

Economic Policy

we could have at our disposal. The problem was rather the disposal of our products but, systematically, through inconsistent economic policies we artificially created inflation and it became a fact.

Recently the Bank of Canada announced a rise in interest rates which, of course, will be reflected in all chartered banks in the country. Mr. Speaker, as I said earlier, production should be increased but we design a policy that will systematically prevent industry from producing; we notice the same inconsistencies in all areas because the government's economic experts never even dreamed of getting off the beaten track to find out why the system did not work. How is it that we have to face inflation every two or three decades? How did this come about? Is it because the country has less potential? Is it because Canada has run out of natural resources? No, I do not think that there is a single hon. member in the House who would question Canada's potential, its productive capability, the availability of its natural and human resources which are plentiful.

In fact we have 800,000 unemployed persons. Are not those 800,000 jobless workers prepared to participate in the production which we require? No, they are not, because, once again, governmental measures are conflicting with one another. We import goods that we could manufacture here. My hon. friends opposite ought to check on their shirt collars if their garments were made in Japan, Korea or China. Mr. Speaker, is not Canada capable of producing clothes for Canadians?

An hon. Member: Where does your necktie come from?

Mr. Matte: Clearly this is contradictory. Instead of enquiring about the origin of my necktie, the hon. member opposite should address himself to my objection. How in this country larger than the United States with their 250 million people, how in a country larger than the whole of Europe but with only 24 million people, how can we have 800,000 unemployed? This is a scandal. A government that accepts such a situation dwells in contradiction.

Let us reform the system, let us produce neckties when we need them. It is as simple as that. And let us simply ask the questions that are pertinent: First, do we have what is needed to produce food? This evidently is the first question. The second question is: What do we need for clothing? The third question is: What do we need for housing? If we have the materials, the manpower, the know-how to compute, plan and coordinate the whole thing, it is stupid to say we have no money. No engineer will ever say that bridges are built with money. They are built with steel, with concrete, with cement, with stone. You build a bridge with all that and with labour, but not with money.

We therefore say that a system must face bankruptcy if it gives money some other value than the one it has or should have. Because we hold on to the same system, we are regularly confronted with the ups and downs of the vicious circle of inflation, unemployment, high interest rates.

Obviously the more you prevent industry from developing, the more unemployment there is. And the government go on floundering in this, simply because they will not consider changing the system.

[Mr. Matte.]

Obviously when it is realized this does not work, why not try another way? I therefore feel the motion is up to the point, except maybe for the last suggestion "which have permitted a serious decline in our competitive position in international markets." I have some reservations about that, because we should stop explaining everything through world trends. Everytime there is a problem like inflation, for instance, the government say, it is a world problem.

At this point, they say: why not do this or that? Oh, the international market, that must be closely watched. In other words, instead of saying: let us produce what we can produce, when that is impossible because we do not have what is necessary to produce, let us call in the international market, but only then. We should not believe those who say that everything must be based on the balance of trade, on international trade, and that we should be willing to sacrifice ourselves for others. To those who think that we should always watch that trade balance I would ask what that thing is made of.

Mr. Speaker, I would like them to answer the following question: why do Communist China and the USSR buy wheat from Canada? Because of the trade balance? It is because they need it; because they have not produced enough cereals in their own countries to feed their people. They do not buy our wheat just to please us. That is certainly not the reason. And why do Americans buy our pulp wood? Because they have newspapers with circulations in the millions, and they need paper to do that. That is all. They do not buy our paper to please us. And when one argues about inflation seen as a world phenomenon, we must protect our international balance of payments. That, we must protect. Let us buy butter from New Zealand while penalizing our own producers in Canada. What a lot of contradictions!

The member for York-Simcoe (Mr. Stevens) denounces these contradictions and he is right. But to find a remedy to these problems, which I understand, the government will have to change the system otherwise we will be facing the same problems. We know we can change it and our party leader (Mr. Caouette) has been saying so for 40 years. This reminds me that when I was a teacher—I was a teacher for 13 years—I learned that one had to repeat the same thing over and over but when a pupil still did not understand, we knew we were dealing with a "dummy". It seems that some people are so stupid they cannot understand such elementary things.

I suggest that the economic policy must be developed in such a way as to enable us to ask ourselves: What are the requirements of Canada? What is our physical capacity to meet these requirements? And the third point is self-evident: The problem only lies in financing. Well, we only have to vote the necessary supplementary estimates to meet this financing. It is as simple as that. But the Prime Minister of Canada (Mr. Trudeau) answers me that if we grant interest-free loans to foreign countries, there is no such thing as interest-free loans, and in order to make such loans to India, Ceylon, Bangladesh, we must make borrowings that bear interest.

Well, when a prime minister speaks in such a way without being ashamed of himself, I say he is "stuck" in his own contradictions, his own system. This is why he is