

Tight Money Policy

follow. As we know, the government of the day planned to call an election in April and disregarded the warning of Dr. Firestone.

Mr. Sharp: Could I ask the hon. member for clarification of what he has just said?

Mr. Speaker: Order, please. May we have order in the chamber.

Mr. Sharp: May I ask the hon. member a question, for clarification?

Mr. Hees: Certainly.

Mr. Sharp: Could he identify the report written by Dr. Firestone to which he refers? I am not familiar with it, I believe.

Mr. Hees: I am surprised to hear the Minister of Finance (Mr. Sharp) say that because I know that he was very familiar with this report when he was deputy minister of the Department of Trade and Commerce. I refer to the report made for the previous government early in 1957. It came into our hands after we had formed the government in June of that year.

Mr. Sharp: Mr. Speaker—

Mr. Hees: If the hon. member will look back he will become familiar with the report to which I refer.

Mr. Speaker: Order, please. The hon. member for Northumberland has the floor.

Mr. Sharp: I just wanted to be clear what report was being referred to, Mr. Speaker.

Mr. Hees: Mr. Speaker—

Mr. Speaker: Order, please. The minister may rise on a point or order, on a question of privilege, or in order to ask a question with the permission of the hon. member who has the floor. The hon. member for Northumberland has not indicated that he wants to allow the minister to put a question at the present time.

• (3:40 p.m.)

Mr. Hees: Mr. Speaker, I was quite willing to yield the floor to the Minister of Finance and answer his question. I believe I have answered his question and now I intend to continue my remarks. As I was saying before I was interrupted by the Minister of Finance, when the Conservative government took over late in June, 1957, a recession was well launched, as Dr. Firestone had said it would be if the government of that day did not reverse its tight money policy and make far

[Mr. Hees.]

easier credit available to the producers of the country. It took us three years of hard work to bring the country out of the recession into which it had fallen due to the policies of the previous government to which I have just referred.

On January 21 last Dr. Firestone again warned the government that if their present tight money policy was not withdrawn and reasonable credit made available, a downturn in business could be expected. Once again the government has refused to heed this warning.

Tight money is this government's method of combating inflation. As we all know, inflationary pressures are caused when too much money is chasing too few goods. These pressures can be reduced either by the negative method of decreasing the amount of money available with which to buy the goods or the positive method of increasing the volume of goods available for sale. As we learned in the budget this year, the government has chosen the negative method of combating this problem by reducing the amount of money available to the Canadian people rather than doing those things which must be done so that our economy may proceed at a normal expansion rate.

The budget made it very clear that the government intends to restrict the money supply in three ways: through the tight money policy which they imposed several months ago, the increase in income taxes, and the special refundable tax of 5 per cent. We can well ask ourselves, why is the government limiting in this way the ability of industry to expand production and by this expansion relieve the inflationary pressure and increase prosperity?

It has become obvious that it is because there are not enough skilled workers in the country today to carry out expanded production. We might, again, ask ourselves why this should be so. It has been clear that unemployment has been decreasing steadily during the past five years and skilled workers have been in increasingly short supply during that period. Each year it has been more and more obvious that the program to train additional skilled workers is inadequate to meet the growing demand.

What has been sorely needed is an immigration policy with sufficiently attractive inducements to attract the required number of skilled workers from other industrial countries. The absence of such a program has allowed an increasingly difficult situation to become steadily worse. It seems to me that it is simply incredible that in a young and