

*The Address—Mr. Pearson*

We meet today, Mr. Speaker, in that changed situation. We are told that the emergency program of the government has worked so successfully that the immediate crisis has been removed. When that emergency program was put into effect, when the austerity program was initiated, we on this side of the house endeavoured in the national interest to co-operate and endeavoured not to oppose it. We did not exploit it for any partisan advantage even though parliament was not to be called. No matter what we may have thought of the government's responsibility in getting us into that crisis, or of its deceit in concealing it, or of certain details in the program as such, such as import surcharges and the 6 per cent bank rate, we said no word and took no action which would interfere with the effectiveness of these emergency measures in order to give them a chance.

The newly elected Liberal Members of the House of Commons met in Ottawa in caucus on June 27 and they issued this statement:

The Liberal party will co-operate in effective measures to protect the soundness of the currency. Defensive emergency measures are now essential, but they must not last beyond the emergency.

Of course, the speech from the throne tells us that the emergency is over.

In addition to meeting the financial emergency, there must be effective and constructive measures to get Canada's economy moving forward again; to restore full employment and to bring about the freest possible trade. All these things must and can be done without the sacrifice of financial stability. The necessities of an emergency program should not take our minds off this ultimate objective of an expanding economy with social progress and strong national purpose.

I myself, Mr. Speaker, as leader of the party, had said on the previous day, June 26, in a statement which I issued:

All Canadians will agree that the country needs farsighted leadership and united action to prevent further devaluation of our dollar.

That was in the light of the crisis as it had been declared. Then I went on:

Emergency measures have now been taken to this end. Everyone, including the Liberal party, will support whatever these measures can do to restore confidence in the value of our currency. Our party will judge them solely by what is best for the country.

The Prime Minister showed his appreciation of that attitude, or his lack of appreciation, by deciding not to call parliament until September 27 and in the meantime to carry on as if nothing had happened on June 18. Is it to be wondered, Mr. Speaker, that we have no confidence in this government? Apart from its record over five years of ineffectiveness, confusion and indecision, are we to vote confidence in these same men, or those

of them who are left, who have been so wrong so often and whose administration of the nation's business has been so bad?

Meanwhile the government's emergency measures remain in force, according to the speech from the throne, until circumstances make their removal possible. So we cannot any longer call them emergency measures. They are now government policy. But the Liberal party has not accepted, does not accept and cannot accept these Tory measures, put forward after the election as part of an emergency program, as policy of any value for the solution of our long range economic problems. In the emergency of June after the election there was no alternative, I know, because of the mess we had got into, but to borrow from abroad, though the Prime Minister said during the election that was not his policy. There was also no choice but to take some direct action to cut our spending abroad.

The Liberal party rejects as economic policies emergency measures which will not solve our problems but may indeed make them more difficult. The tariff surcharges, for instance, reduce trade and they must go. Cuts made in public works could reduce construction and employment where it is most needed. Tight money will make it harder for Canadian industry to get Canadian capital for expansion, and that has an effect on our balance of payments position. It will make it harder for provinces and municipalities to finance necessary investments in economic and social progress.

The short term inflow of capital due to high interest rates must be replaced by foreign investment for development, not hot money, and by a sensible trade policy. Austerity measures are only of emergency value in repairing the mess created in the last five years. A return to expansion and to growth will require very different measures indeed from these emergency measures. These emergency measures, Mr. Speaker, must be temporary, especially since they are on the whole restrictionist in character and their success as emergency measures will depend on the speed with which the government can get rid of them. In an economic sense austerity, whatever moral values it may have, makes no sense with unemployment and excess unused capacity. We need, above all, stability and confidence in our future, in our destiny, in our growth. We need new jobs that can only come from growth.

Now, of course, one of the most important sources of these new jobs, an important source of employment, is trade. This brings me to a matter which is mentioned in the speech from the throne, and which has been mentioned a great deal by the Prime Minister (Mr. Diefenbaker) and his colleagues,