

*Regional Development Incentives Act*

• (8.20 p.m.)

What I said before is fairly obvious. There is indeed a cycle in the flow of money, from producers to consumers and from consumers to producers. Moreover, everybody knows that that flow is not supplied through providential means. Nobody expects money to grow on trees. Nevertheless, profit-minded businessmen increase their production in the candid belief that through some miracle, industry will succeed in getting from consumers more money than it has given them in the course of production. And if, by chance, money should not come back, they say it is due to consumers' opposition, to a psychological reaction on the part of buyers or to any other reason without giving the real one, namely that the buyers are unable to pay for more products without getting more money.

Any businessman will probably say that the financing of production and distribution of produced goods automatically provides consumers with enough money to buy the produced goods. But such is not the case.

Does the manufacturer want to give in wages, salaries, rents, dividends and otherwise as much money as the consumers will pay for the products? To act this way, one would have to be a philanthropist. The good businessman, if he wants to succeed, will want to receive, through the sale of products, more money than he has spent for production. That is quite normal.

In other words, enough money is not put into the hands of consumers to allow them to buy all the products on the market. Does anyone know somebody who would act otherwise? Is it possible to imagine a single businessman who would have as his goal to spend as much money in a given period of production as he wants to get from consumers?

Among our acquaintances, there are persons engaged in all kinds of businesses. Each of them takes all possible precautions in order to maintain his costs lower than his selling prices. Each of them has to do that. None of them has any other choice.

All businessmen, as long as they succeed, do not give consumers enough money to allow them to buy all the products at marked prices. Thus no business can prosper unless it shows a profit, unless it receives from consumers more money than it distributes them.

In theory, the deficit could be filled if all savings were used to increase equipment and public works, because then they would come back to the consumers, without increasing the quantity of consumer goods already on the market. In that case, the savings would not prevent consumers from having enough money to buy a certain amount of production.

However, the additions to the present equipment are aimed at increasing production. Now, the sale of an increased production requires a larger amount of money in circulation. Everything boils down to that.

With a given amount of money earmarked for the purchase of consumer goods, even considering the speed of money circulation, it is impossible to transact more than a given volume of business. Otherwise, we would not be experiencing the present depression.

[Mr. Lambert (Bellechasse).]

As financing through savings and banking results in a lack of purchasing power, since borrowers must include in their prices the amount of interest they have to repay, some means should first be found to make up for the lack of consumer purchasing power.

It is possible to make up for that lack by dropping prices to the level of the consumer purchasing power, or by increasing such purchasing power in proportion to the existing deficit. Such a purchasing power can be distributed, as was done in the past—though inadequately—through family allowances or increased old age pensions, or, as advocated by the Social Credit, through a dividend paid to each and everyone, so that the whole community may benefit from modern advance and, mechanization, the Canadian people's heritage.

However, you might say that this does not solve the problem of production financing. The answer to this is that if consumers have enough purchasing power to use up production, producers will have enough money available and will be able to reinvest a larger part of their profits.

However, it remains that this reinvestment, if it is financed out of the businesses' profits or through the consumers' savings, will result in a further lack of purchasing power. New capital sources must therefore be found and invested into the enterprises. In other words, new credits must be created. New credits must be granted for the new productions proposed. These new credits can take the form of bank credits at an interest which would reasonably repay the bankers and the financiers for their contribution to our economy.

Even if the interest on those new credits is low, it will of course have to be paid off with the credits. Now, as the interest is never distributed by the banker or the financier, although it is included in the prices, it results in a deficit for the consumers.

As I said before, that deficit can be made up, either by adjusting prices, or by a compensated discount, or through a subsidy to the consumer, or a dividend.

In fact, restoring the purchasing power, meeting the needs of those who are hungry and thirsty, and helping what industries are unable to finance themselves are so many problems the solution to which may be found in the postulates of Major Douglas. He was a competent man who made very logical suggestions in this regard, and I would invite the government to study them seriously, with a view to organizing in our midst an economic system which will truly satisfy the needs of the people and will allow most of our workers to produce the consumer goods which the population needs.

Indeed, the new act is an improvement when compared with the previous one since it will be used to ensure some degree of organization in the services sector. In this regard, let me say to the minister that his decisions were wisely taken since decent hotel facilities are required in all parts of Canada to provide for conventions. It was also a wise move to think of the organization of recreation activities.