

The Budget—Mr. Macdonnell

I support this proposition with a small incident from the first world war. In November, 1918, there was a Canadian battery which had advanced into Germany and which was still living more or less under service conditions, with the men getting their rations out-of-doors. A friend of mine who was an officer in the battery told me about this incident, and he made the remark that the men were, of course, short of food. I said, "Did the rations not come up?" He said, "Sure the rations came up, but the blockade was still on and when the men were eating their rations out-of-doors each of them had a group of hungry German children around him". He said, "The Canadian soldiers couldn't take that, of course, and the result was that the children got the food". I suggest that perhaps this is the kind of thing we can all understand.

I want to say a word also about the question of economic independence and political independence. The free nations have assisted the underdeveloped countries along the path to political independence in wholesale fashion, but help is still needed for them to obtain economic independence and there is great danger that if economic independence does not come about, political independence will perish too. I quote from a statement used by Chester Bowles, who is now in a key position in the United States. He is referring to what an Indian statesman said to him about four or five years ago. These are the words:

Our ability—

The ability of India.

—through democracy to surpass, or at least equal, China's development under a dictatorship will determine our ability to survive as a free nation, and if we fail, Asia goes too.

Chester Bowles goes on to say:

He was right, for on the Asian stage, where half the human race is seeking a quick solution to the problem of economic development with Africa and South America looking on, communist China already serves as the contrast and, in a grim sense, as the criterion for economic progress in India.

I come now to the economic argument. I think one may say there is agreement on all sides that increased trade, that is increase of international trade, is the final solution to unemployment, and that the greatest opportunity for increased trade lies in increased buying power in underdeveloped countries. I think there is no reason to believe that in the face of European, American, Japanese and communist competition we should expect to get a larger share of the present cake, so to speak; that is, of the present amount of international trade. Trade has got to be increased. Aid means trade, and one thing I want to underline is that aid means Canadian employment.

I gave an illustration the other night of the Colombo plan, where of a \$36 million gift proceeding from Canada 95 per cent was represented by Canadian employment. That is what we mean when we talk about aid. I also quoted the president of the Imperial bank who called for "boldness and imagination in our approach to foreign aid". I quote another high authority in the business world:

We need the export stimulus of foreign aid in the short run and the good will and the markets it will mean in the underdeveloped countries as they grow and prosper in the long run.

There are favourable signs of increased assistance from the United States. There is the two edged remark I quoted the other night from the new president:

If the free society cannot help the many who are poor, it can never save the few who are rich.

I repeat that I think there is no reason to believe that we can fully deal with unemployment unless we can substantially increase the amount of international trade, and the obvious way to do that is to bring up the level of the underdeveloped countries.

In this connection I want to take the example of India. India is in some ways very discouraging; I know that. Nevertheless, we have the opinion of that internationally famous economist and world traveller, Barbara Ward. She says that in relation to the whole Atlantic world India stands caught in something of the same position as Western Europe in 1947. She explains that the European nations had done a great deal to restore their own position, but were absolutely at a standstill because of the need of foreign exchange. This was supplied by the Marshall plan. Barbara Ward goes on:

India stands caught in something of the same contradiction. Years of effort have set its economy in motion as never before, but for further expansions the essential component of foreign exchange is simply not available.

She says further, speaking of the attitude of the west:

—the kind of sustained decision underlying the Marshall plan—the decision to see the effort through to success—has yet to be made.

Now, the question will be asked, is the western world not doing enough? The answer is no. Mr. Hoffman, that great international servant, says that the result in the 1950's was disappointing. There was only a gain of \$15 to \$20 in per capita income in the one hundred less developed countries. The average increase in the western nations during the period, 1950 to 1957, was approximately \$300, as against that small amount of \$15 to \$20 in the underdeveloped countries. In the United States it was \$530. Speaking of this, Hoffman says that it is quite all right for