

*Government Monetary Policy*

rates ranged from 2.56 per cent to 3.81 per cent during the term of the previous administration. I want to say that the maximum rate of interest on government securities to maturity that was offered by the previous administration was 4.3 per cent. Since the new government has assumed office government securities have been offered at an interest rate as high as 6.61 per cent. The treasury bill rate indeed hit 6.16 per cent for 90-day money only and 6.87 per cent for money offered by the government for six months.

Mr. Speaker, I also want to make a quick reference to some of the remarks that were made by the member for Kootenay West (Mr. Herridge). He expressed some surprise today that the official opposition did not directly refer in its amendment, and exclusively refer, to the unemployment situation. I am surprised that it would not occur to an experienced member like the member for Kootenay West that had this been done it might, in the near future, prove of considerable disadvantage to those of us who sit in opposition. The member should know that if a motion of that kind were made now it would preclude us from having a similar debate on a later occasion.

The hon. member for Bow River read some excerpts from last week's *Financial Post*, an article written by a Mr. Robertson, but he omitted to tell you that in that same article there is quoted the prediction that we may not have hit the low yet. Mr. Robertson referred to the "double bottom yet to come". If we, at this stage, took today full advantage of this opportunity to discuss unemployment in this formal amendment we would not be able to do so again at a later date when perhaps an even worse situation might exist. In addition to that I remind the hon. member for Kootenay West that it was not a member of his party who was the first member during this parliament to suggest that it would be timely to have the Bank of Canada examined in a parliamentary committee. I suggest to him, and I think he will find that I am right, that I happened to be the member who first made that proposal in this parliament in 1959. I repeated the suggestion the other day after the Leader of the Opposition (Mr. Pearson) received some rebuffs this session in this connection. I suggested that if the banking and commerce committee was not prepared to take up this subject, then perhaps the public accounts committee could do so. I am referring now to the debate of February 15 last.

I now want to follow up the basic points made by the Leader of the Opposition who was suggesting that the cheap and easy money has come too late in monetary policy, and tight money came too early in the cycle. In

addition the Leader of the Opposition indicated that it would appear that the Bank of Canada, or whoever is giving direction to the monetary policy, is giving priority to decisions related to debt management rather than monetary policy for the purposes of elimination of unemployment and economic stimulation. The Leader of the Opposition suggested that these two purposes did not appear to be compatible.

As the present administration will soon have been in office for four years, I want to review rather briefly year by year the role that has been assumed by this government in connection with what the Leader of the Opposition described as one of the major tools for coping with the difficulties with which we are faced. Even the member for Kootenay West referred to the failure of the government to properly assume leadership in this field, and admitted this very well might be one of the root causes of the difficulties in which we are.

As I have said, we are all familiar with the fact that a new government took office in June of 1957. We know that very shortly afterwards they cancelled some public works and defence production expenditures which, of course, it was their privilege to do as they had not been responsible for putting them in the estimates, and it did not seem to matter whether or not the administration was directing its attention to fighting inflation or preparing against recession.

I think it is interesting to review some of the public statements that were made by the new Minister of Finance (Mr. Fleming) in the course of the few months following his assumption of office. It is obvious that the bogey to him in the ensuing months after assuming office was inflation, and it seems to be the bogey that has received the major portion of his attention ever since. This has received almost his undivided attention. I find in an address of September 13, 1957 to the newspaper advertising managers association of eastern Canada, delivered at Montreal, he is reported as saying:

I said that it is the policy of the government to resist inflation. When the government is asking the people to exercise forbearance the people are entitled to require of the government that it do more than exhort them to productive and saving habits. Your government is endeavouring to practise what it preaches. Undoubtedly the full weight of government expenditure can, if allowed to run unchecked, let loose forces of inflation which are difficult to check. The new government was elected on certain undertakings, one of which was to eliminate waste and extravagance.

We know that toward the end of the year, December 6, to be exact, the minister had decided to give to the assembled House of Commons a financial statement. But in the meantime I think that some of his public