

activity. City after city reports high values in building permits and decreases in unemployment figures.

What do the 'downgrading' politicians have to say about that? How come there is so much new building and so much employment in Canada if we are going to the dogs?

These are more than straws in the wind. They provide the concrete proof that Canada is still forging ahead and the 'tough times' exist only in the minds of opponents of the government and those who believe the vote-seeking fairy tales.

The evidence is conclusive that the Canadian economy is nothing like the prophets of doom portray it and the Canadian people should turn aside from the crying towels proffered by politicians whose main aim is to get into office.

Then we have heard it said, despite the clearest evidence to the contrary, that the exchange crisis denied the truth of the Prime Minister's statements about the general state of the economy. I do not think that is true. As a matter of fact, honourable senators, I am told that one of the major aspects of the relationship between national prosperity and our exchange situation is that of cause and effect. That is so because imports for manufacturing, and for consumer use, and non-resident dividends going out, together form more than one-half of the drain on our foreign exchange reserves. So, under normal circumstances, the greater the prosperity of this nation the greater the drain on our foreign exchange reserves. That is one of the many paradoxes of our unique and complex economy.

The honourable Leader of the Opposition then said—I thought, with a shudder—that we had a record of "deficit after deficit." Those were the words he used. Nobody likes deficits—national, corporate, or personal. However, I would remind honourable senators—and I think these are interesting figures—that our total deficit in the last four years was about \$2.1 billion, but the increases—and I emphasize the word "increases"—made by the present administration in the field of social justice, for human betterment, and on that account alone in these five years, total \$5.3 billion. Yet, some honourable senators have commented on the need for greater social justice payments in this country.

To take one other item, the annual increases in federal payments to the provinces total another \$2.5 billion. So here we have a deficit of just over \$2 billion for these two items, and a total cumulative increase of about \$8 billion.

I am aware that there are those who do not think these increases should have been made,

but, honourable senators, I think such individuals would have a hard time convincing the old-age pensioners, the hospitalized, the needy, the unemployed, the disabled and the people of our provinces that they received more than they needed or deserved.

Regarding deficits, I think it noteworthy that the policy of the Government of having deficits in certain years has some support in very high places—high places which I think honourable senators opposite would recognize as authoritative. For example, the Leader of the Opposition in the other place, as reported in the *Globe and Mail* of June 8, 1962, said that he:

. . . would not be opposed to a Liberal Government incurring additional federal deficits for the next year or two.

How readily do some political pied pipers change their tune.

There was also a reference in the address of the honourable Leader of the Opposition here to the lack of confidence on the part of Canadian farmers. I believe the election results gave rather a full answer to that assertion, and I am not surprised because in 1961 the gross cash income of Canadian farmers was up by 39½ per cent, a new record, and it is going to set a new record again this year.

There was also a reference to lack of confidence on the part of American investors. I read a statement issued by the United States Department of Commerce which said that the intention of American businessmen is to invest \$2.2 billion in Canada in the next two years. That is higher than the average attained over a long period of time.

It was said that warnings about unemployment have gone unheeded. The phrase used was:

It was laughed off and we were merely described as gloomsters and doomsters.

The last part of the sentence may be true, but I am sure the honourable senator's intention was exaggerated by the words he used at that time, because this recurring problem of unemployment has been with us since 1867, and even before, and it has never, that I have heard or read of, been "laughed off" by any Canadian government.

I wonder if the honourable senator had a temporary lapse of memory about such things as winter works—an entirely new concept, a brilliant new approach to this problem. I wonder if he had just forgotten for the moment the tremendous Government program that has resulted in the building of three-quarters of a million housing units in Canada in the past five years, almost half of them having direct Government support. We have the results.