RECORD COMMODITY LOAN TO INDIA

A $40-million commodity loan was signed last month in New Delhi by the President of the Canadian International Development Agency, Mr. P. Gérin-Lajoie, and representatives of the Government of India. Mr. Gérin-Lajoie was visiting Malaysia, Thailand, South Vietnam and India for discussions of development policy with political leaders and senior government officials.

The 1971 agreement shares with the 1969 Indian telecommunications loan agreement the distinction of being the largest such paid in the history of Canada's international development program; it is $10 million larger than last year's commodity agreement with India.

The money will be used for the purchase of Canadian fertilizers and industrial commodities to help India raise the living standards of its 550 million inhabitants. Among the 14 categories of goods to be supplied from Canada, potash ($5 million) and other fertilizers ($8 million) have high priority, reflecting India's growing need for support of the "green revolution" in agricultural production.

Since the introduction of the new "miracle" strains of wheat in 1965, India's total output of food grains has increased from about 89 million metric tons to an estimated 105 million metric tons in 1970. To achieve the full potential of the new seeds, however, very substantial amounts of fertilizer are necessary. Since India has no domestic supplies of potash, it must rely upon the importation of this important plant nutrient and, although it has substantial deposits of nitrogen and phosphate, requirements for these materials will continue to outstrip production capabilities for many years to come.

Copper, aluminum, asbestos, newsprint and wood pulp are among the industrial commodities to be supplied from various regions of Canada during the next 15 months, as well as rubber, zinc, lead, nickel, sulphur and ferro-alloys.

Since the mid-1950s the Canadian development program for India has provided over $210-million worth of industrial commodities and fertilizers. The 1971 loan, part of this continuing Canadian program of assistance to India, carries no interest charges and has a 50-year repayment schedule including a 10-year grace period.

QUESTIONS MILITARY AND ECONOMIC – MR. TRUDEAU REPLIES

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destroyed, because when prices and everything go up that fast, we become less efficient and – getting back to the previous question – our goods, our wheat, our export products, our frigidaires, our automobiles, our clothing, our forest products, all these are sold at too high prices on the world markets, and therefore people stop buying them because they can get their wheat or their pulp and paper or their frigidaires cheaper from some other country and, therefore, our industries go out of business and our workers go out of jobs, and unemployment is very high indeed.... Therefore, you have to fight inflation, because if you don't fight inflation then you will all be out of jobs. Therefore, when you fight inflation, you have to prevent this wild race of prices and costs upwards.

COOL IT, BUSTER

In order to do it, you have a choice. You can either tell people who are making profits and people who are making salaries, to keep them down, to "Cool it, Buster", to say: "Don't ask for such high profits this year and don't ask for such high rents from your tenants, and don't ask for such high prices from your consumers, and don't ask for such high salaries from your bosses, and don't ask for such high wages in your collective agreement." You can do that voluntarily, and that's what the Government tried to do – tell the country to cool it a bit and to cut this inflation which would cost the whole country a vast misery. Now, that can be done either by people accepting to do it voluntarily or by the Government clamping down as it did during the war with rationing and saying: "You will work for this salary and you will work for this salary and you will work for this profit and you will pay the rest in taxes and so on." Now this is a controlled economy as we had during the war, with rationing tickets and everything else. Now, this choice wasn't open to us in peace time, because the people did not want to go into that kind of Government rationing. They didn't even want to accept voluntary restraint. So the Government had no choice. It had to say: "Well, if you people won't cool the economy and exercise some restraint, the Government will." And exercising restraint means taxing more, taking more out of the economy than you are putting back in spending – in other words, taking money from your pocket by way of taxes and holding it in the Government coffers and using it only for certain specific things like lending for housing or developing underdeveloped regions. That's what it means. Since the consumer in Canada and the wage-earner and the profit-earner and the businessmen, if they won't cool it, the Government is forced to cool it, and that is what we did. And that is why we were successful in our fight against inflation. And because we were forced to cool it, we had to cool it in a very very general way, as I say by taking money out of the economy and slowing it down. And when you slow it down, there is more unemployment. And that's the answer....