

The Address—Mr. Maltais

more through the long list of measures taken to stop this inflationary wave which has swept over the country as a result of the exhausting war we have gone through and because of the spectre of another war. As a humble supporter of the present government, before the public as well as in this house, I shall quote the opinion of a stranger lest I be charged with being, according to the favorite expression of our friends to the left, a blind supporter of government policy.

Here is what Mr. William R. Biggs, vice-president of the Bank of New York and the Fifth Avenue Bank of New York had to say in a speech delivered in Toronto on October 12 last. I quote Mr. Biggs at a point where he concludes a list of certain measures taken by the United States government in an effort to put a stop to inflationary pressures.

(Text):

I quote Mr. Biggs now:

Before we go to the direct methods of control, it is interesting to contrast our indirect controls with those of our neighbour, Canada. Canada has enacted additional personal and corporate income taxes and various sales and excise taxes, but has so imposed this additional taxation that almost 45 per cent of the increased tax revenue has been obtained from sales and excise taxes. Furthermore, Canada has not only had a surplus in every year since the war, but expects to have a surplus in the fiscal year ended March 31, 1952—and a substantial one in relation to the size of her budget. Her national debt has been reduced by over 15 per cent since 1946.

Canada not only has increased her discount rate from $1\frac{1}{2}$ per cent to 2 per cent, but she has been realistic in the matter of encouraging savings. Recognizing the importance of accelerated public saving, she has increased the rate paid on her savings bonds by about one-half of one per cent. In other words, Canada has acted upon the necessity of higher interest rates as part of a program to contain inflation. Again, in Canada really tough instalment selling terms have been laid down. As just one example, the down payment for a new or used automobile is 50 per cent with only twelve months to pay.

Because of the concentration of banking into a few large banks in Canada, with branches throughout the country, the Canadian credit control system, which seeks to limit bank loans to last year's levels, has been particularly effective. Canada has also adopted a very ingenious plan for discouraging unnecessary capital expenditures. No depreciation on new construction or new equipment will be allowed as a deduction for income tax purposes for a four-year period commencing April 1, 1951, except in certain categories considered essential to defence or basic to national development. This should prove to be, over the long run, an extremely effective way of reducing unnecessary capital expenditures and, hence, should relieve the strain on the supply of raw materials.

These indirect controls add up to an effective program which has some real teeth in it. They have also the great advantage over direct controls of not requiring a great build-up in bureaucracy to operate and enforce them. In connection with the

effectiveness of the Canadian program, it should be realized that inflation in Canada, as in the rest of the world, is affected most importantly by rising prices in this country.

(Translation):

These are the words of a man who cannot be considered as prejudiced. But the work of the government goes further. In September, by freeing the dollar, the Minister of Finance (Mr. Abbott) added one more weapon to the government's program towards the stabilization of our economy.

The Conservatives keep repeating: the government should reduce expenses. I wonder what my colleagues, who are friends of the government, think about this matter. However, as far as I am concerned, I must admit that the requests which I make of certain departments for the construction of post offices, the improvement of wharves and other projects meet with just about the same answers. I could sum them up in these words: Because of its strict economy program, the government has to put off your requested projects.

But this Conservative party, which so loudly demands a reduction in government expenses, also wants Canada to undertake a huge program for the production of transport planes for civilian and military uses, as was stated by the leader of the Conservative party, at the Seigniori club on November 1.

Is this the same party which demands that our country be turned into a veritable arsenal and that our people become a race of Spartans through the training here of large highly mechanized shock forces, all of which would add to the present defence expenditures?

Is it the same Conservative party that criticizes the travelling and representation expenses in friendly countries and yet, at the same time, requires the immediate formation of a North Pacific alliance as well as the setting up of a third world power among the commonwealth countries, plans which would necessitate a considerable increase in expenses for travelling, representation and administration? Let us be serious about this.

When one considers that about half the expenses of the government are made up of interest charges on our national debt and expenses incurred through the maintenance of our various social services, and that the other half is made up of defence and general administrative charges, I wonder if a single

[Mr. Maltais.]