

*Government Organization*

loans to Canada since the Canadian market is all the same interesting and they know Canada will pay back.

There follows a third consequence: the government does not borrow—we can ascertain the fact—from the Bank of Canada to finance the public sector but rather from foreign countries and from high finance. This is the reason for our economic stagnation and our social unrest.

The economic consequences first reveal that, instead of obtaining money from the Bank of Canada, the government goes deeper and deeper into debt each year through borrowing from foreign countries. For the past hundred years, there has not been one single year in which the financing of the public debt of Canada has shown a decrease. The interests on our national debt and the debt itself have been continually increasing.

As another economic result of this distorted and sick monetary policy which is unadapted to a modern and rich country such as ours, the federal budgets are heavily burdened by an enormous annual reimbursement for loans.

Another consequence yet is the indebtedness incurred by the provincial and municipal governments. As a result of all this, the Minister of Regional Economic Expansion (Mr. Marchand) now would like us to discuss with him this particular problem of regional disparities.

I wish the minister would ponder the reason why some regions are subjected to so much suffering, so many economic inequalities and why there is so much injustice in Canada. It is because the government is not in control of money in this country. This is rather the prerogative of high financial interests and foreign countries.

Mr. Chairman, I do not think this department will solve all the problems. It will only serve as a temporary solution, a buffer solution that will reduce to some extent the external ill effects, without getting at the source which is in the heart of individuals.

Mr. Chairman, as a result of these economic problems attributable to an inadequate monetary control, there are social consequences which include overtaxation contributing to a decrease in the purchasing power of individuals and to an increase in individual indebtedness, poverty, depreciation of social environment, discouragement and unemployment.

Mr. Chairman, the same logic could be applied to the housing problem and to agriculture.

[Mr. Fortin.]

The problems we are facing are the result primarily of the government's policy.

The housing problem is due to a poorly adapted policy, for example the 11 per cent sales tax, etc. We are presented with a bill designed to solve that problem, and we wish the minister good luck.

But we wish to tell him that we are very uncertain as to the solution of the poverty problem in Canada. We are also uncertain as to whether the regional disparities will be reduced or eliminated, because it is primarily a financial problem. No matter what the ministers say, that is a fact.

The future minister of the new department, in his preliminary remarks, spoke of setting up an inter-departmental structure.

Mr. Chairman, I could make a brief comment on that statement, to the effect that it is an urgent matter and that we are happy the minister has foreseen, in creating this department, a closer coordination between the departments. In fact, we now realize that action within each of them is rather limited, spread out and broken up, which can only bring about poor results.

Mr. Chairman, in his preliminary remarks, the minister spoke of setting up an industrial development program. I have but a few brief comments on that. If we wish to promote the establishment and expansion of industry, in any part of Canada, the first thing to do, to my way of thinking, is to reduce taxation.

Why always try to dodge the problem? Let us deal with the real problem. It does not lie where the minister thinks it does, as the hon. member for Shefford (Mr. Rondeau) said.

According to the third annual review of the Economic Council of Canada, dated November 1966, from 1949 to 1965 indirect taxes increased more per production unit than any other major factor of the gross national product in such a way that today it accounts for about 15 per cent of the gross national product as a whole.

For instance, Mr. Chairman, let us look at the 11 per cent tax on building materials, machinery and equipment. These taxes make for higher consumer prices resulting in lack of purchasing power, and hardship and poverty.

I think, Mr. Chairman, that we should facilitate financing for businesses, and in that respect it seems that the minister is considering some most interesting plans. However, I have a few brief comments to make on this. Savings should be developed by encouraging