

The Budget—Mr. Macdonnell

These people have been condemned to bear the burden of inflation to an entirely disproportionate extent.

In the case of some of the sufferers, I mean especially the old age pensioners and those to whom the government has given concessions in order to set up pension plans—both of these I approve—the budget gives modest relief, but it does virtually nothing for the other classes I have mentioned, whether wage earners or self-employed. Those whose incomes have fallen away behind the rise in prices—wage earners, white collar workers and the others I have mentioned, have been given practically nothing to compensate them. We in this party are not prepared to stand by and see these taxpayers victimized when there is a real surplus of \$382 million.

I should point out also that the use of this surplus or any part of it for the payment of government obligations does not sterilize the money but only puts it into other hands. For all these reasons we advocate some measure of equitable income tax relief, either by way of exemption or otherwise, which will assist these hard pressed taxpayers. It could be moderate, and when added to other tax reductions in the budget could be well within the confessed surplus for this year and the surplus budgeted for next year.

On Thursday last I referred to the meeting which took place on that day between the chartered banks and the governor of the Bank of Canada. The first report was apparently exaggerated but considerable alarm was caused in many quarters by what appeared to be the suggestion of a radical change in our banking system. This alarm was not confined only to members of the public but was felt by some well-informed financial experts based on the first report which appeared. The minister should make it clear that if any change is proposed in the banking system it will be dealt with in the usual manner by the House of Commons. Further I would repeat my suggestion of last Thursday that the matter should come to the attention of the banking and commerce committee as soon as possible in order that hon. members may have a chance to talk with the governor of the bank.

The great American boom, assisted by our own armaments boom, has kept our trade at a high level. The United States is becoming a have-not nation in respect of many things, notably base metals, and we are supplying them with large quantities of these metals. It would perhaps be more correct to say that they are supplying themselves with large quantities from their Canadian properties because they have acquired large

[Mr. Macdonnell.]

holdings and not infrequently control of our natural resources. I have the figures for the last few years covering exports and imports and I wonder if I might have the consent of the house to have these figures put on *Hansard* rather than reading them.

An hon. Member: They are already there.

Mr. Deputy Speaker: Would the hon. gentleman indicate the source of the figures?

Mr. Macdonnell: The dominion bureau of statistics.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Macdonnell: The figures follow:

Exports of Canadian Produce (\$ Millions)			
	To All Countries	To United States	To United Kingdom
1954	3881	2317	653
1955	4282	2559	769
1956	4790	2819	813

Imports for Consumption (\$ Millions)			
	From All Countries	From United States	From United Kingdom
1954	4093	2961	392
1955	4712	3452	401
1956 (11 months)	5307	3865	455

What does this add up to? It is clear from the above, from the enormous deficit that we have in our trade with the United States, that we may be facing a real problem. It is just a little more than a century ago that we had a reciprocity treaty with the United States, and 13 years after that the Dominion of Canada was formed. One of the chief reasons for that was the fear that we might be overwhelmed economically by the United States. John A. Macdonald used to remind people that it was not British colonialism which was so much to be feared as American colonialism, not in the sense of military domination but economic.

Let us consider our trading position at the moment. The United States is our chief export as well as import market and we have every reason to know that if ever there is a let-down in the United States there will be a strong tendency to exclude many of our products. I think this is a most important point. In the case of Canadian subsidiaries of United States companies we often find that it is the parent company in the United States which does the exporting and not the Canadian company. A writer in the *Atlantic Monthly* of March says:

What dams up Canadian exports to the United States is not only tariffs and quotas but the policy decisions of the American owners of so large a segment of Canadian industry.