

Social Credit Monetary Policy

Therefore, one may conclude that no existing economic doctrine deserves a special place and is completely superior to the others, and no more so are the economists who advise the government at the present time or those who were its advisers two, three or five years ago.

Evidence of this is to be found in the statements made by the hon. senator Lamontagne, former minister in the Pearson cabinet and main economic adviser of the latter.

At the annual meeting of the Canadian Corporate Management Company, held in March 1970, Senator Lamontagne had this to say about this liberal government's policy to control inflation:

In his last budget statement, the Minister of Finance admitted that the Canadian economy during the 1970-71 fiscal year would "carry on at a slower pace than in 1970 with respect to its total capacity".

Mr. Benson then added:

"If we are to be concerned only about the pressure of the total demand on our productive capacity and our markets, no further action would be required". But immediately he made known his plan to restrict consumer credit thereby hitting the poorer citizens harder and weakening still more the sector of our economy which is the weakest, that is the durable goods sector.

The Governor of the Bank of Canada was of the same opinion when he wrote in his report that:

"The restrictive measures are not intended to slow down the economic progress for its own sake but they are taken as means of lessening the price and cost increases for the purpose of establishing economic expansion on a sound basis".

These statements and others of the same category made in the United States, for instance by Arthur Burns, lead me to question the philosophy which was accepted during the post-war years in relation with the implications of fiscal and monetary policies in the fight against inflation. I suggest we are witnessing in this field, here and in several other western countries, including perhaps the United States, the worst aberration since the depression that hit the world in the thirties.

According to the Cr ditistes, the point is to move surplus goods towards the consumers.

Since there is a national inventory level, it is obvious that an efficient demand from the consumers would provide the kind of economy we want, that is one which would use all the modern methods of production and which, at the same time, would offer job opportunities to all those who are both able and anxious to work.

Let us assume therefore that, through some device, we could obtain this effective demand. What would happen? The goods which are presently held up in stores and warehouses would come out and, in the market society we are familiar with, dealers would pass orders on to wholesale dealers and the latter to manufacturers, which would stimulate economy, speed up production and make jobs available to thousands of unemployed, while the consumers might satisfy their needs.

Therefore, we proposed the following changes to the existing banking system: (a) that the available funds be scientifically controlled and determined by the national inventory of stock of saleable production, which would be computed in a scientific way and at regular intervals

[Mr. Dionne.]

according to needs; (b) that the Bank of Canada become the only creator of all supplementary available funds Canada might need; (c) that all available funds created by the Bank of Canada be channelled through a national credit account; (d) that all amounts in the national credit account be allocated to satisfy the people's needs, according to its will as expressed by its representatives in this chamber.

This is, Mr. Speaker, how the Ralliement Cr ditiste would achieve by various means of distribution better living for all Canadians without destroying personal initiative, without infringing upon the freedom of any citizen, without intervening directly in the production of wealth.

[English]

Mr. Max Saltsman (Waterloo): Mr. Speaker, this seems like a day to deal with financial matters and to make some suggestions about monetary policy. Since we are considering some special projects in relation to the whole question of organizing our monetary system, I should like to put some suggestions to the House. I am rather pleased to see the President of the Treasury Board (Mr. Drury) in attendance, as he might be interested in these ideas. He might even propose some of them to his colleagues.

Let me suggest that the House give consideration to a column written by Mr. Douglas Fullerton for the *Toronto Star* in 1967, and which carried the heading "Let's buy out these U.S. Giants". We, in Canada, are very much concerned about the takeover of our economy. What is of even greater concern, now that the evidence is before us, is that this takeover has been accomplished with the use of our own money. Let us turn the tables and buy out United States companies with their own money. This is the suggestion I should like to put forward. Let us not condemn the people of the United States for competing with our industries. Let us not feel sorry for ourselves because of these takeovers. Let us learn from this experience, and profit from the examples which are before us. The United States people have taken over certain corporations in such a graceful way that we cannot be anything but encouraged. Perhaps we can do the same thing.

Perhaps as Arnold Toynbee said, when faced with this challenge of survival, we have to run the risk of accepting responsibility, and from the edges of diversity we draw victory, or something along that line. How do we do this? When looking across the aisle, I see that the President of the Treasury Board has already got the idea of how to do it. Very likely he has even thought of this himself on occasion but perhaps has not worked up enough courage to put it to the Cabinet as a government proposal. Perhaps we should encourage him along these lines.

The suggestion that Mr. Fullerton made in his article was that we should use our reserve funds instead of sterilizing them in U.S. government securities, as we are now doing. He suggested we should use these reserve funds to buy equities in United States corporations which are buying into the Canadian market. He suggests that we should forget about the branch plants these compa-