

The Address—Mr. Pearson

Mr. Pearson: Yes.

Mr. Fleming (Eglinton): Would he be prepared to answer the question to which he alluded during the course of his remarks as applying to my colleague? Which in his view is the more serious problem facing the Canadian people today, unemployment or inflation?

Mr. Pearson: Mr. Speaker, that is a very easy question to answer when he introduced it by referring to my reference to his colleague. His colleague indeed answered it. His colleague said that neither would be a threat to the Canadian economy in 1959. I say that both will be a threat to the Canadian economy. Of course, it is quite ridiculous to make that kind of a mathematical comparison as to which is the more serious, and say one is 57 per cent and one is 43 per cent.

Mr. Fleming (Eglinton): Then why did my hon. friend raise it?

Mr. Pearson: The Minister of Finance ought to know that both are serious.

Mr. Churchill: You did not approve of the loaded question I was asked.

Mr. Pickersgill: The minister said neither was important.

Mr. Churchill: I did not say that neither was important.

Mr. Pickersgill: Yes; you did.

Mr. Pearson: The Minister of Trade and Commerce said that I misquoted him.

Mr. Churchill: No, I did not say that; I said you did not approve of that loaded question.

Mr. Pearson: We will let the matter stand at that. Now may I say a few words about the trade position.

Mr. Fleming (Eglinton): Does my hon. friend not think his treatment of the question is rather misleading in view of his answer?

Mr. Martin (Essex East): An amazing question from the Minister of Finance.

Mr. Pearson: My hon. friend will have an opportunity to take part in this debate.

On the matter of trade, may I say this. It is quite true that exports are holding up and that is an encouraging feature in the present situation. For the first eleven months exports have, of course, declined but the decline was only about \$5 million. But one of the important things about this matter, Mr. Speaker, is that we cannot maintain prosperity and employment in this country on a basis of stability in exports. They must keep going up. A decline of \$5 million is only a small

[Mr. Fleming (Eglinton).]

amount but it is a decline. Exports must expand if we are to maintain economic prosperity in this country.

The other thing about this figure—and it is worth putting on the record—is that while exports have held up, the nature of the statistics with regard to the export trade will show that if it had not been for a few commodities we would have been in trouble there. The most important commodity perhaps is uranium where there was in 1958 over 1957 an increase of exports of \$132 million, practically all to the United States. This was because of an arrangement, a contract, made by the previous government with the United States government under which uranium exports are going into that country. That arrangement comes to an end if it is not renewed and the option taken up in 1962, I think it is. I certainly hope that this will be done; I know the government is doing everything it can to have the option taken up.

Couple the increase in cattle exports, which is about \$50 million, with the increase in wheat sales due in substantial part to the fact that the Canadian taxpayer financed more wheat exports this year than ever before in history, and the value of aircraft exported which increased from \$21 million in 1957 to \$100 million in 1958, due again, I suppose—and the minister will correct me if I am wrong—largely to the Mutual Aid shipments of aircraft to Europe, which is also being financed not by the importer but by the Canadian taxpayer, and one finds that these sources alone which I have mentioned showed an increase of \$330 million in our export trade, and we would be in a bad way without this increase.

The Minister of Finance and the Minister of Trade and Commerce have been boasting in recent statements about the decline in our trade deficit in 1958, especially with the United States. They have not given any particular reason for this decline, or explained how it was brought about, and I will be glad to repair that omission now. Without such an explanation many people relying on election promises will undoubtedly have thought that this reduction in our unfavourable balance of trade with the United States was due to government policy. The real explanation, of course, is quite clear. In the first place, the reduction in our trade deficit is not due to an expanding trade; it is due to the fact that our imports went down far more than our exports. Our imports dropped for the first nine months of 1958—and I understand from figures that came out today which brought the period up to 11 months that the picture is not changed—show that the import drop is 11.3 per cent, whereas the export drop