

*The Address—Mr. A. Stewart*

I am one of those who believe that where you have economic control ultimately you have political control, and when that is the situation then to say we are not in a state of thralldom is to talk nonsense. To take still another issue of the *Financial Post*, I find the following:

That Canada should proceed through a decade of unparalleled boom and development, and find herself more than ever a hewer of wood and drawer of water, is a fact that is, to say the least, disturbing.

I, Mr. Speaker, find it alarming, for if we are hewers of wood and drawers of water it is not a matter of our own volition it is not a matter of our own free will. It is being imposed on us from outside, so how can we say that we are free? We are not. I object to this foreign domination but I do not blame the Americans one iota. They are playing the game as they know it under their free enterprise system. It is not the United States investor who is to blame. It is the Liberal government in past years which sold Canadians down the Hudson river. They are the ones who have got to take the responsibility.

In time to come the Tories may be faced with the same strictures but they are going to be given a chance to show in the meantime precisely what they can do. It is not as though the Liberal government had been ignorant of what was happening. They had been told by Mr. Coyne of the Bank of Canada and their other economic advisers that the effect of this foreign investment in Canada was to add fuel to the inflationary flames. They were told last year by Mr. Coyne that a billion dollars too much money was in our economic system and that therefore the effect of it would be inflationary.

What action did the Liberals take? They did nothing very much except to give us the free enterprise answer that if there is inflation it is the fault of these terrible workers who want increases in wages. But the workers of this country have every right to the highest possible standard of living they can secure and workers' wages always follow the cost of living and never precede it. Therefore when the workers come out for higher wages it is to meet a cost of living which has been brought about by the fiscal policy of one government or another.

The Liberal government knew that inflation was upon us and they knew how it was being caused because Mr. Coyne tells us in his report this year how it was being caused and he must have told the government last year how this was happening. On page 4 of Mr. Coyne's recent report he says:

In Canada, the chief cause in inflationary pressures was a great increase in capital expenditures,

a boom in investment, particularly business investment in resource development and in fixed assets, construction, and expansion of equipment. A significant part of the total, including many of the largest projects, arose from large foreign enterprises taking the lead in developing Canadian resources with a view to export of raw materials to the country of origin of the foreign enterprise.

I draw Mr. Dexter's attention to this again.

A significant part of the total, including many of the largest projects, arose from large foreign enterprises taking the lead in developing Canadian resources—

Where were our Canadian entrepreneurs? Where were our Canadian capitalists that they had to let foreigners do the job for them? What was the effect of all this? The government of the day, the Liberals, suddenly became alarmed. They got certain advice from Mr. Coyne and Mr. Coyne tells us what it was on page 41 of his report. I disagree with this statement and I am going to make an amendment to it. Mr. Coyne says:

In the circumstances of 1956, and in view of its statutory responsibilities, the central bank had no alternative but to restrain monetary and credit expansion since it was clear that any significant increase in the money supply would have added to inflationary pressures.

That is not a correct statement. One word is missed out and I am going to put it in.

In the circumstances of 1956, and in view of its statutory responsibilities, the central bank had no alternative but to restrain Canadian monetary and credit expansion—

What the central bank did, and this was a matter of government policy, was to restrain Canadian business, to restrain Canadian enterprise, and it succeeded for a very obvious reason. Canadian business is dependent upon whatever money market there may be in Canada for its capital requirements and when these requirements are cut and whittled down then business and industry itself are cut and whittled down. Canadian industry was left flat on its back while United States industrial enterprises could expand as much as they liked, and again the reason for that is obvious. These United States dominated subsidiaries in this country have tremendous reserves of undistributed profits, great reserves for depreciation and other reserves which they can use for expansion.

If they run short of these reserves, all they have to do is go to their parents over the line and get some more money for expansion. The end result of Liberal policies in this country, therefore, has been a net increase of United States domination over Canadian industry at the expense of our own Canadian industry. The Liberals will not be allowed to forget that in a hurry so far as I am concerned. They have hurt Canadian industry and have given all the assistance, all the aid they possibly could to foreign industry to