

*The Budget—Mr. Benidickson*

regarded with the satisfaction that might be justified if we were in the midst of an inflationary boom.

What central bankers and commercial bankers should be worrying about now is ways and means of creating the conditions that will lead to an increase in bank borrowings rather than the reverse".

The Minister of Finance remained silent. In his statement Mr. Hart advocated that we return to a rate for central bank lending that would be fixed, that would provide a green light or a red light as conditions warranted. He referred to the present rediscount rate as bobbing like a cork and suggested that this showed lack of leadership. Of course, I know the Minister of Finance always suggests that these matters are the exclusive province of the Bank of Canada and that the government has no responsibility. This was not the view taken by either the Minister of Finance or the member for Greenwood when they were sitting on this side of the house; indeed more than that, it was not the attitude taken by the former administration. As long ago as 1936, this is what the prime minister of the day, the Right Hon. William Lyon Mackenzie King, had to say on whether the Bank of Canada was an orphan in so far as government responsibility was concerned. He said:

The last word is not with the governor of the bank but with the governor in council which is the cabinet which represents the House of Commons and which in turn represents the people of this country.

In evidence that he gave, Mr. Towers, the former governor of the bank, said that monetary policy of the bank must conform to the policy of the government.

**Mr. Fleming (Eglinton):** Page?

**Mr. Benidickson:** This was in 1938, in the evidence of the governor. The presentation was made on March 14. On March 27, 1957, when the minister was sitting on this side of the house, he had this to say in the banking and commerce committee.

**Mr. Fleming (Eglinton):** Page?

**Mr. Benidickson:** He said:

—the Minister of Finance, as far as we are concerned, is not going to hide behind the policy of the Bank of Canada. He is going to bear his own responsibility.

**Mr. Fleming (Eglinton):** The page, please.

**Mr. Benidickson:** I have not the page; I just gave my hon. friend the date.

**Mr. Fleming (Eglinton):** Is that from *Hansard* or from the proceedings of the committee?

**Mr. Benidickson:** It is *Hansard* of March 27, 1957, in the budget debate, I think, of that year. I have indicated that the Minister of Finance has never been reluctant to take

[Mr. Benidickson.]

credit, responsibility and pride when interest rates go down, but every time they are on the rise he bucks and passes the responsibility to the Bank of Canada. In this house on January 31, 1958, as reported at page 4089 of *Hansard*, when he was asked about the decline in basic rates of interest by the then member for Nanaimo, Mr. Cameron, he said as follows:

May I address a supplementary question to the Minister of Finance. Can he inform the house if this change from a tight money position has been the result of some action by the government, and what the action has been?

The minister replied:

Yes, Mr. Speaker, there has been action on the part of the government. I do not say that the reduction is attributable entirely to the government's action, but it certainly is in line with government policy, and is in part attributable to it. The fact is that we have been seeking to bring about, with the means open to us, a reduction in this rate. I am not at liberty, and it has never been the practice, to indicate to the house all the government operations or the operations of the fiscal agent of the government in these matters, but I can assure my hon. friend that this reduction, which I am happy to report this morning, is fully in line with government policy.

When rates are rising no responsibility is taken. In a long documented speech that occupied an hour and a half of this house's time this all-vital subject was completely ignored by the Minister of Finance last evening.

The Prime Minister, of course, has never been reluctant to take credit, provided the rates were going down. In the election campaign of 1958, in Halifax on March 24, 1958, as reported in the *Halifax Chronicle-Herald*, the Prime Minister said:

Mr. Diefenbaker said his government reversed the "tight money policy of the Liberals". Interest rates had been decreased from 4.3 per cent to 2.8 per cent. As a result of the \$300 million provided for housing loans there were more housing starts,—

And so on, but the credit is taken. He had the same thing to say elsewhere. In Calgary on March 14, as reported in the *Winnipeg Tribune*, the Prime Minister "claimed that interest rates had fallen sharply as a result of government action since last June—from a high of 4.33 per cent to 2.89 per cent in recent weeks."

**Mr. Pearson:** What about a little action now?

**Mr. Benidickson:** The Leader of the Opposition very pertinently asks "How about a little action now?" Can we get from the government at least some idea of in what direction their efforts and policies are being bent?

I have indicated what an adverse effect high interest rates in Canada have with respect to the all-important situation of the premium on our dollar. I have never had from the ministry a satisfactory explanation of why we have never taken steps to help