

productivity? In a report quite recently he said that Canadian per man-hour productivity is approximately 2 per cent gross and of course an 8 per cent increase in wages leaves a gap of 6 per cent which is our inflation. How can we guarantee that the productivity will increase 2 per cent all told? If we have a 4 per cent, 6 per cent or 10 per cent inflation cycle, what is the difference? Dr. Young, in a speech, looks at the figure and says that indeed there is a relationship between productivity and wages, but he does not delve into the real situation as he should and come up with ways and means to gear wage increases to production increases either industry by industry, plant by plant, or nation-wide.

This is the type of commission we still have. I am afraid to believe that this commission will still have an influence on the government. The reason I have taken part in this debate is to advise the government not to act when the commission recommends wage and price controls because that would be a disastrous stroke; it will not work and we will suffer from it for years to come. There is a presumption that somehow we can duplicate the war years when patriotism was involved, when production was not the issue, and when the depression years were still in our memories. All of these things have to be considered when wage and price controls are proposed. The machinery will be cumbersome and the controls will not work. Even though price and wage controls may be limited to 4 per cent or 6 per cent, the chances are that production will drop by 10 per cent because the Canadian public will not willingly accept such controls. There is a supposed willingness. You hear Canadians saying all the time: "I think we should have wage or price controls as long as they do not affect me. We should have wage controls for everyone else but I do not want to be included in them". This is the natural feeling of people when such a control program is started; they will not like it if they are involved. They will not tolerate it, and the program will be a disaster.

● (5:10 p.m.)

I hope that the government can see its way clear to telling Dr. Young to wind up his books and go home. Indeed, I say right now that when the motion of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) comes up, I shall vote for it because I think there can be no greater contribution to Canada's economy than to have Dr. Young pack up his equipment, pay off his bills, and go home.

Government Administrative Policies

He is not doing much good; in fact, he is doing a lot of harm. I suggest to the government that it does not have much time left to look into our real problem, that is our productive capacity, and do something about it.

Much has been said about banks, and we know that a lot of it is true. But on the other hand, banks and businesses are making money. The easiest way to make it, of course, is through consumer lending. I say to the minister the first thing that should be done is to encourage our industries to replace their worn out and antiquated equipment. For this, they will need money. I would even suggest we should induce them to do this by allowing quick write offs. Any industrialist who puts in new equipment to increase his production should be able to write off his debt in a year. Where is he going to get the money? He cannot pay 18 per cent interest to the banks, and the banks are not too keen to lend money to commerce or to industry. They are very busy with the consumer loan market from which they get about 32 per cent, and that is not peanuts.

But we do have a weapon we can use without applying the restrictions that are called for by the hon. member for Nanaimo-Cowichan-The Islands. I refer to the reserve. At present, banks are required to set aside a certain reserve with the Bank of Canada. I see no reason why this reserve cannot be divided. Let us say to the banks that if they lend to industry we will lower the reserve required for industrial and commercial loans. Let us double or triple the reserve required for consumer credit. It is time the government told our banks that if they want to enjoy the privileges of branch banking they have to provide a service to our industry and to our economy rather than just line the shareholders pockets. If they continue on the same road—and I do not think they should be nationalized—then we should immediately amend the Bank Act to allow competitive banking.

Branch banking has a purpose. The banks always cry on our shoulders, asking us not to open up the whole field of banking to anyone who wants to start a bank. They tell us they are giving a wonderful service and that branch banking serves a purpose. But they are not living up to their responsibilities. The government should put it to the banks now that if they do not provide the service and live up to their responsibilities, we shall open up the banking field to a competitive group of people. These competitors will then be able