

The Social Credit doctrine is only one of the numerous theories put forward in the last hundred years or so, as an ultimate answer to the undoubtedly serious defects in the working of our economic system. No wonder that according to many such theories, all our economic problems would be solved simply through the adoption of one form or other of monetary system.

In the United States, for instance, William Jennings Bryan severely criticized the gold-standard that prevailed then. As a remedy to the real defects of the gold-standard, he suggested the establishment of a parallel system of silver-standard.

Like Bryan, Mr. Speaker, Major Douglas perceived a defect in the economic system of that time, namely that there was no machinery to allow, in a more substantial way, the creation of an adequate demand for the goods and services that the nation can produce.

However, it is quite true that to find out about the existence of a problem is one thing and that to apply an adequate solution is another. As I said before, no country in the world has ever considered that Social Credit theories could bring about a practical solution.

As pointed out by a well-known economist, Alvin Hansen, in his book entitled *Full Recovery or Stagnation*, Social Credit authors, as those of all other cure-all doctrines, have ignored a most important fact of life, namely that no economic device, whatever its nature, can be grafted to the economic machine to make it work smoothly forever.

Over the last 50 years, after Major Douglas had for the first time outlined his theories, the nations of the western world have worked out a number of interrelated policies and programs offering much wider possibilities as concerns maintenance of a balance between supply and demand for goods and services.

Each year billions of dollars are made available to Canadians through a great range of social welfare programs, which do contribute largely to the maintenance of our purchasing power. Notable progress has been achieved allowing recourse to fiscal and monetary measures to maintain a marked increase in production, employment level and real income.

● (8:30 p.m.)

The main problem, still unresolved and, besides, totally ignored by the Social Credit theory, is to maintain a sustained rate of increase for our economy. As emphasized by the Economic Council in its last report, the most notorious economic failure of the sixties, throughout the world, and which constitutes a major political problem yet to be solved, has been the inability to achieve an acceptable reconciliation between a high level of employment and a relative price stability.

As noted by the Economic Council, the solution of this problem will constitute a most difficult challenge and is not one of those problems which can be dealt with so-called "right" political decisions.

Social Credit Monetary Policy

Although the theories of the Social Credit are almost unknown today, those who keep on advocating them are not the only ones to believe that our increasingly complex economic problems can be solved by a few so-called "right" political decisions, to use the Economical Council's own words.

Quite recently, the Leader of the Progressive Conservative party stated in the House that the longest and most tenacious period of inflation in modern times which continues to affect other western countries could be checked by a mere appeal to voluntary restraints on prices and incomes. Although such restraints would no doubt supplement further political measures, as the government itself stated, the Progressive Conservative party has kept insisting on this magic solution to the whole inflation problem quite a long time after it had become obvious that all the sectors of the economy were not prepared to accept voluntary restraints.

Over the last few months, the Conservative members have been suggesting a similarly simplistic solution to this problem, a sharp but stable economical growth. They have suggested a one billion dollar or more tax reduction and have proposed a substantial increase in government expenditures while omitting to state the amount of such an increase. They have wholeheartedly elected to ignore the serious problems that such an approach could bring about in the future either by giving rise to further inflationary pressures, or through an upwards pressure on interest rates and the Canadian dollar rate of exchange and, finally, by exposing the Canadian economy to the risks of another recession.

Last month, the Progressive Conservative and New Democratic parties as well as the Ralliement Cr ditiste have censured, in a joint statement, the economic policies followed by the government, to ward off the inflationary pressures which threaten our economy and to put it back on the way to a strong and stable growth.

However, Mr. Speaker, I see that the Tories and the NDPers are endorsing, in some way, the government's view on the usefulness and the opportunity of the Cr ditiste doctrine, namely that this doctrine is nothing more than a doctrine and moreover, an idealistic and unenforceable theory. And almost everybody agrees on that point. But at the same time, Mr. Chairman, I think it is regrettable that these two parties chose to do nothing during this debate but hide between proposals varied as well as contradictory.

Consequently, Mr. Chairman, I think that the House of Commons must vote against the Cr ditiste motion.

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, may I put a question to the Minister?

Mr. Gray: Yes, Mr. Speaker.

Mr. Valade: Since the Minister stated that the Progressive Conservative position was contradictory because it supported the Cr ditiste proposals, could he explain why the Minister of Finance (Mr. Benson) backed down in