At the present time it looks as if an increase in investments (the plough) should succeed in inflating demand and decreasing unemployment. And yet one does not need to acquire an honorary PhD to realize that such a strategy is wrong, because it only benefits certain industries which employ little manpower and because it can only in fact maintain stagnation and unemployment.

A resumption of the consumers' actual expenses would be the best thing to ensure a general increase in investments whenever the level of usefulness of existing capacity require it.

Although one may not agree entirely with Mr. Kierans, one could not but admire his attitude when he says in such a delightful way: "No, Ottawa does not see at all what should be the best thing to do."

We should also, Mr. Speaker, promote the economical development, create new industries, so as to meet fully the requirements of the Canadian consumers and provide work for those who are able and anxious to work.

Was it the government's final word in putting forward those projects that come under the Department of Regional Economic Expansion or the State Department to help our young people?

Is it with such an over-simple method consisting in providing grants to friends, outrageously rich industries, firms paying high dividends every year, that the government think they will solve the industrialization problem in Canada?

Mr. W. H. Pope, an economist at the Ryerson Polytechnical Institute in Toronto, does not agree with that suggestion and he recommends low-interest loans to Canadian firms. In the February 10, 1971, copy of *Le Droit*, we could read the following:

According to Mr. W. H. Pope, professor of economics at Toronto's Ryerson Polytechnical Institute, the federal government should grant Canadian firms low-interest loans to stimulate the country's economic growth.

Such loans, bearing a 2 or 3 p. cent interest, would enable Canadian corporations to operate with a smaller profit margin.

American firms operating in Canada would not be eligible for such loans and with a decrease in their profits, the incentives for foreign investments would disappear.

"Such a large decrease in the profits of American subsidiaries should considerably help in reducing the current drain of $1 billion from Canada in interests and dividends". Mr. Pope writes in his book entitled "*The Elephant and the Mouse*".

Mr. Speaker, such remarks almost meet Social Credit proposals according to which any new production should be financed with new funds. Here are the Social Credit proposals:

Purchasing means available to the people of this country should always be jointly equal to the joint prices of consumer goods offered for sale in the country, and such purchasing means should be cancelled on the purchase of consumer goods.

The sums necessary for financing production should derive not from the profits which are reinvested, nor from personal savings, but should be new credits having been created in view of some new production. They should be recalled only according to the ratio of general depreciation to general appreciation.

Now I still have to briefly explain the mechanisms which will permit the financing of the new production. They say over and over again that Social Credit wants to destroy the present banking system. Nothing could be further from the truth. On the contrary, under a Social Credit government, the banking system would be called upon to play a part even greater than, its present one, though different.

Let us imagine that an industrialist, considering the actual demand, determines to produce 100,000 shirts to be sold for $5 each. He does not have the necessary funds to hire workers, pay salaries and purchase the raw materials. He simply will go to any bank, explain his needs, his expansion projects, the actual demand for shirts priced at $5, the possibility of making a reasonable profit and of reimbursing the loan received, while allowing the bank itself to make some profit.

• (1610)

The bank will analyze the pros and cons and will grant the required loan of $400,000. Where will that money come from? It will not come from the bank vaults or from the savings it holds in trust. The bank will obtain the credit free from the Bank of Canada, credit which it will have to refund on the due date of the loan made to the shirt manufacturer. This is why the bank should take some precautions before granting a loan. It should check whether demand exists, analyze the competitive position of the borrower and his ability to pay back the loan when it falls due. But will the bank charge interest? As you like.

To administer the bank and to meet his customers' needs, the banker will have to rent office facilities, hire competent staff, and pay for salaries, wages and services. Those will be administration expenses. To remain in business he will also have to make a profit. That these administration expenses and this legitimate profit be called "interest" as they are now, I have no objection to that. But for sure this interest will not be as high as it is now since the bank will get its credit free from the Bank of Canada without having to pay interest as banks now do.

The implementation of this policy will have a number of results.

The first is that capital will no longer be in short supply. Any corporation willing to produce consumer goods for which demand exists or which are required by other corporations for processing into consumer goods, will no longer have to resort to ruinous loans and will no longer be obliged to increase its prices outrageously to meet its expenses and make a legitimate profit. It will not have to rely anymore on foreign capital because if foreign investors find it economical to finance a Canadian concern, it would certainly be the case for any Canadian bank and the Bank of Canada.

A second result would be to eliminate foreign control. The above remarks easely prove that if we eliminate the need for foreign capital to finance our production, then our means of production and our natural resources will remain in Canadian hands. We would then be in the position to repossess in a short period of time our Canadian wealth presently controlled by foreigners.

A third result, though not the least, would be to provide the consumers with an ideal purchasing power.

Nowadays, Mr. Speaker, strikes are called in almost every sector and every industry. All sorts of demonstrations for salary increases are taking place.

I suggest, Mr. Speaker, that workers need not salary increases but rather an increased purchasing power.