

Alleged Decentralization of Policies

on the amount it borrows. Third, it can simply create money and use the resulting funds to make its purchases.

The one point on which everybody agreed before 1936, continues Mr. Theobald, was that the government should never simply create funds. The prohibition against creating funds was based on the assumption that the demand for goods would always be equal to supply as long as government did not interfere with the economy. Keynes destroyed the validity of this assumption when he showed that there was no certainty that the demand for goods would always be equal to the available supply in rich countries.

There are other methods, said he, that could be used to close any gap between supply and demand. It would be possible to decrease the level of supply without greatly affecting demand by cutting hours of work and leaving wages unchanged. It would be possible to raise the desire for goods by making people feel that more products were necessary for the good life and a decent standard of living.

The government could simply take up the slack between actual and potential production by building new schools, by demolishing slum housing and building new accommodation, and by controlling pollution. Because there would be unused resources in the economy, the government would not need to raise this money by taxation or by borrowing, the money could simply be created. The additional funds would not cause inflation, for there is—by definition—no shortage of goods.

Mr. Theobald thinks it is possible to democratize money and to use interest-free credits for the country's economic and social development.

I should like to state the opinion of an eminent British engineer, whose ideas create considerable interest in Great Britain.

Volume 183, Part I, no. 5 of the 1968-69 minutes and proceedings of the Great Britain Mechanical Engineers Association contains the full text of the lecture delivered to that Association by Mr. Anthony Vickers, under the following title: "*The Engineer Society*".

• (1540)

In this study, Mr. Vickers, who was warmly applauded and whose comments were later discussed by members of the Institute, deals first with technological development and the expectations it provides in terms of economic development. Then, in the second part of his report, he dwells on the means of financing social development and concludes by saying, and I quote:

This education requires, first of all, that each and everyone should grasp simple facts as well as the various functions of money whether it be metal, paper or bank credit. This does not entail endless studies of economic and monetary policies. It means that everyone should be able to understand that:

(1) Money is a means of exchange or a method of payment that is intrinsically worthless and costs nothing.

(2) The control and regulation of the amount of money required must be greatly improved to meet the demands of technological development and the changes resulting from a capital intensive economy.

This is not the view of a Créditiste, but, as I said earlier, that of an engineer who knows the problem.

In the last part of his report, the author explains how it would be feasible, within a full employment economy, to provide Great Britain with the social assets presently unavailable due to money and credit scarcity.

According to him, the United Kingdom has been reviewing for a number of years seven dam building projects intended to increase water resources, enlarge the national heritage, improve shipping and harbour facilities and in

[Mr. Dionne.]

some cases, enable the construction of electrical facilities and the improvement of the road system.

All these projects would turn out to be important assets for the people besides creating considerable opportunities for employment. Hundreds of millions of pounds would be needed, but the cost of creating the necessary credits would be negligible. Is this not the right opportunity of implementing Keynes' insistent suggestion to the effect that what is physically achievable should be made financially possible?

First, a national investment or finance company should be created. Commissions of all kinds are already in existence: Unemployment Insurance, Workmen's Compensation, and so on; therefore, why not institute a special commission to look after monetary reform? The purpose of this national finance company would be to supply the necessary credits for the creation of assets for the benefit of society. This would mean providing work as long as the resources allowed.

In a free society, in peacetime, overabundant manpower cannot be assigned to alternative jobs; however, through education, rehabilitation, good salaries and decent housing, it can certainly be attracted to other occupations, keeping in mind that the gross national product can be boosted annually by at least 600 million pound sterling.

Never before was our production, transportation or communication capacity altogether as large as today. However, the government invites us to tighten our belts, and this unavoidably causes restrictions being imposed in various ways by producers. Of course, time will tell that taxation was too much costly and complicated, but, even though the purpose of this demonstration is not to discuss taxation problems and basic objectives, it remains, nonetheless, that technological progress requires economic expansion for full employment.

This is why we are suggesting, concerning what we call non-profit capital goods, the institution of a national finance company meeting such needs. Its task would have to be stated clearly in order to avoid conflict with the various financial organizations serving the private sector of the economy, which is based on profit.

This national finance company, which would be one of the most important factors in government policy, would provide a large part of the money or credit now levied through taxation.

In spite of the present high rates the tax system cannot use the inactive resources to build, for example, a modern road system and it also adds a great deal to the costs society pays in the form of interests.

Last Friday, Mr. Speaker, the Minister of Indian Affairs and Northern Development (Mr. Chrétien) stated in this House that he would like to be in a position to finance the building of a Canadian pipeline in the Mackenzie Valley but that he was not a creditiste and did not know how to print money. If the minister does not know how money and credit are born all he has to do is consult his banker who, if he is the least competent and honest—and bankers are generally very intelligent people—will tell him how the banking system creates credit out of nothing and if his banker does not know I will send him a copy of the very informative brochure published by the Royal Bank of