

My right honourable friend (Right Hon. Mr. Meighen) complains that our economic situation has not improved, and that our unemployment problem remains unsolved. He contends that a policy should be propounded which would permit the wheels of industry to revolve faster. Money is in the banks, he says, because the people are afraid to utilize it for further production. But he fails to indicate where consumers would be found for increased production. As everybody knows, Canada is an exporting country. My right honourable friend admits the contraction of foreign markets, a condition for which we are not responsible. Whenever a larger demand occurs for goods in any line of business the producer is always eager to respond to it and to provide a supply.

I submit that my right honourable friend takes too gloomy a view of the situation. I would point out to him that ninety per cent of our employable people are at work, that a majority of industrial and financial corporations are paying dividends, and that our bank presidents are less pessimistic on the outlook for 1939. I should like to read to the House a statement which has just been made by Sir Edward Beatty, and which appeared in the Ottawa Journal of last evening. Sir Edward says:

The year 1937 had been encouraging in many particulars. Employment, production, and export trade had made reassuring progress, and within reasonable limitations there seemed every prospect that the pace of economic betterment would accelerate through 1938. An added favourable factor was greatly improved moisture condition in the West, with resultant heavier yields of grain for many years past.

A survey of the formidable array of statistics that would adequately present the story of Canada's business for the past year would contain many bright spots; in fact, enough of them to warrant the assured conviction that nothing is wrong with the country itself; that what is most needed to assure its prosperity and continued development is world peace coupled with a resumption of international trading, and it is difficult to believe that these conditions will not eventually arrive.

We in Canada are necessarily dependent on economic conditions in Europe and in the United States, and are not able to influence these to any great extent. We shall always find our domestic affairs affected by the conditions in the countries with which we have intimate business relations. Most certainly, however, there is much we can do in the way of placing our own house in order and in laying the foundations for a business recovery sound and broad enough to be long lasting and to be reflected in the economic lives of all classes of our people.

I desire now to say a word concerning Canadian National Railways expenditure. Apropos of what I am about to deal with,

may I cite the conclusion of the paragraph which I have already quoted, in part, from the Speech from the Throne:

At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

And this further paragraph:

To this end it is proposed further to expand the Government's long-range program of public undertakings.

The intimation by the Government that they intend to ask for a further vote of \$12,000,000 to continue work on the Montreal terminal of the Canadian National Railways has drawn the attention of the country to the importance of this expenditure. I may say that upwards of \$15,000,000 has already been expended on the terminal. Not only has interest to be paid on that unproductive expenditure, but until the work is completed the great metropolis of Montreal is without the terminal facilities which it had expected from the Canadian National Railways. The only way to get a return for that large expenditure is to carry the work to completion. After very careful consideration the Government have decided to do so. I may say—and this may represent part of the answer to a question which is on the Order Paper—that the contribution by the Government is intended primarily to cover labour costs. The rest will be furnished by the Canadian National Railways.

Right Hon. Mr. MEIGHEN: It will not cost anything!

Hon. Mr. DANDURAND: In carrying on this public work the Government, as I say, are desirous that the expenditure shall be primarily for the purpose of alleviating unemployment. What part of the expenditure may be attributable exclusively to labour, the material being furnished by the Canadian National Railways, I cannot say, but no doubt this will be disclosed when the vote is before the Commons.

Now, it has been said that this expenditure is useless, because an alternative scheme would be less costly. I have asked the Canadian National Railways management to give me their reasons and justification for the expenditure, and I will read the communication which I have received from them:

To remove misconceptions regarding the Montreal terminal improvement of the Canadian National Railways, it appears to be desirable to deal more fully with some of its features.