

*Bank of Canada Act*

But according to his feelings the minister decides how much money will be put in circulation in Canada. The minister also says "by flair". So then we must have a minister with flair.

I should like to know how the right hon. prime minister proceeds when he has to appoint a Minister of Finance. What kind of tests must the hon. minister undergo in order to prove whether he has flair or not? For the money supply in circulation in Canada increases according to the minister's flair, whether he is keen-scented or not.

The minister admitted that himself; I am coming back to the question I asked him on page 2998 of the Minutes of Proceedings and Evidence No. 43 of the standing committee on finance, trade and economic affairs:

—on what do you base your decisions to set the money supply at a given level?

Here is what the hon. minister answered:

When a Governor of the Bank of England, Lord Norman, was once asked that question by J. M. Keynes, he said:

"I do it by feel and flair".

The minister said that, not I. One must have flair, be shrewd, be far-seeing, in order to decide how much money will circulate in Canada.

Industries may produce, but that is of no account, it is not the minister's flair. Numerous workers may be working, that is of no account, it is the feeling of the minister that counts. In March or in April, when flowers begin to bloom, feelings are better then, so the money supply is being increased. Comes autumn and the yellowing of grass and the money supply is decreased because all that may influence the feelings of the Minister of Finance. That scientists and technicians find new production methods is not important. It is the flair of the minister that counts. His flair.

Mr. Chairman, where can we go with our monetary system if our Minister of Finance has decided to rely on his flair and feel?

**An hon. Member:** What if he has no flair?

**Mr. Grégoire:** Somebody is asking me: what if he has no flair? Well, if he has no flair, we will sail on the rough waters of our economic system like a rudderless ship.

Mr. Chairman, the answer given by the Minister of Finance shows that our economic system has no scientific basis, as it should. Instead, it is based on chance, on flair, on feel. It has no scientific basis and its only purpose is nothing less than to satisfy the

hunger for profits of a group of big bankers who become richer because they know that the Minister of Finance, the present incumbent or the others, has no flair or feel. This is the reason why our economic system is drifting along because our system is unscientific, unrealistic and does not take into account the technological development and progress but relies on the minister's insight and feelings.

• (5:50 p.m.)

Mr. Chairman, you will agree that something must be done about it. Do you think that the Minister of Finance (Mr. Sharp) is the only one to have such opinions?

I should like to quote, in the first place, another answer of the Minister of Finance when I asked him insistently as shown on page 2999 of the same booklet and I quote:

Mr. Sharp, I am not talking about a budget which is a forecast of what is to come, but I am talking about the volume of money. I wonder if you take into consideration when you make your forecast the actual situation in Canada; I mean the total goods and services available which is, in fact, what is behind the money supply. Does it become a question of judgment or a question of statistics?

Then, the Minister of Finance replied:

Every time the Bank of Canada operates in the money market in its day to day transactions, it is having to make a judgment not only about the quantity of money and credit available now, but it has to make a judgment on whether the existing situation is going to be sufficiently encouraging or discouraging, as the case may be,—

Again, the point in case is simply chance, Mr. Chairman,

—to influence the course of events in the future.

After all, the most important decisions that are made affecting the volume of business and the level of employment, are the decisions that are made in the business sector as to the volume of capital investment.

And the Minister of Finance completed his reply as follows:

Each of these considerations has to be taken into account in every decision which is made either in the monetary field or in the fiscal field. I only wish, Mr. Grégoire, that I had a computer that could take all these factors into account and then could come out with an answer, not only about the present but about the future. I can guarantee you that the Minister of Finance would stay in power forever and whatever government he belonged to could go to the people with an unblemished record.

The Minister of Finance tells us that if he had a computer, he would no longer have to go by flair and take his feelings into account. He could use scientific data, accumulate them in the computer and receive an answer on