

look at those figures, thirty thousand million dollars of assets in the Dominion of Canada, two hundred million dollars of national currency, three thousand million dollars of bank assets, and two thousand million dollars of bank deposits which are obligations to pay in money. The banker knows that he will never have to redeem the credit to his depositors because people do not want either gold or money; they want a deposit in the bank that they can write a cheque on.

Now gentlemen, that theory of redemption is a mistake. It is not only unsound in theory but in principle, and it must end in disaster. If you borrow at interest to maintain governmental expenses and assume the greater responsibilities that government to-day has to assume, then you are going to find that you have got to borrow and redeem much more than the taxpayer can pay. When you get to the point in Canada where you are to-day that is levying for the cost of government more than the income of your people, which you are now doing, then you must recognize that there must be something that is wrong with that theory of redemption. It is a theory that must end in disaster because the government in the long run must withdraw from circulation more than is put in.

What I say is this: and I know that I have no hope of getting men in five hours, or ten hours, or twenty-five hours to accept the conclusions that it took me some four or five years of intensive study to develop; when I come before you with a proposition of this kind I do not expect you to accept it, but I do ask you to think that theory of redemption through, because there you will find the fundamental fallacy that is ruining democracy and putting governments in a position of disrepute in public minds. Yes, and public men are sitting here in control of government yet in the press and in the public mind has grown up the thought that public men are not honest enough, and are not capable enough to administer the credit of this Dominion, therefore, they must create a private profit making monopoly and delegate to that monopoly the administration of the nation's credit. From a public man's point of view the situation is absurd. It has ended in disaster, as it was bound to. If the elected representatives of the people are less capable and less honest, and are not themselves able to take charge of the credit as well as the moral destiny of the nation, then there is little hope for humanity in the twentieth century. Democracy must rule not only the social system but the credit system as well. When governments take charge of the administration of credit then governments can give to humanity some little measure of truly christian democracy. But if you continue to try to build your social structure on a foundation of usury, on a foundation that means that you have got to redeem till you exhaust the entire wealth of the tax payer, then you are bound to ruin the progress of this civilization. Your budgets of to-day, not only in the Dominion but in municipalities and provinces, and in nations, are spelling the death knell of this civilization that has repudiated the divine statutes and tried to build a christian civilization on a foundation of usury which is a violation of the laws of God.

Mr. Chairman, I want to thank you for the opportunity that I have had. May I say, that I regret that there should be any question at any time of a Canadian who is willing to give his time and effort to a study of this problem ever being heard willingly and at length by a Canadian committee called upon to deal with so important a subject as the creation of the Bank of Canada.

Mr. SPENCER: Mr. Chairman, in spite of the fact that Mr. McGeer was not asked to address this committee until he arrived in Ottawa he has given us—I think most of you will agree—a lot of very valuable information since he has been here. I would, therefore, move that we authorize his expenses to be paid.

The CHAIRMAN: Gentlemen, you have heard the motion, what is the pleasure of the committee?

Carried.

Witness discharged.

[Mr. G. G. McGeer]