

the pound sterling we were forced to devalue our dollar. We did so to the extent of 10 per cent, and since then our dollar situation has improved, just as my honourable friend and I predicted. Today people are asking why is world trade falling off and why our money is going up in value. World trade will never get on its feet until the nations of the world agree that currencies and valuations should find their own level.

What is the real problem underlying our trade with Western Europe? In Winnipeg the other day, Mr. Coldwell—I am not going to quote what he said in the other place—suggested that we should sell our goods to Great Britain and accept sterling in payment. That sounds pretty good, but that is what India, Pakistan, Ceylon, Egypt and the Middle East did. And what happened? Those countries now hold millions of pounds of sterling which will never be repaid by Britain. This is one of the problems facing Britain today. She sends her goods to India, where she can get two prices because India is paying her in dead money. Regardless of who is elected in Britain tomorrow—Davies or Churchill or Attlee—Britain can never come back until that terrific burden of debt is cancelled in some way or another. And if Britain paid us in sterling, what could we do with it? We would have here the same situation as has developed in India and the other countries I mentioned.

I read a speech made by the Minister of External Affairs after his return from the Ceylon conference, and he said that the sum invested in the Far East was too large—or words to that effect, for I am not pretending to quote him exactly—and that we had lent about all the money we could lend. Those of us who were members of this house or of the other house four or five years ago know that we lent China \$50 million, and a great many millions to European countries, including Britain herself. We shall never get any of it back. The government knows that very well, as it shows by some of its actions. It has been trying to negotiate some system whereby Canadian students who wish to attend universities in Britain may have their fees paid out of moneys owed by Britain to this country. So far as it goes, that is all right; but it is something like the kind of arrangement a man will make with someone who cannot pay back a debt, whereby the debtor will be credited with \$100 for doing a job that is worth about \$10. Sterling would be of no use to us. We cannot accept any currency which we are unable to exchange on world markets. The suggestion that we can is simply impracticable.

Hon. Mr. Howard: Just a C.C.F. suggestion.

Hon. Mr. Haig: We Canadians face a world trade crisis the like of which this country has never known before. The first to feel it will of course be the primary producers—fishermen, dairy farmers, fruit and vegetable farmers, coarse grain farmers, cattle farmers, hog producing farmers and, finally, wheat farmers. Of all these producers the wheat farmers are the only ones who may get something for their product. Wheat is of such a nature that it can be preserved for a long time in storage, and it has the greatest food value of any product in the world. The prattle—I emphasize this—the prattle by men like the head of the Food and Agricultural Organization in Canada is disheartening to the people of this country. How can we give our surplus products away and receive nothing for them? Who will put up the money to buy the products that we Canadians need? The United States is very nearly a self-contained country. Canada is not.

Before the war our expenditures for government services in this country were about six to seven hundred million dollars a year, and this year they are about twenty-four hundred million dollars—nearly three and a half times what they were ten years ago. Considering that world trade is falling, I just wonder where the taxes will come from to continue this basis of expenditure. Our present rate of taxation is terrifically high. Since the close of the war we have had unprecedented prosperity, made up from three sources; one, the accumulated surplus wealth that the people saved during the war, and have proceeded to spend since then; second, loans and gifts made by the United States to world economy, and which are beginning to run out; and, three, loans or gifts made by Canada to world economy, now nearly run out.

This period of prosperity is just about over; it is already petering out, and by the end of 1950 we shall find that it has ended. I am not pessimistic, I am simply realistic. There seems to be no such feeling in the ranks of the government; it is said that trade will be found some place. If the world economy outside of Canada and the United States had money to buy goods, then world trade would continue; but in Britain the cost of production is so much higher than in Canada and the United States that British goods are unable to compete with Canadian and American goods and therefore cannot find a market. Much the same may be said of the rest of Europe. And the Far East is, as I said before, in a state of anarchy.

The government talks about price support. Well, the United States have had that policy for the last four years or more, and they have piled up surpluses, some of which will have