

Control of Inflation and Unemployment

finance and do not want to get out of the system, the Créditistes know the solution to the problem of inflation.

It is said that inflation consists in a steady increase in prices or else in a too abundant supply of money in circulation when goods are scarce.

If a member or a minister, for instance, goes into a shop, a grocery store or a supermarket, he will not notice any scarcity of products. The shelves are chock full of goods of all kinds, newspapers carry pages and pages of advertising offering all that the Canadian consumer needs. What drives the consumers away from Morgan's, Simpsons-Sears' or Eaton's? It is not the shortage of products, but the lack of money.

Automobile manufacturers are forced at the present time to slow down their production in Detroit, Windsor and Ste. Therese. Why? Because of a shortage of iron, steel, bodies or specialized workers? No. Because there are not enough solvent buyers and consumers.

• (4:30 p.m.)

It is therefore clear that the inflation we are experiencing is not in accordance with the well known English definition of "Too much money chasing too few products". Why, then, are prices going up? For what reason would producers, dealers and retailers increase their prices if they cannot sell their products at current prices? If prices are increasing it is because production costs are rising.

Let us consider some items that go into production costs and into retail prices of finished products. We know that costs include the price of the raw material, capital costs of the plant and the cost of production itself.

Is it possible to cut down expenses? Is it possible to say to the farmer, the lumberjack, the miner, the fisherman that their income is too high and that prices will increase?

Will we tell the employees of the C.N.R. for example—which is granted every year funds to make up its deficit—that their wages push up transportation rates too much?

As for construction and maintenance costs of factories and equipment, are we going to say to construction workers, machinists and tool-makers that they must accept a cut in salary because the price of manufactured products is going up?

In the case of contractors and dealers, should profits be prohibited? If such is the case, it should be clearly stated and profit control should be established.

[Mr. Caouette.]

Are my colleagues of the opposition ready to suggest that school and municipal taxes or personal and corporate taxes be reduced? Are they willing to abolish the sales tax on building materials? Are they ready to tell the provinces: These are your taxation fields. We do not want them anymore, we do not want to impose anymore taxes. Come on, do something.

As for finished products, there are bank credits at almost each stage of production. For the purchase of raw materials processing, plant building, primary production, in a word, at every stage of manufacturing, banks grant credit. Credit is available to secondary businesses, wholesalers, retailers in short, to everybody. The whole production is financed by bank credit. Before a product is finished, a part of its cost was financed through bank loans. Are bankers willing to reduce the cost of making this credit? Are they ready to reduce the interest rates that are causing price increases, knowing that the interest adds up to the cost of all in-between production?

Much has been said about this problem during the meetings held in Ottawa, and the Minister of Finance has not mentioned it earlier. Yet, bankers attended the recent work sessions which lasted two days. Why has not the government asked them to reduce their interest rates?

Production of any kind needs credit. But if potatoes and wheat grow in fields, money does not grow either in fields, in plants, or in the taxpayers' pockets. And yet, money and credit are in circulation. Where do they come from?

Money appears when banks give credit to producers, manufacturers and to the government, and right from the beginning, money "claims its wages", and bankers, their interest. Then bankers compel industrialists, manufacturers, businessmen and retailers to squeeze the public by forcing them to set prices at a higher level than the amount of credit agreed upon. But with a little reflection it is realized that \$1 million in credit has been given, an additional amount of \$100,000 is claimed, which amount, in addition to being added to the price, creates a mathematical impossibility since how can more money than is distributed be received during a production cycle? We from the Ralliement créditiste are disturbed to find that people of good position, millionaires, captains of industries, bank chairmen and accountants are not aware of this mathematical impossibility.