render unto Caesar the things that are Caesar's, while rendering unto the individual economic man the things that are the individual's.

To certain statutory public services I would apply the same principle that governs the administration of the fighting services. The goal set them by Parliament would not be to make them pay in terms of money and take the lead, as at present, in the inflationary spiral by forcing up costs and wages, but to provide essential public services to the community at the lowest possible cost or even free. Instead of such essential public services as postal communications, rail transport, electricity, gas, and water being sold to the public and the private sector of industry and commerce at ever rising prices, they should be provided either free or at a steadily diminishing cost with the deliberate intention of making it easier for private industry and business to operate cheaply and efficiently and of reversing the inflationary spiral both for commerce and the private consumer.

Such public services are at present financed by extracting the cost from the public in the shape of ever-rising taxation—a method of public finance which we are beginning to see is a hundred per cent inflationary in its effect, for every increase of taxation is followed by a comparable or even greater rise in wages and prices, with all the additional attendant costs of revenue-collection, administration, and strikes. Instead, I suggest the wage and other costs of public service would be met by the creation of debt-free money by the Bank of England, the finance available for such increase being based, broadly, on the annual rate of growth or wealth increase earned by the nation's private sector. Heretical and even outrageous as this suggestion must seem to any orthodox financial mind, it would, in fact, be no more inflationary than the present system and probably, because of the immense increase in productive activity stimulated by the release of industry and commerce from the restraining and penalizing hand of the civil servant and tax-collector, far less so in relation to the nation's real wealth and earned income.

The corollary to this would be that those who serve the state to provide essential services to the public would do so, though on a free contractual basis, under the same kind of conditions as soldiers or sailors. They would enjoy special status and privileges, ample pay and pensions, but they would not be permitted, as at present, to hold the public to ransom. Nor would the owners of land, whose ultimate freehold would be vested, as before the seventeenth century, in the Crown. For though those who occupied land, both agricultural and urban, would have security of tenure and be free to develop and improve it, they would not be free to make a financial profit by committing waste or trespassing on its permanent value, beauty, and general use to the nation whose continuing and inalienable property it was. The whole basis of such a revolutionary economy would be the creation and preservation of real wealth, both national and private, as opposed to sterile speculation in money values which, though enriching certain individuals, may impoverish the nation.

Given the immense inertia of accepted habits of thought and the even greater power of vested interests, such a revolutionary but, as I believe, basically conservative policy—for it would conserve the national character and values—is obviously the merest pipe dream. Yet, put into effect, it could give new life and hope, not only to the British people, but to the world.

[*Translation*]

Mr. Speaker, the remarks I have just quoted entirely apply to the Canadian economy. Indeed, not only the Créditistes in this House, but progressive people wherever in the world the current economic system is not serving its purpose, advocate reforms like the ones we have had in this House in the past few years, as well as financial solutions to the present economic system in order to cope with our problems, which cannot be solved in the financial melting-pot which we have experienced in the past and are still experiencing.

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I want to use the 12 minutes or so which are left to say a few words about the motion proposed by the hon. member for Champlain (Mr. Matte).

According to figures already quoted by other Créditistes speakers, the public debt reaches frightening heights in Canada, and the amount keeps increasing as the federal government, provinces and municipalities of Canada run into more and more debt.

In a paper tabled in the House of Commons by the Minister of Industry, Trade and Commerce (Mr. Pepin) on May 4, 1970, statistics show that for the year 1966, the net debt of provinces was $3,260 million; for 1967, the net debt of municipalities amounted to $8,862 million; the debt of Crown corporations was $12,064 million, while that of Canada amounted, in 1968, to $17,336 million.

All in all—the statistics for 1968 and 1969 are not included in those figures—the public debt of Canada amounts to $11,552 billion, which represents a debt of more than $2,000 per capita.

And that is a debt which accrues as fast as the country expands, becomes richer with new products, new plants, new housing, new utilities.

In 1867, the debt of Canada was $75,728,642.

In 1913, before the World War I it was $314,301,625. After the war, it had jumped to $1,514,331,033; 25 years later, namely in 1945, the debt had gone up tenfold to reach $11,298,362,018. In 1960, it was $12,089,194,003, and in 1968, it finally hit $16,759,725,147.

Let us also note that the provinces, the municipalities and school boards are also getting into debt deeper and deeper.

How can that be, when there is more wealth, a greater abundance of goods, a larger number of plants, an increase in population, and when industrialization allows greater and cheaper production?

The answer is simple: it lies in the financial system itself.

The industry that mass produces furniture does not also manufacture the money to buy it; the banks manufacture the money.

The farmer who breeds stock to sell them to the slaughterhouses does not produce the money to buy the meat in food-markets; the farmer who grows potatoes does not also grow money in his field. Money is produced by another "plant", another body. It does not grow in fields or on trees, as one member said a while ago: it springs from the pen of the banker.

However, money is only created provided it yields to the banker who creates it as a loan, a higher amount that the one he lent. This is known as interest. But the banker never advances with his loan the interests accruing therefrom, the refund of which is the condition of the loan.

Consequently, the higher the production, the greater is the volume of manufactured products, the more abundant are the crops, the more fertile is the soil, the more productive are the workers, the more the automatic and electronic equipment is operating quickly to create more goods, the more the government builds roads, bridges, public buildings, schools, the greater are the financial needs to buy that production, the more the bankers are lending