

Mr. Speaker, when hearing the speeches of the members from the Ralliement créditiste, we were wondering if that party which seems to be so far from socialism is not quite close to it sometimes.

The Ralliement créditiste often cites as an example—and the member for Témiscamingue (Mr. Caouette) mentioned it a moment ago—the loans which Canada grants to other countries on easy terms.

It is true that Canada, as other countries granting loans to under-developed countries, do so on quite easy terms. But this is not a reason to ask the same terms in some entirely different situations in Canada.

The federal government recognizes that there are joint responsibilities at the international level to devote some financial resources to the development of poorer countries. However, all countries recognize that such funds cannot always be loaned on commercial terms. The poorer countries simply cannot obtain the necessary exchange funds to pay commercial interest rates.

Therefore, Canada grants loans on easy terms, while abiding by criteria ensuring worthwhile development projects. Such loans do not apply to non-profitable enterprises. They apply to construction and development projects providing a good return.

Mr. Speaker, the Ralliement créditiste motion reflects their old theory according to which our economic system is defective since it fails to produce an adequate increase in the money supply.

The federal government believes that our present monetary system is efficient and flexible enough to meet the changing needs of the economy, including the need for expansion of the available credit. And a while ago, a striking example of the situation was provided by the hon. member of Témiscamingue when he referred to credits available in wartime.

• (5:20 p.m.)

True, available credit was enormous during the war, but it is equally true that there were a great many restrictions, particularly on coffee, tea, butter, sugar, and even manpower mobility. In fact, one could not change jobs without permission. There were restrictions on the purchase of luxury items. One could not even buy a car, a fact which even now would surely affect the hon. member for Témiscamingue.

There was also a control on salaries and prices. The results of that increase in credit are that the national debt more than trebled,

because the credit allowed was financed from war loans. New money was not created, it was just a matter of borrowing more money in order to spend more.

In the report which he presented to the Commons last Thursday on the provincial Finance Ministers and Treasurers conference, the Minister of Finance (Mr. Benson) did mention that the basic goal of the government is to put an end to the inflationary spiral of prices, while maintaining a firm economic balance.

The budget tabled by the Minister of Finance last March considerably eased federal tax restrictions. Since then, monetary restrictions have also been eased, which was reflected in a decrease of the bank rate from 8½ to 7½ per cent.

In the meantime, the government has also decided not to implement the budget proposal to establish controls on consumer credit. Furthermore, the increase of \$300 million in payments to provinces during the fiscal year, which was announced in the House last Monday by the Minister of Finance, is another important measure to ease the fiscal policy of the federal government.

The continuous increase in costs and prices remains a main matter of concern to the government. Since the beginning of 1970 some progress has been made with regard to checking price increases, which has made it possible to reduce somewhat fiscal and monetary restrictions.

I would emphasize that the government is quite anxious to have the Canadian economy back on a strong but steady rate of increase. We are looking forward to reducing the surplus capacity now existing in our economy so that it may develop more in harmony with its potential.

I am in a position to inform the House that the government is now intensively studying the adoption of specific measures aimed at increasing still more our economical activities.

Before taking further significant action to ease present restraints, it is essential however to ascertain that the inflationary pressures on our economy have begun to slacken.

As I have indicated, through various undertakings we have been able to slow down price increases in Canada for the first months of 1970. Until now, no corresponding progress has been noted as regards costs. Moreover, salaries have kept on increasing rapidly.