

*The Budget—Mr. Badanai*

are failing to maintain our share in expanding world markets because foreign buyers have had to pay a substantial premium on our dollar, thus contributing to the deterioration of our export markets. As an example, the newsprint capacity in the United States has increased 140 per cent since 1952, while Canadian newsprint capacity has increased during the same period by only 44 per cent. This was due to our high priced dollar which has adversely affected every Canadian industry dependent on export for survival.

The effect of the booming Canadian dollar as compared with its counterpart in the United States upon the economic fortunes of the Canadian mining industry, including iron ore, copper, zinc and gold, has been only too apparent to the people engaged in mining. A Canadian dollar which was stable at its present level would in effect eliminate the necessity of subsidizing gold mines which are now being assisted by the emergency gold mining assistance legislation. In other words, even the government would benefit directly if it took the appropriate action.

Mr. A. T. Lambert, president of the Toronto-Dominion Bank, speaking to the Toronto Rotary club recently, stated, as reported in the *Montreal Gazette*, that the fluctuating rate by which the value of the Canadian dollar went up and down in terms of other currencies according to market demand "seems to have long outlived its usefulness". He continued:

We should now begin to restrict its fluctuations within progressively narrower limits, with the idea of re-establishing eventually a fixed rate at a realistic level which we must be prepared to defend.

This would be the most important single step Canada could take towards re-establishing the competitiveness of its industry. If this involves some costs and risks, the benefits will more than justify them in the end.

One of the worst features of this budget is the implication of its narrow nationalism, which is designed to discourage United States capital to activate our undeveloped resources and industries. Had it not been for outside capital the great iron ore deposits of Steep Rock would still be under a lake, millions of trees would be rotting in our forests and fewer jobs would be available to our labour force.

Large capital investments are essential for the expansion of our economy and the growth of our nation. Canadian investments alone are not sufficient to sustain an economy at a pace launched by a Liberal government in the post-war period and which alone can bring back full employment and prosperity for all. In spite of what has been said to the contrary, we are still operating under a tight money policy which is tied to high

interest rates, making things most difficult for industry in Canada and thus contributing directly to unemployment.

The recent legislative measures taken to help the employment situation, such as the extended winter works program or the vocational training program, while commendable are inadequate to meet the immediate problem.

The failure of the minister to provide for the establishment of a municipal loan fund is most regrettable. Such a fund would have made it easier for municipalities to finance all kinds of needed capital expenditures which would have created many more jobs. Some of the municipalities are unable to take advantage of the latest winter works program to the full extent simply because they find it difficult to sell their debentures at a reasonable rate of interest. The minister again ignored these difficulties which I pointed out in this house at every opportunity, and I shall continue to do so until this crucial need is met by the government.

For nearly three years this government has turned a blind eye to the continuous creeping cancer of unemployment, preferring to minimize the problem rather than tackle it energetically. In my own constituency, notwithstanding the zeal and hard work of the management of the Fort William unemployment office and that of the chairman and members of the lakehead employment advisory committee to the unemployment insurance commission, the situation remains grim. The latest figures show that 3,250 people are seeking employment. These figures reveal the story in its naked truth.

In my view the minister made an important omission in failing to give any encouragement to shipbuilding in Canada. On June 27 last, speaking on the amendments to the Canada Shipping Act, I suggested that the Canadian government should take steps toward the re-establishment of a Canadian merchant marine. I pointed out that the eight ships sold to Cuba in 1958 was a mistake. As far as the Minister of Finance is concerned, a Canadian merchant marine has never existed and his present budget, like its predecessors, has ignored a potential avenue for the employment of thousands of Canadians in building ships in our shipyards and in manning them on the lakes and high seas.

The United States has a policy that domestic waterborne cargo is reserved exclusively to ships built, owned and registered in the United States, and the government absorbs the difference between the cost of building ships in United States' yards for foreign trade. The United Kingdom allows on all new ships an initial investment allowance of