

The Budget—Mr. Matte

Since the lanterns of the government and of the Prime Minister in particular seem to be switched off, we will attempt to throw some light on this debate without any assurance of success, because, as a rule, the government closes its eyes, and shuts its ears upon hearing of Cr ditiste suggestions.

To sum up, Mr. Speaker, the causes of inflation may be stated as follows: Efforts on the part of the wage-earners to catch up with rising prices; exaggerated income of some directors and exorbitant profits of certain enterprises; combines, trusts and monopolies that impose unjustified prices of Canadian consumers; taxes and duties of all kinds levied by governments and finally, the banking and monetary policies that are used. Such are in short the causes of inflation. It is on the last one that I should like to lay emphasis, Mr. Speaker.

In 1963, a man went around Quebec and Canada railing against the Cr ditistes and the solutions they were putting forward on the occasion of the federal election at that time. That man, enjoying the high influence that goes with the title of President of the Montreal Stock Exchange and of the Canadian Stock Exchange, was to find very soon his political reward. He is now in this house, as Postmaster General and Minister of Communications. You know now whom I meant; it is the man who trusted upon the Canadian people the most questionable and the most scandalous postal increase and who contributed, in his own way, to the inflationary pressure.

The Postmaster General and Minister of Communications (Mr. Kierans) was then speaking about a new myth, the "Kierans myth".

Speaking of rising prices and the present inflation, he said, as can be seen on page 8971 of the May 22 *Hansard*, and I quote:

—what would we gain? We are all affected by inflation, as the value of our dollar, of our deposits in credit unions, of our savings bonds and of our wages, disintegrates under the effect of that cancer.

• (9:10 p.m.)

The Postmaster General and Minister of Communications uses the word "cancer" when speaking of inflation. Inflation is a cancer, he says.

But he must know that a cancer cannot be cured, because we have not yet discovered the medicine, the antibiotics capable of killing the virus which provokes cancer.

[Mr. Matte.]

In the present financial system, the cancer of inflation will remain incurable as long as they merely put a poultice on a wooden leg, and as long as they refuse to use the new methods which the Cr ditistes have been proposing for a very long time.

The Postmaster General and Minister of Communications was discussing in the house, on May 22, the value of our dollar which is decreasing. He added that the value of our savings was diminishing, as well as the value of our bonds. The value of our salaries is going down because of inflation. That is what he finally recognizes. Nothing could be truer, Mr. Speaker.

Federal statistics indicate that in March 1969 the cost of living index reached 123.2, compared with 122.6 in February, and 118.6 in March 1968; that is an increase of 4.6 over one year.

And so, the cost of living is rising. Prices are rising. The value of our dollar is going down, we are faced with inflation. The Postmaster General and Minister of Communications is right. Inflation exists. Even the government admits it.

But who leads Canada? The Liberals or the Cr ditistes? What financial doctrine is applied in Canada? The financial system dear to the Postmaster General and Minister of Communications, or that which the Ralliement cr ditiste proposes?

The answer is obvious. The Liberals are in power, and there is inflation in Canada. The financial system that the Cr ditistes denounce governs every economic activity in Canada, and we have inflation.

It could not be otherwise, Mr. Speaker, because the present financial system is, by its very nature, a source of continuous and progressive inflation.

I shall try to prove it in the few minutes I have left.

We have already shown, Mr. Speaker, that there is not a single dollar in circulation that was not created by the banking system. All credit now in existence in Canada was created by the banking system.

And what are the results, Mr. Speaker? Let us give an example:

Suppose an industrialist wants to market his products and applies to the bank to finance his production costs. Having brought the necessary guarantees, that is his equity in his business, the bank grants him a \$100,000 loan, on condition he will repay \$108,000 in one year, as the interest rate is 8 per cent.