

Income Tax Act

quote some words uttered this morning by the parliamentary assistant to the Minister of Finance (Mr. Sinclair); I am quite sure he will be happy to have these words repeated. He said:

I quite agree, and I think every member of the house, no matter what his financial theories or beliefs are, will agree, that so far as this \$18 million is concerned, the printing presses of the Bank of Canada could turn out another \$18 million to be put into circulation, and it would not make much more than a little ripple on the actual price structure of the country.

May I commend the brilliant young assistant on that remark. That is the most honest statement I have heard from anyone connected with the finance department in the fifteen years I have been in the House of Commons. It is entirely factual and accurate. I want to offer one suggestion to the young parliamentary assistant, whose intelligence and ability to conduct his affairs in the house I greatly admire, in spite of the fact that he made a mistake the day before yesterday, I think it was. I suggest to him that if there are more goods in Canada than the \$18 million would buy without creating a scarcity, there would not be even "a little ripple" on "the price structure". I think the hon. member will readily recognize that as a statement of sound, simple, conservative fact.

Just to fortify the hon. member in his opinion, and to fortify me in mine, I would refer to the budget speech of the Minister of Finance (Mr. Abbott). He said something very good when he pointed out, as clearly as words could indicate, that the amount of money safely possible of being in circulation in a country is governed by the amount of goods and services available to be purchased with that money. In accordance with that statement the position of the parliamentary assistant was perfectly sound, and I entirely agree with him. But now may I go on to read a little more of what he said:

Of course if that is a good policy for pop and candy, we should do the same thing in respect to corporation taxes, excise taxes, customs duties, and so on.

There the parliamentary assistant made a very serious blunder. Just because it would be a good thing for you to take a pint or a quart of milk a day it does not follow that it would be equally good to take a gallon or two gallons a day. The point is that the amount of money which could be created and put into circulation depends entirely on the goods you have in the country to be bought with that money. Just as soon as the amount of money you issue exceeds the amount of goods available, there will be inflationary pressure which is likely to cause a rise in prices.

Some hon. Members: Louder.

Mr. Blackmore: I shall endeavour to speak loudly enough so that hon. members who are doing me the great compliment of listening closely, which I appreciate, may be able to hear.

I say the amount of money in circulation in a country should depend entirely upon the amount of goods available to be purchased. No matter how much money may be put into circulation, if the goods available to be purchased are equivalent to that amount of money there will be no inflationary pressure on prices. This is the fundamental principle upon which the whole concept of monetary reform is to be based. The Minister of Finance laid that principle down in unequivocal terms in his budget speech, which I would have quoted in this debate if it had been in order.

Consequently, if we say that this \$18 million which would be raised by taxes on candy, pop and other things should be remitted and the \$18 million printed by the Bank of Canada and put in the place of that tax, we are not arguing that you should not have a corporation tax or any other kind of taxes whatever. We are discussing this particular item. I do not know how much money could be safely created, and put into circulation in Canada today. It would depend upon how much production we have, and what productive capacity we have readily available for the distribution of consumer goods. This would have to be determined by a most careful study by the best experts available in the country. As the member for Peace River (Mr. Low) pointed out we would then be able to determine how much money could be issued. Our general contention, Mr. Speaker, is that, having discovered how much money could be so produced without creating a ripple in the price structure, that amount of money should be counted upon as part of the revenues of the country annually. It should be entered into the estimates annually by the minister. It should be discussed and voted upon by the house annually so that the whole subject would be under the control of this parliament, and we would be able to make what is physically possible in Canada actually financially possible.

Now that is reasonable, moderate and it is strictly in accordance with the principle laid down by the Minister of Finance. May I just read one more statement from the young parliamentary assistant, and then I close. He goes on:

Then we should recall also that at the peak of our war expenditures during the last war we were spending \$6 billion a year. If we start turning out \$6 billion a year in the Bank of Canada to meet these expenditures, then I say—and I