

Social Credit Monetary Policy

nothing short of a welfare measure in which the dignity of the individual is not only compromised, but in which his basic needs and aspirations cannot be realized without a burden of taxation upon the productive elements of our society of such a staggering nature that industry will simply not be able to carry the burden.

The philosophy of Louis O. Kelso is that property produces wealth, and since wealth is in so many ways intertwined with personal freedom, dignity and opportunities for self-development, the acquisition of property by the broadest possible number of workers becomes a matter of social and economic necessity. Without such an alternative, workers become dependent upon the largesse of a massive bureaucracy administering socialistic programs of the kind which have taken such a destructive toll of once-great nations like Great Britain.

Anybody who watched television last weekend may have seen a program which illustrated the complete breakdown in Great Britain and the resultant unemployment. This situation is largely due to the attitude of the people and the socialistic measures that have been brought to bear over the last years. The basis of Kelso's economic theory is that everyone should be able to purchase a share in the ownership of the wealth-producing capital instruments in society so that he may then receive, in proportion to his labour and property contribution, his share of the wealth produced. I wish to emphasize at this point that when I speak of each citizen in our society owning a portion of the capital means of production, I am offering this as a clear alternative to what others think is really the same process whereby in socialist countries, the state, supposedly in the name of every individual, owns the means of production. When the state owns the means of production, then it also controls the distribution of the wealth which flows from that ownership. I earnestly hope that the examples of the production of wealth in existing socialist states are such as to discourage us from considering further this type of social arrangement as a desirable one for Canadians.

I might say that we have gone far down this road when 35 per cent of our total product is now taken in the form of taxes. I compare this with Japan where 16 per cent of the wealth is taken and even with Australia, which is comparatively socialist, where only 21 per cent of the total wealth is taken by the state.

In summarizing the essence of the economics of Mr. Kelso, I wish to quote the following from an article on him which appeared in *Time* magazine of June 29, 1970. This article, refers to the plan that he proposes for enabling the workers to become shareholders in industry, and it reads:

The plan might begin by helping the poor and unemployed. An eligible borrower would go to a bank and obtain, for example, \$4,000 a year for five years (or \$20,000 all together) to buy stock in corporations. The bank, protected against loss by the government insurance, would put the money in escrow; a trust officer would buy a diversified portfolio of dividend-paying shares. Kelso figures that the stocks would ultimately pay for themselves through dividends. Thus, the borrower could pay off the loan, then own the stocks outright and enjoy a dividend income from \$20,000 of capital.

[Mr. Downey.]

At present, a \$20,000 portfolio of highgrade stocks generally pays about \$1,000 a year, or 5 per cent in dividends. But Kelsonian economics calls for a return of at least 20 per cent, or \$4,000 a year—a level that Kelso figures could take five million families off the welfare rolls in five years. To increase the dividend payout, Kelso would gradually abolish corporate income taxes and require companies to distribute all of their earnings to stockholders. Kelso maintains that the government's revenue loss would be temporary and bearable. One reason is that rising personal income tax collections would greatly offset the gradual decline in corporate tax take. He also foresees a decline in government expenditure for welfare and make-work activities—subsidies for uneconomic farms, dubious construction and military projects—that, by his estimate, now occupy one-third of the U.S. labour force.

The economic theories of Louis O. Kelso are beyond summarizing properly in the time at my disposal. I do, however, urge all thoughtful members of the House to study these books: "The Capitalist Manifesto" and "The Two Factor Theory: The Economics of Reality", brought out several years ago. These works explain at length why and how we can free ourselves from the suffocation of socialism, allegedly the only alternative to the worst features of a capitalist, free-enterprise society.

• (4:10 p.m.)

In an article in the American Bar Association Journal of February, 1960, Louis O. Kelso wrote:

The abandonment of the goal of full employment and the setting of the goal of full participation in the production of wealth, either through the ownership and exercise of labour or the ownership and wise husbanding of capital, as the state of technological change dictates, is, I am sure, the one possibility open to us to avoid the collectivization of our economy, and the disappearance of freedom from our society.

In conclusion, Mr. Speaker, I wish to move the following amendment:

That all the words after "House" be deleted and the following substituted:

—blames the government for not adopting fiscal and monetary policies designed to effectively bring about full expansion of the economy with minimum inflation.

Mr. Deputy Speaker: Order, please. The Chair has some doubts about the acceptability of the amendment from a procedural standpoint. I would be pleased to hear from hon. members if they wish to be of assistance. Hon. members may be able to convince me otherwise, because I have an open mind on the matter, but it seems to me that we must start from the proposition that the hon. member for Bellechasse (Mr. Lambert) has moved a motion, as his group is entitled to do under the particular proceedings today. I quote his motion:

That this House regrets that the government has not seen fit to apply Social Credit monetary policy.

The motion regrets the failure of the government to apply a particular policy. The amendment moved by the hon. member for Battle River (Mr. Downey) seems to substitute another philosophy or policy for the one moved by the hon. member for Bellechasse. Without accepting the proposed amendment as being procedurally correct, I will just refer to it. It "blames the government