

Supply—Finance

to a ragged coat-tail policy involving the perpetuation of the international monetary situation which has dried up the sources of international money and exchange to the point that today internationally, we are in even greater danger than we are at home.

● (5:10 p.m.)

I maintain that the policy of high interest rates is not a cure for Canada's economic problems. All it does is raise the cost of living for the Canadian people. It seems to me that the government could be doing much more to solve the problem about which the Minister of Finance was talking today by seeking to lower interest rates. Certainly in such a vital area of our economy as housing we should have a different policy so far as interest costs are concerned.

We are told that taxes have to be increased. We are today paying \$1.4 billion of tax money just on the national debt which has never been greater, even in wartime. The minister pleads for understanding, but what kind of understanding can one apply to this kind of policy?

The minister has recommended the establishment of a board of review. What does this mean? I do not know. The minister did not attempt to enlarge upon it. If it means some kind of action and an authority that will do something toward solving the wage-cost problem which faces our farmers, the working man and Canadians generally, it may be good. But we do not know what it really means. At least, we do not know from what the minister said.

The minister talks about freezing the growth of the public service. That is a good way of economizing. It seems to me it would have been a good way to stop the increases in prices if the policy had been started last year or the year before or the year before that. The growth of governments has been double and sometimes triple the growth in productivity within the economy. Therefore we find ourselves being forced to consider more and more the alternatives that have been advanced by the President of the Privy Council who has sought to advocate to the Canadian people that the only way we can cure the problem is to adopt the policies of the socialist governments of other countries or those advocated by the New Democratic party in this house.

The spokesman for the New Democratic party said today that if we would adopt the recommendations of the Carter commission

[Mr. Thompson.]

and the Watkins report perhaps this would solve our problems. All that is being asked in recommendations of this kind is that we kill the goose that lays the golden eggs and then throw the eggs away as well. Policies of the that kind have been proven inadequate over and over again by socialist governments of other lands.

It is a strange thing that many who look to socialism of one brand or another for economic salvation believe that if Harold Wilson could not retain mastery and initiative in administering the nation's business in Great Britain, nobody could. I will read a few words that were written by a wise old man who lives in Saskatoon. His name is A. P. Waldron and he writes in *The Western Producer*. I can think of no wiser sage in this country whose words the Minister of Finance should read. Mr. Waldron's comments are recorded each week in this western farm paper. This is what he said last week:

The reason for Wilson's failure is that however radical and even revolutionary the socialist ideology may be in other sectors it seems to have a blind spot when it comes to the money system. Socialist governments and their treasury heads from Snowden on have always strictly adhered to policies of financial orthodoxy as do practically all professional economists. They submit almost without question to the edicts of the money power however humiliating because they believe as firmly as any banker in the soundness of what is called sound finance.

Why socialists, so ready to challenge almost everything for which capitalism stands, should make an exception of financial policy we don't pretend to know. One fact that may have influenced them at least until recently is their conviction that public ownership could and would cure almost everything. But ownership or control of the key domestic bastions of the financial system, the central banks, has solved nothing. Whether these institutions are owned by government or by private enterprise is irrelevant so long as existing national and international financial policy continues to function according to the established rules of the game. If you belong to the club you must obey the rules and the socialists no less than the other political parties obstinately refuse to listen to any suggestion that the money system should be seriously challenged much less amended to fill the needs of the age of automation.

We must face the reality of the position today with regard to the so-called sound money system, whether as advanced by the Minister of Finance of this country, as advanced by socialist governments such as that in office in Great Britain, or by the so-called wise economists who think they can stretch the rubber a little farther in extending the present system. The fact is that there is no real change in the situation, except that it continues to get worse.