

for the future. He would merely say: Miss, if you are thinking of your future, do not rely on me for the time being, I am one of the "20 centers".

Suddenly the situation changed. War broke out in 1939. Governments asked Canadians to make a global war effort. Money reappeared. The federal government never said that it did not have any money, that the war effort had to be stopped. On the contrary! Money was flowing in larger amounts than ever and the situation changed completely.

Inefficient and poor managers as farmers were during the economic recession, all of a sudden they became efficient and good managers despite all the wartime restrictions. Why? Because they found buyers for their products, consumers with a purchasing power in keeping with their needs. The same thing happened to industrialists who went bankrupt during the crisis. Most of them recovered because their industries operating with full output, they became good managers. The "lazy" unemployed of the crisis period, the "20 centers", became the best workers and the best soldiers in the world. Everywhere in the world, the value of Canadian people was praised.

Canadians became so productive that the government had to resort to rationing in order to curb their desires, because they had acquired then greater purchasing power. After the war, it was necessary to rebuild. The money supply in the hands of consumers was more considerable and we experienced an economic boom from 1945 to 1956.

Since that date, we have been moving towards a situation of hardship in the midst of affluence. The situation is even worse than it was in the period from 1929 to 1939, because of automation. And, without our present social security legislation, we would have a depression of such proportions that it would seriously threaten our social structures.

Manufacturers are looking for consumers for their products and, when they succeed, they feel very happy.

A press release issued by the Department of Industry, Trade and Commerce, on December 1, 1970 had this to say about the matter:

Sales totalling \$3,160,000 were made on the spot because of Canada's participation in the Interstoff textile clothing Fair held in Frankfurt, Germany, from November 17 to November 20. That was the first time that Canada was represented at this Fair. The 12 Canadian textile firms who took part in this event expect additional sales worth \$13 million.

So, in Canada as elsewhere we are looking for consumers with purchasing power. Unfortunately, this class of consumers is becoming more and more scarce, and this is why many industries are slowing down, which inevitably leads to unemployment.

I know that people will find employment in industries, but such employment will be stable only if the industries sell their products and if their operations are profitable.

Mr. Speaker, the Minister of Regional Economic Expansion has explained in a statement given out after

Regional Development Incentives Act

the first reading of Bill C-205, entitled "An Act to amend the Regional Development Incentives Act", that this legislation stipulates and I quote:

- 1) that loans could be guaranteed for new plants in economically under-developed regions by the Department of Regional Economic Expansion;
- 2) that incentives will apply to businesses other than manufacturing and processing companies, and finally,
- 3) that special grants will be paid in certain cases.

I will refer to that later on.

Why are those new provisions enforced? Simply because the rate of unemployment is high and businesses wishing to expand are prevented from doing so due to lack of capital.

Someone should have wondered why the unemployment rate is so high, why available capital is so scarce or why people are afraid to invest capital. This is merely due to the fact that the present financing system does not give enough money to consumers to purchase the available production and at the same time finance the development of new industries.

This is what I want to explain. I would like to suggest new formulas to finance businesses, financing which would not derive from the profits of promoters or the savings of individuals.

I have consulted with someone more competent than I in this field, in order to give the House valid explanations and suggestions likely perhaps to help the government in solving one of the most serious problems now, the high rate of unemployment particularly in eastern Canada.

What causes the deficit in the money flow to consumers? This is a very important question and it is not easy to answer it. But once the answer is found, it is possible to suggest a solution likely to keep the balance between the amount of prices attached to goods and the total amount of the purchasing power available to consumers.

Industry's sole source of revenue is the money that comes out of the consumers' pockets, and the latter have none other than that of industry, commerce or finance.

This means that all costs ranging from primary production down to consumption, through processing industries, wholesalers and retailers, all these costs, as well as all profits which have been added to actual costs and which have accumulated to make the final price, must be recovered through the price charged to the consumer.

On the other hand, the consumer cannot pay for the products that he buys more money than he has received from producers and distributors. Therefore, if through wages, salaries, dividends or otherwise, industry gives back to the consumers in an aggregate form all the money it gets from them and if the consumers spend all that money to buy products from industry, the latter can operate indefinitely, through the sale of a given amount of goods at a given price level. So any overproduction or any sale at a loss of products or any underconsumption becomes impossible.