

The Minister of Finance rested his case that there was prosperity in Canada upon three main items. He said that our income from export trade is the most important factor determining our prosperity and employment in peace time. Certainly I do not think our exports are a large factor in maintaining prosperity at this time. It is not exports as such; it is government money that belongs primarily to the people of Canada, which is being lent to other nations so they may buy our exports. What prosperity we now have in Canada does not depend principally on exports but on Canadian income which is advanced for payment of those exports, and which eventually finds its way into the hands of Canadians.

I think, too, we should look at what is happening to export trade. If our volume of export trade is going up, then I think we can be reasonably sure that export trade will continue to be a substantial factor in maintaining prosperity as it might be defined at this time. In April, 1945, the export trade index for Canada stood at 312. In April, 1946, the index was 178. Within one year, comparing April, 1945, with April, 1946, the value of export trade from this nation has fallen by 43 per cent. Surely, if we are looking to the value of our export trade as the most important prop to maintain prosperity, it is a very weak prop; and it is 43 per cent weaker this year than last year. If we are to tie our prosperity to the shipping of the real assets and real wealth of Canada out of the country to other nations, we shall not have prosperity at all. Prosperity in Canada depends upon the incomes of Canadians and the goods they are able to buy with those incomes. Export trade, to be a factor in maintaining prosperity in Canada, must be used with the object of obtaining imports to Canada which will then add to our prosperity. If, in effect, we are to have imports coming into Canada in exchange for our exports it is not sufficient that our incomes remain at the present level. The Canadian income must go up continuously so that the people of this nation will be able to buy the increased volume of exports other nations will be prepared to send to Canada.

The minister said another of the main factors supporting a continuation of prosperity in Canada was the large savings of the people. It was pointed out by the hon. member for Vancouver East (Mr. MacInnis), far better than I could do, that the amount of savings in the chartered banks, held by the average Canadian, is not large. According to the report of the chartered banks of October 31, 1945, some 5,616,712 people had deposits in

[Mr. Argue.]

the Canadian banks; and of that number almost five million held deposits of less than \$1,000, averaging only \$173.50 each. Those savings, to the extent of \$173.50 for each of five million people, are not going to be a large or important factor in maintaining what prosperity we may have in Canada. A report has been made by the federal reserve board in the United States showing that savings in that country are not large, that in effect they are not held by people likely to spend them on automobiles, radios, refrigerators, washing machines and household appliances. The pent-up demand that manufacturers, distributors, wholesalers and retailers have been banking on to take up the slack of higher prices during the next twelve months, according to the report, is largely illusory. I do not think it can be successfully argued that, on the whole, Canadians have a greater proportion of savings than the people of the United States. Certainly, according to the survey made over there, those savings are not going to maintain prosperity for very long.

The third prop under what prosperity we have at this time, according to the Minister of Finance, is capital expenditure; but according to the James committee it will take capital expenditures of \$1,500 million annually to maintain full employment in Canada. According to a report coming from the Department of Reconstruction this year, only some \$1,200 million is being devoted to capital expenditure. So we see that this year private enterprise is not making the large capital expenditure necessary for full employment. The April index of physical volume of business in Canada was 232 in 1945 and only 193 in 1946. So that within that period of one year our volume of business dropped by 17 per cent. According to the statement of the Minister of Finance, the income of the Canadian people in 1946 is running at least three-quarters of a billion dollars less than in 1944. I say to this house that we are not maintaining the prosperity we had two years ago. The volume of purchasing power that people have to spend is not being increased and the physical volume of business is going down.

We should not assume, however, from the fact that the physical volume of business is falling that the corporations in Canada are not faring very well. In April, 1945, dividends declared mounted to \$16,612,000, while in April, 1946, they were \$20,808,000. The corporations who are producing only to such an extent that the volume of business is decreasing have found it possible to make some \$4,000,000 more in dividends in April of this year than they made in April of 1945. Figures for the