

tions of the needs of the country have been and are harmful to its urban areas and particularly harmful to metropolitan Toronto.

The affairs of this country are in an almost incredible mess, given the facts of our wealth of resources, plant, know-how and connections. This country was not fighting a war, at least until last Friday, save for the public relations war on poverty. This government was not policing the world; yet our interest rates and inflation have risen higher than in the United States and all the western nations except for a few banana republics, and our rate of unemployment is 6.9 per cent.

At the last election the Prime Minister (Mr. Trudeau) asked for a working majority. At the rate he is going he should have reversed that and asked for a majority working.

Some hon. Members: Hear, hear!

Mr. Ryan: According to the Paris-based Organization for Economic Co-operation and Development, which studies such things, Canada's economic growth as revealed by its annual productivity increase has fallen and is now just over 2 per cent, or one of the lowest in all the western countries. It is expected to be zero by the end of this year. This organization expresses surprise at our poor showing having regard to our potential. At this moment in time what this country needs as a leader is not a dreamy front man, but a practical, economic redeemer and social stabilizer.

Since I joined the young Liberals when I was 16 years of age until I became a Liberal Member of Parliament I was adamantly convinced of a few Liberal political dogmas: First, that the Tory party was the party of big business; second, that the Liberal party was the party for immigration and the Tory party was constantly and inconstantly the one to turn the tap off and on; third, that in this country Tory times were tough times.

Some hon. Members: Hear, hear!

An hon. Member: But you changed your mind.

Mr. Ryan: I did. I first found out as a member that the Liberal party was the party of big business, then that the Liberal party was prepared purposely to cut immigration in half, and some wanted to eliminate it completely and, finally, that Trudeau times were tough times.

In respect of inflation I feel that the government is largely the author of its own misfortune. It has doubled the money supply since taking office in 1963. Not being on the gold standard, it exercised its prerogative to print money and printed too much. The money supply includes bills and coins in circulation and moneys on deposit, as most hon. members well know.

• (12:20 p.m.)

In the midst of this situation and to my astonishment, at the time of the last ten-year review of the Bank Act

The Address—Mr. Ryan

the government decided to lift the ceiling on bank interest rates completely. I could see the allowance of government-controlled increases, provided the power to lower the ceiling was retained, but not removal of the ceiling. Against some opposition in the Liberal party, the then Minister of Finance, now Secretary of State for External Affairs (Mr. Sharp), insisted on pressing for complete removal. This made one wonder how large the campaign contributions had been to the party. All that was required at the time and all that is required now is a ceiling sufficiently high to permit the banks to compete with trust companies and near-banks for savings deposits. These competitors should be controlled too, if necessary. Thus, there should be a ceiling and it should float at the discretion of the cabinet, on the advice of the Minister of Finance (Mr. Benson). The Speech from the Throne should have announced a new ceiling of 6½ per cent.

Some hon. Members: Hear, hear!

Mr. Ryan: But no—and as a result of this naïve and disastrous decision the five big Canadian banks have had not just a hey-day but three successive years of record profits at the expense of downward spirals in almost every other sector of the country's economy. There have been repercussions in other ways. With swollen deposits created in large part by the printing presses, as the government sought to dodge interest payments on bond issues, the banks have made a killing. In raising their rates to all the traffic could possibly bear these solid but favoured institutions drove interest rates on mortgages and consumer credit loans to new and almost incredible highs. With what results? Big business, cost-push inflation, buyer resistance, construction slow-down, housing lack, excessive wage demands, excessive prices, productivity slump bankruptcies—and there are many of these in Toronto now—demands to exclude immigrants, unemployment, emigration and, finally, loss of government revenues.

The need to float the dollar has caused the government to break this country's agreement with the International Monetary Fund to keep a fixed dollar. The Canadian dollar became suddenly strong, not just because our exports, mostly of primary resources, surged temporarily after long strike conditions, nor because our auto pact agreement with the United States is productive of foreign exchange, nor because our imports are down due to lessened productivity. The truth is that it became temporarily strong mainly because the combination of the premium of eight cents on the dollar plus our fantastic domestic interest rates was starting a flood of United States dollar investments in Canada, in both properties and equities, which condition, in addition to giving the government an exchange problem, would give Walter Gordon and the *Toronto Star* apoplexy if it were allowed to continue. Indeed, the failure to act in time and firmly on controlling interest rates, prices and wages, and the oversteering of this government by the Prime Minister and his awkward squad within his office and in the cabinet, have caused a domestic emergency within this country and further harmed its low stock abroad.