

*Supply—Finance*

cial, on the basis of medicare as now proposed. What kind of policy is this?

The strange thing about the attitude of the conservative opposition is that basically they have supported the same type of program. Most of their members voted for medicare in the first place. When the financial critic of the official opposition began to speak today I thought that probably his many years in the province of Alberta had really brought results because he began by talking about the decrease in purchasing power and the inevitable tightening of the belt and said that the downward spiral was going to throw us into a depression that no one wanted. He said that this is the effect of raising taxes and interest rates. The tragedy of it all is that when he proceeded to enlarge his argument he went along with the position of the government and the policies the Minister of Finance advocated. According to his reasoning, apparently there is no sound or logical answer to the whole problem of sound financing. It is time we faced up to the reality of the fact that we cannot continue to go on as we are at the present time.

Another outstanding example we face now, which has resulted directly from the policies of the government, is the situation regarding interest rates. Under Central Mortgage and Housing Corporation the present interest rate is 8½ per cent and we are told it is going up at the end of the month to 8¾ per cent or 9 per cent. Prime bank interest rates on loans to the very highest classification of bank customers, as we have been told in the last week or two, are from 7 per cent up to 8 and 8¼ per cent. Normal mortgage interest rates through orthodox channels, apart from banks and government, are up to 10 per cent. I know of mortgage interest rates charged during the last few months as high as 12 per cent. How long can this continue?

The other day I carried out a brief research project into the history of depressions in this country going back to 1902. In every single case the depressions in Canada since that year have inevitably been preceded by abnormally high interest rates, and they have never been any higher than they are at the present time. Yet when we were debating the Bank Act revisions and we alone opposed an increase in bank rates, we were told by the Minister of Finance in the first place, by the governor of the Bank of Canada in the second place and by the president of the bankers' association in the third place, that if the ceiling on interest rates was removed, interest rates in the over-all picture would go down

and there would be more money available. They took great pains to give assurances that this would be the case.

What has happened? Read the record. It is all there. Not for 40 or more years, if ever, during this century, have interest rates gone as high as they are now, at least so far as the little man who critically needs money is concerned. The other night the Minister of Agriculture boasted about the fact that more money had been made available to farmers under this administration during the last several years. Yet farm improvement loans, farm credit and even home improvement loans are impossible to obtain because the banks are not going to lend money at 6 per cent or 6½ per cent when they can get 8, 9, 10, 11 or 12 per cent. We are faced with the situation, critical and serious as it is, because of these inadequate government policies.

It is disturbing to know that repeatedly economists, the Economic Council of Canada and the opposition in this house have warned the government that their policies were leading Canada to financial confusion and difficulty but in spite of this the government encouraged the change in the Bank Act so the chartered banks would be able to raise their interest rates above 6 per cent. This government is responsible for raising the bank rate. It has never been higher and with the prospects ahead of us now it will be even higher.

In addition, the government has encouraged the financing of riskless savings bonds at the highest rate in the history of Canada so people can double their money in 13 years. At least that is what the advertising says. We have sold gold, which is in short supply at home at the present time, to the United States. It has cost the taxpayer millions of dollars to subsidize the gold mining industry. We have done so at the price set for gold 30 or 40 years ago, \$35 per ounce. We go along with the United States and say the price of gold cannot be raised, yet gold is the only commodity in the world today that has not at least doubled, if not trebled or quadrupled, its value since 1935. Do we have to protect the policies of the United States by inevitably adopting the same policies here in Canada even though our position is much different? I do not mean to be anti-American in any way because we cannot afford such a luxury. We ought to be able to stand upon some logic and reason so far as our own policies are concerned, particularly in regard to the financial problems with which we are now dealing. Apparently we have to hang on