

The Budget—Mr. Argue

is the time when the government should say to the provinces: we are prepared to put federal money into a vast road network across this country which would include the trans-Canada highway, which would include roads running north and south, which would include farm to market and other important roads. Why does not the government go forward with a great plan of this kind to develop the Canadian nation and provide jobs for all our citizens?

Instead, the present administration has done a number of things which have been very worth while. We were glad to support them, but the things which have been done are patches; they are helpful, but they are just patches and patches will not be sufficient to arrest the upward trend in unemployment in our nation. I suggest the government should now deal with this national emergency as it was dealt with, in a monetary and financial sense, during the war.

I suggest that the government at this time would be fully justified in providing for an expansion of the money supply. The government should take steps at this time to bring interest rates down. Instead of the province of Newfoundland, as I saw in the paper a couple of days ago, putting forward a bond issue at an actual rate of 6.13 per cent, it should be made possible, through government action in this field, for such bond issues to be put out at a rate of less than 4 per cent. If a policy of lower interest rates were adopted in this country it would allow the provinces to go forward with a great program of expansion within their borders; it would enable municipalities to undertake necessary works programs which have been too long delayed. But as long as this government follows a policy of high interest rates and tight money national growth, national development will be choked.

The Minister of Finance sat on this side of the house for many years as the strongest critic of the high interest, tight money policy followed by the government in those days. Since he became Minister of Finance there has been a complete change; he has turned from an advocacy of low interest rates to a policy of the highest interest rates this country has seen for generations. I suggest that this has been a mistaken policy and that the mistake should now be corrected.

The money which is necessary in order to provide for a great program of national development could be obtained. It could be obtained by an increase in the money supply. It could be obtained by asking Canadians to invest in their country, to invest in government securities and put up some of the funds necessary for a great program of

[Mr. Argue.]

national expansion. As far as possible, however, the government should follow a pay as you go policy in respect of an expansion program of this kind. I am saying that there has to be a measure of borrowing and an increase in the money supply, but full employment should be reached as quickly as possible and at that time, if not somewhat before, it should be a pay as you go policy.

I see the parliamentary secretary looking at me critically. If the hon. member would refer to some of the budget speeches which were made in the early part of the war I think he would see there an indication of the measures which a government should take in order to bring about full employment and a full production economy. I have in my hand the budget speech made by Mr. J. L. Ilsley on April 29, 1941, and I should like to quote two short paragraphs as follows:

In planning these policies, the government set for itself two objectives:

First, to bring the country as rapidly as possible to the full use of its resources and man-power. For this, financial policy could not be the sole nor even the chief instrument, but it was necessary that it should help and not hinder, that it should keep step with the work of industrial and military organization.

We do not want to have full use made of our economy for war, but we want a full production economy for peace in order to meet the needs of the Canadian people. I think if this nation could go forward with a full employment economy of the kind we were able to achieve during the war at a time when we had such a tremendous drain on our man-power we, the same nation, would today be able to deal in a sensible way with the problem of half a million unemployed at the present time.

An hon. Member: We are.

Mr. Argue: Somebody says: "We are." Every time they say "we are" the numbers on the unemployed rolls of this country increase. The quotation continues:

The government's second objective was to follow, as far as may be practicable, a pay as you go policy. This is derived not from any dogma of financial orthodoxy, whatever that may be, but from the known and proved inequities and the disorganizing and shattering effects of inflationary rises in prices and incomes.

Neither this nor any other government will be able to solve the present economic crisis unless it is prepared to take this kind of active leadership in our national economy. During the war it was necessary to bring about certain foreign exchange control. The government has tried to influence the value of the Canadian dollar. Greater emphasis is needed in the direction of reducing the value of the Canadian dollar and consequently increasing the prices of Canadian exports. All