

*Bank of Canada Act*

deal with that speech, and I had advised the parliamentary secretary to the Minister of Finance (Mr. Chrétien), hoping that the hon. member for Davenport would be present—he knew quite well that nobody in the house could reply because he was then concluding the debate—under the standing orders—following the motion on second reading of Bill No. C-102 concerning banks and banking.

He delivered this speech on Social Credit theories knowing quite well that, according to standing orders, nobody could answer him, the debate being concluded, and that, in short, under the standing orders, no member could rise and refute that speech.

Here are some excerpts from that speech which I would like to comment.

First of all, the Minister without Portfolio, the former minister of finance, starts out from principles which are not really social credit principles. The leitmotiv, the argument used over and over again in that speech of the former minister of finance—which can be found at page 2373 of *Hansard* for June 14, 1965—the ever-recurring idea is this: the Social Crediters want an inordinate increase in the money supply.

Well, then, Mr. Chairman, objection must be taken immediately to what the former minister of finance wants to include in a theory, when that is not in it at all.

• (6:20 p.m.)

The point, Mr. Chairman, is not to increase the money supply beyond measure, far from it. What Social Crediters propose is to increase the money supply at the same pace—neither faster nor slower—as, Canadian citizens and Canadian industries are able to increase the Canadian output.

If there is a large increase in Canadian production, there has to be a corresponding increase in the money supply, because the money supply enables Canadian citizens to buy what they produce.

If, on the other hand, production does not increase, or if it decreases, then it is obvious that the money supply cannot increase either; indeed, it must be reduced at the same rate as production decreases. Therefore, we can realize that this is far from the allegations of the former minister of finance, the present member for Toronto-Davenport and Member of the Administration, when he said we wanted to increase the money supply out of all proportions.

The minister said, at one time, and I quote:

The other chief danger arising from excessive expenditures associated with an excessive increase in the money supply—

Mr. Chairman, that phrase “excessive increase in the money supply” is used continuously in the speech of the former minister of finance.

Therefore, it is easy to see that the whole statement of the former minister of finance is based on false premises because the Creditists have never advocated an excessive increase in the money supply. Criticism of a system is always easier after one has inaccurately described it. But if one begins by understanding the exact meaning of Social Credit, criticism becomes more difficult. In fact I have never met anyone yet who could criticize it by stating exactly what is Social Credit. Those people tried to ridicule it rather than understand it.

Mr. Chairman, the former minister of finance, who is now Minister without Portfolio, also stated:

We must recognize that inflation is fundamentally unfair.

Because he had said previously:

I do not believe that the proponents of Social Credit feel that price increases and inflation constitute a serious danger.

And he said that Social Credit would create inflation. He said especially, and I am still quoting from his speech:

If the money supply increases unduly, it will lead to price and cost increases and to balance of payments difficulties. If such increases in the money supply and consequent increases in the pressure of expenditures in the economy should persist, we can expect that ultimately it will lead to inflation and, in a country such as ours, to an exchange crisis.

The former minister of finance was waving the spectre of inflation when talking about the Social Crediters.

Well, Mr. Chairman, have we not inflation, today? Is it because of the Social Crediters' theories which are applied. Not at all. They are laughed at. But we are in the midst of inflation, as big an inflation as Canada as never known since the Liberal government came to power. The Social Crediters are not responsible for the present inflation, and still we are smack in the middle of it. What is the cause of inflation? The present government, by continuously increasing taxes, brings about price increases and when prices increase, the workers naturally ask for higher wages and when wages increase, prices increase. But the primary cause, the true cause