to 1,357,000 at the present time. The government seems to be living in hope and pinning its faith on the world economic conference which is to be held some time this year. I am afraid that may prove a vain hope. I think there have been more than thirty world conferences since the war, and I think almost each could be classified as a failure. At any rate, the world economic conference cannot deal with Canada's problem. We have a problem of our own, the problem of distributing among our citizens that surplus which we are so well able to produce. The world economic conference cannot deal with that question; it is a matter for Canadians and the Canadian government. I think the policy of drift is indicated in these words spoken by the minister:

> But I do wish to warn against too gloomy an interpretation of current happenings. . . . Events are moving rapidly, driven by the urge of economic necessity.

Where is the government being driven by this urge of economic necessity? That is the tragedy—that the government must be driven by economic necessity. Then the minister said:

> On this fact may rest the basis for a greater degree of optimism than has obtained in many months.

I think it is to be regretted that two years ago the government did not adopt a different policy, instead of drifting along with this policy of deflation. If they had taken a more courageous attitude in regard to the money question and had adopted a distinctly Canadian monetary policy we might be in a very much better position at the present time. It seems fair to say that the inference to be drawn from the minister's statement is that since in effect the United States has been driven off the gold standard we may hope for a rise in commodity price levels. It is common talk on the street that the United States now will embark on a policy of inflation, and that is what we are pinning our hopes on. We have too long followed at the heels of the United States, like a little boy tied to his mother's apron strings or a youngster taken out in the park by his nurse, who ties a string to him so that he will not get away. Too long the government have been turning their eyes to the New York bankers; too long they have held them as their idols. Those idols have proved to have feet of clay. The recent revelations regarding some of those New York supermen have shocked the entire world. On the day of his inauguration President Roosevelt found all the banks of the United States were closed. In his inaugural address he said:

> . . . our distress comes from no failure of substance. We are stricken by no plague of locusts. Compared with the perils which our forefathers conquered, because they believed and were not afraid, we have still much to be thankful for.
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> Nature still offers her bounty and human efforts have multiplied it. Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply.
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> Primarily, this is because the rulers of the exchange of mankind's goods have failed through their own stubborness and their own incompetence, have admitted their failure and abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

I regret to say that these are the men whose advice we seem to have been following, or at least whose money policy we have been following, and apparently we will continue that policy as long as it is continued in the United States. It seems our only hope is that the United States may now adopt a more enlightened policy. In the face of all that has happened the minister says that the inevitable result of inflation would be a flight from our dollar, a withdrawal on a large scale of the capital invested by foreigners in this country. I should like to know where the capital would fly. Like old Bill, I would say, "If you know a better 'ole, go to it." Why would capital fly from this country to the United States or any other country in the face of the revelations which have been made