

the distribution of a guaranteed personal vital minimum to those without work or capital, but who are entitled to live out of our tremendous national production.

Mr. Speaker, if we want to compete with other countries and really control our economy, we must achieve economic independence and to that end, finance our secondary production. That is the point I wish to make. I would like the minister to listen, and if he feels like it, to do something about our secondary production, because if we want to compete with other countries, we must cut down our prices and produce at lower cost. We cannot produce at lower cost because of 12 per cent taxes and interest rates of 11 and 12 per cent. Transportation is very costly and everything is taxed and overtaxed. We cannot produce at low cost.

If we really want to conquer foreign markets, if we want to sell or dispose of our surplus goods, we must also reduce our production through other means than those used today, because they merely cause production costs, prices, salaries, etc. to increase. Everything is going up which is very harmful to imports. We will import when our prices are more attractive.

The minister is now trying to take indirect action in order to reduce prices by 10 per cent, so as to maintain our market at the U.S. level. If we do that, the Americans will think that we are trying to thwart them and they will find other ways of preventing Canadian products from invading their market. Canada could do the same, but that would not solve the problem.

There would be a practical solution in the marketing field, that is through financing inventories up to consumption. Under the present system, on the contrary, there is a flaw there which opens the door to all sorts of abuses. Marketing today is a very difficult problem for producers, because of its financial aspect which puts it at the mercy of all speculations. Inventories represent billions of dollars of which the producers must assume the burden, and they also represent millions of dollars in interest on capital, and that is included in consumer prices.

Because marketing is controlled entirely by financiers and speculators, producers are constantly being prevented from selling their products and have no other alternative but to let themselves be tossed about by the unscrupulous speculators who control such sales.

• (12:10 p.m.)

The minister should find a formula whereby inventories could be financed, because manufacturers are forced to limit themselves to seasonal products which are stored. Through their formula 88, the banks now finance that warehousing, at a 12 per cent rate of interest, which amount is added to production costs.

We advocate a formula whereby this storage could be financed by new central bank credits, because we are dealing here with new and real production that should be financed through interest free credits, reimbursable when the goods are sold.

We could thus certainly reduce the cost of production and compete with foreign countries. That is one way of reducing the cost of our products.

The second would be to finance our industries at a reasonable interest rate. The 12 per cent tax should also

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be removed, thus relieving the government from the necessity of granting subsidies. By the same token, the cost of living and of products would go down. That is one of the solutions that we suggest.

The hon. member for Joliette (Mr. La Salle) was saying yesterday that opposition parties do not find solutions. But I would ask him to open his ears and his eyes. There is one solution, and a logical one at that. I believe that if the proposed Board were to seriously consider the economy, we could get wonderful results and prove to the whole world that we are able to manage our economy in a logical, sound and permanent way, while enabling our citizens to buy at reasonable prices and to receive the compensated discount which is designed to reduce commodity prices.

In these sectors where there is overproduction, the government surely can, through its bank, grant compensated discounts in order to reduce prices, thereby enabling Canadians to purchase more products with less purchasing power. This is another solution which the Social Credit has long been advocating. I am not the one who found it, it was discovered by people much more intelligent and learned than I am.

In the fall, for instance, potatoes are harvested which will eventually reach the consumer within the next twelve months. One therefore has to wait for the potato inventory to be supported by the producer, and for the potatoes to be sold to speculators at ridiculous prices so that the producers may recoup the money they invested. If not, the producers are exploited by the speculators.

Financing under the present system—I am referring to formula 88—when sales are slow on account of the season, the producer is compelled to reimburse his loan. When he cannot sell his products, he has to lower his prices. Then they produce and sell at a loss to reimburse the bank at a 12 per cent interest rate under formula 88.

This is when the government should step in. The minister should seriously consider those proposals. If he does not like the ones we advocate, let him come up with better solutions and, failing this, let him at least try the ones we are bringing forward. Surely it is possible to find some solution somewhere to improve our obsolete economic system.

The people of Canada are entitled to expect a financial system whereby the volume of currency and credit in circulation can be maintained at a level allowing citizens to purchase goods offered for sale at a fair price and to live without inflation or deflation, supplying the Bank of Canada with the credits required for its operations, and making funds needed by municipalities, school boards and, generally speaking, all developments requiring corporate capital, available at cost price, provided possibilities of production and demand exist. Such loans should be reimbursed to the extent of the depreciation of the social assets created. And all this should bring about eventual reduction and liquidation of the public debt, a horrible burden which grows heavier year by year. Taxes and levies are used as dues to high finance. The costs rise each year. Government bonds are sold at ever-increasing interest rates for the benefit of financial bigwigs who then get millions of dollars they have never earned.