

*The Address—Mr. Shaw*

if such were the case, to finance any part of a newspaperman's flight from here to other countries of the earth if this sort of thing might be the purpose behind it.

Knowing the Minister of National Health and Welfare as I do, I realize that he probably knew nothing about this. He was thinking in terms of the great sphere of international politics, not national politics. I know the Minister of National Health and Welfare would be the first to object to this sort of thing. Maybe someone in the government will inform me whether Mr. Leiterman received free transportation or anything else by way of service and so on which would be charged back to the Canadian taxpayer. I would like to know. Free transportation must be included, because we the taxpayers must finance the cost of the Canadian aircraft which was used and the many thousands of gallons of gasoline which were consumed.

Reference was made by my leader to the effect upon the present economy of the present system of credit controls. The thing which has surprised me is the condemnation which has come from many quarters of this country of the way in which this particular policy has been applied. One of the most interesting editorials I have read came out in Saint John on October 24. It was included in *The Fundy Fisherman*. This editorial states:

In announcing another raise in the bank rate last week the Bank of Canada showed an utter disregard for public opinion here in the east and the strong protests that have come from the different parts of Canada against high interest rates, which protests the Bank of Canada simply ignored. This is about the sixth time that bank rates have been increased in little more than a year and now . . . the people of Canada are being saddled with the highest interest rates that have been paid in over a quarter of a century.

Let me just go on to read a significant assertion like this:

The directors of the Bank of Canada have never given any sensible reason for their action.

Further down it says:

The different regions of Canada are represented on the board of the bank but it appears that these directors have nothing to say—they are all as "mum as an oyster".

Later the article goes on:

It seems to be clearly a case of taxes being imposed on citizens without representation.

And still further on:

The cost of living is inflated by abnormal interest rates in the same way as it is by extra taxes.

Then the article stresses this:

No inflation exists in this part of Canada.

I do not know whether that is a statement of fact, but considering all the reports which have come to us from that part of Canada,

[Mr. Shaw.]

reports given to us in this house, it is suggested that there is a substantial element of truth in this statement. I quote again from this editorial:

The people of the eastern provinces are a careful and saving people and have invested many hundreds of millions of dollars in bonds of different kinds, especially bonds of our various governments, federal and provincial. We have many large and small investors, especially the latter, all of whom have bought these bonds in good faith.

Just consider where these bondholders stand now. Their losses are appalling, all owing to the Bank of Canada's action in raising interest rates to the highest level in the generation. Millions untold have been lost by small investors who can ill afford to shoulder such losses.

Government bonds that were sold to investors at par are now worth in the market place between 80 and 85 cents on the dollar. It may be all right to say that if the people who invested their savings hold their bonds until they come due 15 or 20 years hence they will be redeemed at par, but tens of thousands of investors cannot wait. They have children to educate with their savings, hospital bills to pay and possibly a house under construction and many other obligations to meet.

Further on still the article continues:

Bonds to finance new projects such as we have now under way in the maritimes are next to impossible to sell, except at a great discount, which makes the cost of the money derived from the bonds far too high a cost for the venture capital that is absolutely necessary for these new enterprises.

The editorial concludes by saying this:

A trail of lost hopes and wreckage is bound to follow in the wake of a usurious bank rate as far as our maritime provinces are concerned.

Mr. Speaker, that is only one of the editorials which have appeared in publications in various parts of Canada. Another significant aspect of the subject is this, that such controls are actually not proving effective. Pick up almost any newspaper any day and you will find a list of many commodities, many of them in daily use, the prices of which have again moved up. This policy is not proving effective; in fact it is making it difficult if not impossible to carry out other aspects of government policy such as housing. Some of the most devastating charges have been made with respect to the effect of this policy upon Canadian housing. The Minister of Public Works is, on the one hand, endeavouring to expand his house-building program to meet urgent needs, while on the other hand the policy of the Bank of Canada is making it virtually impossible for the program to succeed.

Thus it goes on. The whole situation is in fact developing into one where we find an irresistible force working against an immovable object. Let hon. members figure out what the consequences of that may be. That is the position into which we are rapidly moving now because of the blanket application of the credit restriction policy.