

Export and Import Permits

that our domestic consumption must increase, because exports do not alter our national economic conditions.

Mr. Speaker, for instance, if in 1974 we produced for \$125 billion, consumed and exported for \$75 billion of this production and exported for \$25 billion of the \$75 billion that was consumed in the country, if we exported for \$25 billion of our production and re-exported for another \$25 billion, this does not affect at all the national total of \$125 billion of production in Canada. Exports, even though they are very important, do not solve the basic problem of the economic situation that we now face.

Mr. Speaker, exports and imports must balance and, when there is a difference between the two, this affects the value of currency. For instance, if we export to the United States more than the United States export to us, they will have a favourable balance with us. At the present time, for instance, the Canadian dollar is worth maybe 3 per cent more than the American dollar. This depends on the exports.

If the opposite happens, Canada will have to depreciate its currency. When a country must pay royalties or has more exports than imports, it has an unfavourable payment balance, it must reimburse, as in the case of the United States. If our payment balance with the Americans is unfavourable, we have to pay the difference in American currency.

If we did not have enough tourists to consume our products and give us American capital, and if we do not have American capital, we have to depreciate our currency accordingly and lower the value of our products. The Americans therefore pay less for our goods than Canadians can. This is the result of an international agreement which, I am sure, could be reformed. In fact, money should not depreciate to such an extent, it should keep a certain value, and goods should not depreciate by as much.

Mr. Speaker, exports and international exchanges should not, once again, alter the total amount of a country's national production. At most, they mean entries on the books under credit and debit, and adjustments at the end of the course as I said before.

Mr. Speaker, since the subject of the bill is rather general in nature, we can generalize somewhat about the economic situation, and speak of exports, transports, Canadian companies, Crown companies and state companies. We can say, Mr. Speaker, since it concerns Air Canada to some extent, that it had an income of \$45,492,000 in 1972. It paid \$32,487,000 in interest, had a deficit of \$8,648,000 and carried over a debt of \$640,114.

● (2100)

Mr. Speaker, since this is a transport company with which we must deal and agreements must be entered into with foreign countries to carry on air transport activities I will say that according to the report I have here the year 1972 was one of the best I think for Air Canada, yet they managed to register a deficit of \$8,648,000.

Mr. Speaker, the CNR had an income of \$48,257,000 in 1972 and it paid \$66 million—

Mr. Speaker: Order. I hesitate somewhat to interrupt the hon. member for Compton (Mr. Latulippe) but I take

[Mr. Latulippe.]

the liberty of reminding the hon. member that we are considering Bill C-4, an Act to amend the Export and Import Permits Act. I think that even with the fullest indulgence it would be quite difficult for the Chair to allow an hon. member to speak to the financing of the CNR or Air Canada. That subject was discussed on several occasions in recent months in connection with legislation dealing vaguely and perhaps even remotely with the financing of the CNR and Air Canada but I do not think that even with the wildest imagination it would be possible to establish a relationship between Bill C-4 now before us and the financing of Air Canada and the CNR.

I urge the hon. member for Compton and all hon. members to limit themselves to the principle of the bill now before us.

Mr. Latulippe: Mr. Speaker, it is true that I perhaps wandered somewhat from the subject but I will try as much as possible in the few minutes available to me to come back to the subject and talk to the amendments to the act.

Mr. Speaker, the purpose of this bill is to permit the governor in council to limit the import of any article that, under the Farm Products Marketing Agencies Act, is limited in respect of production or marketing in Canada. It deals with farm products and all sorts of other products. I thought, Mr. Speaker, that the financing of Air Canada with its international scope could come under that item. That is why I was speaking about Air Canada and I ventured to make comparisons between the CPR and the CNR to say that those large companies registered deficits, to say that they pay considerably high interests on borrowed money. Interest rates, Mr. Speaker, are a great source of difficulties for us. The same applies also to our exporting trade with other nations.

Mr. Speaker, if we are unable to do as much business as we should like with other countries, it is due to commercial and financial factors. Because we are unable to offer finished goods at prices sufficiently low to compete with other nations, it is like being held in a vice exerting increasingly more pressure all the time. It is becoming more and more difficult to make deals with other countries.

Interest on loans are the main reason for the high costs of living and production. And then, the second major cause is financing. Those who operate all sorts of industries and create all sorts of goods are faced with taxes which keep on increasing, so that marketing their products becomes next to impossible.

Let us consider, for instance, the 11 per cent tax on building materials and the 12 per cent excise tax. They raise the price of Canadian products to such an extent that it has become difficult to increase production.

If we want to export at a cheap rate and get commodities to export at a better cost, we must first reduce our rates of interest which cripple the Canadian industry. We must also reduce certain taxes and certain export duties in order to compete with any country. We could produce more, Mr. Speaker. There is an overproduction of about \$50 billion in 1974 and if there is overproduction, we certainly have products to export. But since we have to import for about the same amount, our national accounts