

The Budget—Mr. Benidickson

In the course of my discussion I indicated that the minister had appeared at a press conference on television last night. One of the members of the press asked him whether it was a fact that from December, 1960 to May, 1961 the records of the Bank of Canada indicated that only a reduction of half a point in the Canadian dollar premium had been achieved vis-à-vis the United States dollar, and that according to the records it appeared to involve, as I heard it come over the air last night, \$100 million for a half point difference in premium. During the noon hour I ascertained that the figure used by Mr. Barkway last night was \$120 million.

I referred to the fact that just before the house opened this morning I had received this week's issue of the *Financial Post*, and that it contained an article by Dr. D. B. Marsh, assistant general manager of the Royal bank. The heading of the article reads:

Keeping the dollar at fixed "parity" could be costly.

I had been told that this article would assert, as it does, that it was likely this operation would require \$200 million per point just to keep the Canadian dollar at this pre-determined so-called parity. The minister has not indicated to us that parity is his objective. He has used vague terms. In view of what is involved we should hear more from him. He indicated that a significant discount was his objective.

I have spoken at greater length than I usually choose to do. I had hoped that I could have some time to discuss the important matter of interest and debt management. I know that my good colleague from Welland will be heard from later in the debate with his shrewd observations in this field. I would have liked to say something about the industrial development bank. I may say to the minister I regard his announcement in this respect as significant also, and he is to be commended on his decision here. However, I think the suggestion in the budget speech that we are to have legislation during this session to amend this act indicates not too much foresight in the preparation of the work of the session. I do not think this was part of the program announced to us in the speech from the throne. I indicated earlier that prior to Christmas the opposition had given extreme co-operation and had disposed with rapidity and expedition of any items that the ministry had prepared and ready for the session that were directed toward creating jobs, not only during wintertime but jobs per se.

I raised this question last year in a similar debate. I said if the minister took the position that he never said that tight money and

[Mr. Benidickson.]

actual monetary policy belonged to the Bank of Canada, the decision to amend the industrial development bank legislation in this particular field could be taken by the government. It could have been done during the last session if the minister had the feeling with respect to high interest rates about which he now expresses some concern. It was not done during last session. There was no indication that the planning of the government in November had advanced to the point where they were prepared to do what was announced last Tuesday night. I said last year in the debate that at a time when the banks had been nudged by the minister to reduce the prime lending rate on commercial loans, it seemed unfortunate that the industrial development bank had not followed suit.

Prior to the budget speech the minister suggested to us during this session that he was in some way responsible and should get some credit for the fact that the prime lending rate of the commercial banks was recently reduced one quarter of a point. If it is so that the minister had a finger in that development, I say to him that at the time I raised the question why a similar development did not take place with respect to the industrial development bank. I think this, as well as the Central Mortgage and Housing Corporation interest rate, which is a matter of government decision, should be very much to the fore so far as the minister is concerned when he says he is doing all he can, I assume through all possible avenues, to reduce the general level of interest rates across the country.

Mr. Fleming (Eglinton): I take it that the hon. member is aware of the fact that the interest rate charged by the industrial development bank was reduced not long ago by half of 1 per cent.

Mr. Benidickson: What is the current rate?

Mr. Fleming (Eglinton): Six and a half per cent.

Mr. Benidickson: The minister says "not long ago". The newspaper clipping I have with respect to the matter is dated September 13, 1960. That is some time ago. According to my information that was the last cut in the interest rate. The level was reduced to 6½ per cent not recently but as long ago as September of 1960, certainly long before the minister claimed credit, as he did on two occasions during this session, for nudging the commercial banks to reduce their prime lending rate.

I had hoped that time would have permitted me to say something about the desirability of going beyond the productivity council and setting up the type of body that