

*The Budget—Mr. Leboe*

own job, and perhaps that is the nicest way to have it.

If I understand the minister's speech, it is that we must increase our productivity. Yet he is telling us that we must tax the businesses of the country so that they will not have so much money to spend. I should like to know how we are going to increase our productivity without spending money, when capital account is to come before production? It seems to me that in this we are slipping backwards. I do not know the real thinking of the minister, but I suppose that before the debate is over some of his colleagues will have enlightened us on some of his thinking.

One remark the minister made in his statement struck me as being very much to the point under discussion. He mentioned the subject of borrowing for social services. I think nothing can be more destructive to any country or to any province than borrowing money for social services.

Another statement that interested me very much I should like to quote. It appears on page 3379 of *Hansard* for March 29, 1966:

But in the longer run, with the whole world hungry for capital, we cannot assume that it will always be feasible for Canada to import such large amounts of capital as we have in the past.

This brings me to the point I wish to discuss. Why is the whole world hungry for capital? The whole world has its own resources. We have the means of creating money. I read into the record how the United States creates money. I need not tell the Minister of Finance how the banks create money, or how the Bank of Canada creates money, because he knows this. Why in the world should we allow foreign countries with their own banking systems to monetize our assets so that they can collect interest and dividends from their investments, when we have the capability of creating our own money here in Canada. I cannot see the common sense of letting foreign institutions create money on our assets.

By way of illustration, on a blackboard I used to draw a stump, then I would draw a factory, and people, and I would explain what this meant. When people watching asked me what this was all about, I said, "The people in the drawing are the people of Canada. These are the resources to which they apply their labour, in order to build a factory." Then when I was asked what the stump was for, I said, "That is for the foreign investor to sit on. When we finish working on our own resources, and build a factory, he

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owns it." That is just about how inept we are in the handling of our finances.

I see no reason why foreign money making institutions should make the money that we can make, on our own assets. Foreign institutions are not going to raise money unless they have something with which to back it. In a little time I shall go back to the minister's statement with respect to that.

Another thing about the minister's attitude that puzzles me is his suggestion that we can have consumers without having money in the hands of the people. I do not follow this line of thinking. It seems to me that we cannot have domestic markets unless we have people who have money to buy the goods on that market. In this connection I should like him to take a look at the possibilities that exist with relation to the tight money policy, and with relation to the finance corporations in this country. I am sure that the minister could go to any bank in this country and find out that a tight money policy exists, and that as a result we cannot borrow money, no matter how well situated he is.

However, finance corporations, when they know that tight money is coming in, go to the chartered banks to raise their line of credit as high as possible. Then, when tight money is brought in they will be able to get the credit from the banks that you and I ought to have.

You can go to the bank today and not get a dime. Then you can go down to a finance company and get money on which they will charge 24 per cent interest. The finance company has obtained the money because of the line of credit it has from the bank. You and I should have had that money in the first place. That is exactly the situation.

● (3:40 p.m.)

I should like to deal with the tight money policy as it relates to exports and imports. It seems to me that a blanket tight money policy is going to hurt the primary producers of this country before it hurts anybody else. These are the people who are generally at the top of their lines of credit at all times. If any restrictions are imposed they have no room to move. Who are the greatest exporters in this country? The primary producers. The minister is crying for exports, yet he slaps a blanket tight money policy across the country, affecting our primary producers most. This is one more of the contradictions we find in the present budget.