

*The Budget—Mr. Pearson*

**Mr. Pearson:** My calculations on this point last year, as stated in my budget speech, were that the minister was too optimistic. The minister estimated a gross national product increase of 2 per cent, and with stable prices what did he get? He got 0.6 per cent, I think. How much further out could you be than that? The minister always forgets the qualification of stable prices when he is arguing about that. Let us hope for the good of the country that he is not as inaccurate this year as he was last year. He does not give us any basis for his optimism. He does not say it is due to an increased level of investment, because if he did say that he would be contradicted by his colleague, the Minister of Trade and Commerce (Mr. Churchill)—although that is no new experience for ministers of this government—who in his departmental report on private and public investment in Canada for 1959 said that the level of investment would likely be down 1.2 per cent in 1959-60. He could not surely have based his optimistic calculation on exports, because although the government has made a great deal of the export situation during the year which has just passed, the figures for the first three months of 1959 show a decrease of 3 per cent, whereas imports are up 5 per cent.

There are some very dangerous features in our export situation. In particular, one of the most important export products we have in this country is uranium. What have we learned about that recently? The other day in the house the minister said that for the first time in a year he had been able to go down to Washington to see the head of the atomic energy commission of the United States in regard to a product the importance of which is indicated by the fact that during this current year, if all goes well, we will be exporting to the United States about \$325 million worth. That \$325 million, or whatever the amount may be, depends on a contract made by the previous Canadian government with the United States.

That contract comes up for renewal in 1961, and in April, 1959 the minister at last goes down to Washington to discuss this matter with his opposite number in the United States government. He spent a whole day in Washington. I hope he had a profitable time, but I have some doubt about the profitability of his visit when I realize that within five days of his return a senior official of the atomic energy commission makes a public statement in Colorado, the centre of the United States uranium production industry, to the effect that after 1962, 80 per cent of the United States requirements for uranium will be met from United States sources.

To say the least, that is a discourteous way to treat a Canadian minister to make such a statement, only a few days after he had been down to Washington, I hope to impress upon the United States government, not only the importance of this export trade but also the fact that the United States government has a moral duty to take up those contracts. Because it was not many years ago when they got down on their knees and begged the Canadian government to spend all its energy and resources in order to develop this product for United States consumption. Now, having found uranium in their own country, are they going to do what they have done with other base metals, namely turn off the tap when they find a tap of their own?

**Mr. Churchill:** Will the hon. member permit a question?

**Mr. Pearson:** I will, but I was not permitted to ask any myself.

**Mr. Churchill:** It is a short question. The hon. member has just said—and I hope I am correctly reporting him—that the statement in the United States was to the effect that 82 per cent of the United States requirements for uranium were supplied from United States sources. Does he stand by that statement, because it is incorrect?

**Mr. Pearson:** Canadian supplies will be cut by 80 per cent, so from our point of view it will have the same result exactly; they will take only 20 per cent.

**Mr. Churchill:** Who made that statement?

**Mr. Pearson:** That statement was made by an official of the administration.

**Mr. Churchill:** Then that is incorrect, again.

**Mr. Pearson:** Thus our export trade will be in some difficulties which I hope the government will be able to surmount. I wonder if it is consumer expenditure on which the government intends to rely for its 7 per cent increase? It might be well to remember that the rise in consumer incomes will be partly offset by increased taxation and higher prices and that it cannot in any event be sufficient to provide a 7 per cent increase in real terms of gross national product. The minister also touched on the changing role of inventories. I suggest that his prediction of a 7 per cent increase may well be too optimistic, and that if the hon. gentleman is wrong in this calculation the effect on employment opportunities in 1959 and 1960 in this country will be very bad indeed.

Let us look at the effect on employment. When in the budget debate a year ago, we did our duty by calling attention to some of