

*Government Monetary Policy*

the cannon's roar on unemployment. We have been disappointed. We have just finished listening to the pop gun in respect of one segment of the problem that faces us at this time. We were surprised; we were amazed; we were disappointed. We intended if possible to move such an amendment to the motion to go into supply, but under the rules we were denied the opportunity while the official opposition had the right to properly move a prior amendment. I am sure that the unemployed in Canada will not consider the effort of the leader of the official opposition this afternoon as taking full advantage of the time provided by the rules to deal fully with this serious question of unemployment.

As I have said before, this amendment deals with one important and somewhat highly technical aspect of the cause of unemployment, as has been mentioned by members of this group on repeated occasions.

Once again let me draw to the attention of the house the fact that we were pleased to note that the leader of the official opposition did again put forward one of these proposals which was made previously by the members of this group, namely, that this problem, and the report of the Bank of Canada should be referred to the committee on banking and commerce. There is no question that there is a growing demand in various quarters for a recognition of the influence of the monetary and fiscal policy upon the economic situation that we are suffering from today. That is clearly indicated, as the leader of the official opposition and members know.

There has been a demand from the president of Canada's third largest bank for a thorough examination of the financial responsibilities of the Bank of Canada in respect of the country's unusual financial structure. N. J. McKinnon, chairman and president of the Canadian Bank of Commerce, told his firm's annual meeting that such a study should be painstaking, deliberate and unhurried, in order to allow the most careful consideration and to reach wise conclusions. The heads of the labour movement in this country, including the C.L.C., have asked for a monetary inquiry. Canada's top labour leaders have called for a full-scale royal commission investigation of the monetary policies of the Bank of Canada and James E. Coyne, its controversial governor.

According to a report in the *Leader-Post* of February 2, 1961, it is stated that fiscal policy, no matter how good, will achieve little if monetary policy is pulling the other way. The report goes on to say that the central bank is apparently sticking to a relatively tight money policy when the opposite is required. Second, its policy has resulted

in higher interest rates in Canada than in the United States, which has encouraged Canadian borrowing on the New York money market. Third, the report states that the instability of the bond market and the accompanying wide swings in interest rates must be attributed in part to the management of the Bank of Canada.

We also have Mr. Gordon, the well known economist who has criticized the present fiscal policy of the Bank of Canada, suggesting that this whole matter should be studied. We have had university professors from various parts of Canada giving voice to very similar opinions and criticisms. It is obvious that there is widespread nervousness and growing apprehension in regard to the effect of the fiscal and monetary policies of this government and the Bank of Canada, and a suggestion that they are not conducive to the solution of this very serious unemployment question.

Mr. Speaker, I must say that we in this group on these occasions have to speak more or less off the cuff. The only research department that I have is the member for Kootenay West, so I have to do the best I can without preparation. I will put forward in general, without going into detail, the views of this group with respect to this amendment.

As the leader of the official opposition mentioned, the government claims it has no responsibility in this field. We shall look forward with interest to what the Minister of Finance (Mr. Fleming) has to say with respect to that statement. There is growing confusion and concern in the public's mind with respect to the delay on the part of the government to crystallize its own policies and attitude toward the monetary and fiscal policy. Therefore, although the amendment does not deal with our point of view as socialists, and I speak as a democratic socialist realizing that we are living in a sick society, we support the amendment which deals with one important segment of the problems that face us today.

This group are socialists in their thinking. Someone might say, what is socialism? We say from a philosophical point of view that socialism is the search for truth in all fields; the building of the good life for all, and the worship of beauty in all its aspects so far as creation is concerned. That is the sort of philosophic phase of socialism in which we believe.

What about the economic aspects of our socialist philosophy? As I said before, we believe this amendment only deals with one segment of the problem. We believe this must be related to the other segments of the problem if we are going to have any effective action in order to meet unemployment at this