

*Monetary Proposals of Social Credit Party*

prices which must be paid when one advocates certain ideas. Sometimes I do not find this understanding evident in the approach taken by hon. members of the Social Credit Party. For instance, they talk about the Bank of Canada issuing money for the long-term financing of municipalities, provinces and public works. The Bank of Canada could do it. In effect we do it today through deficit financing and by changing the reserve requirements of banks. So let us not kid ourselves; we do create money.

We also introduce legislation such as that which will soon be coming before us in respect of the trust companies. We will be asked to advance their lending power 15 to 20 times what they are now in order to enable them, with the same capital, to lend 25 per cent more. These things can be done. We could argue about the technique and the means, but I think the principle must be accepted. I suggest, however, there is a price to be paid for doing this. One price will be paid by those who save money in this country, because they will have to accept a lower rate of return. This is my analysis of one of the implications of Social Credit theories. They may object and say that I do not understand their theories adequately. In any event, I have looked at the system and have examined the effects of its implementation.

Social Crediters say that they stand for the little businessman. They say they are dedicated to free enterprise, the small saver, the small businessman and the entrepreneur farmer. Yet, these theories would have a backlash on these people because somebody would have to pay; they would either have to pay higher rates of interest or receive a lesser return on their savings. As the hon. member for Kenora-Rainy River (Mr. Reid) said earlier, we will have to make allocations in our system and some people will have to pay. That is true. If we want to redistribute income and create money to create income, we can do it but a price must be paid.

There is another price we may have to pay and about which we should be very careful. We may have to insulate our economy from the economies of the rest of the world because as things now stand we are virtually tied in with international financing. We are not free to set our own interest rates or even decide what rate of return we will give to the investors or depositors in this country because of the implications of international financing.

We do not have freedom in this country to establish our own priorities and make our

[Mr. Saltsman.]

own value judgments, because we must follow what goes on in the rest of the world. When we attempt to deviate from this system, the speculators of the world move in very quickly for the kill. I could say many things to our hon. friends to the left on this subject. However, I wish to know whether they are prepared to have our economy insulated in this way from the rest of the world, because this is what would happen.

I say these things very seriously. I say there are things we can do in our system but there are also prices to pay. I believe my friends to the left should consider this fact and state whether they are prepared to pay the price of insulation. In some ways this might be very good for us. As I said earlier, this was one of the purposes of the Conservative government before the turn of the century which suggested it wanted to deliberately insulate us from the rest of the world.

That government believed our currency would decline in relation to other currencies and that more employment would be created in Canada; it would also have the effect of erecting a tariff wall, but would create a burgeoning industrial economy in this new land. At least those who advocated this policy in those days realized the consequences of their actions. Today we have high interest rates. It is becoming very obvious that we have these high interest rates because of government policy. I have come to the conclusion that, perhaps more important than changing our theories about finance, we should change our government and have one that is determined to do something about the kind of situation that exists in this country.

● (8:50 p.m.)

When we create the kind of situation we have today, with high interest rates and high unemployment, it is not the fault of the system. To some extent that is the way the system moves if nobody moves a finger to correct it, but those faults and problems can be laid directly at the door of government policy. There is a great deal of difference between interest rates in Germany and those in Canada. We discovered this in the committee that studied interest rates. There is a great deal of difference in the spread between what banks pay for money and charge for money in Germany and in Canada. The spread in Germany is very much lower than that in Canada. I am sorry I cannot quote the exact figures, but those who attended the committee hearings will bear me out.