

provinces, under similar arrangements. Prince Edward Island, New Brunswick and all provinces benefit from this legislation of the Regional Economic Expansion Department.

But, Mr. Speaker, have the Cr ditistes forgotten the whole program of social security that was introduced in Canada by the Liberal party, clamorously called a centralizing party by the hon. member for Saint-Hyacinthe (Mr. Ricard) whom we may not have the pleasure of seeing in this House after the next election?

**Mr. Ricard:** The Liberals have repeated this six times, and I have beaten them each time.

**Mr. B chard:** In your riding it was said six times, but in mine it has not yet been said. Some are starting to say it about you.

For instance, are old-age pension plans, unemployment insurance plans, Medicare, hospital insurance, family allowances, Veterans allowances etc. not meaningful? If Canadians did not have these programs now, where would they get money from? They would have to get it from other sources.

Those are therefore measures that ease the burden of the Canadian taxpayer.

And Mr. Speaker, I have no compunction, as a representative from the province of Quebec, in Ottawa, in asserting that the party to which I have the honour of belonging has made available to all citizens indiscriminately the social security measures which it behooves the government to provide for the people of Canada because wealth should be equitably distributed in order that the less well-to-do, who worked at the building of the country may, upon retirement or at a given time of life, receive a part of what they gave the nation.

• (1530)

**Mr. Charles-Eug ne Dionne (Kamouraska):** Mr. Speaker, I listened very carefully to the remarks of the previous speaker. I especially noticed that, at the beginning, he said that he would not embark on electoral matters. However, I must say that his speech had something of an electoral savour.

I do not usually insist on such things. This afternoon I intend first to try and explain to the House that the Cr ditistes are not the only ones who realize the defects of the present system. And I am very pleased to support the motion of my colleague, the hon. member for Champlain (Mr. Matte), particularly as far as the federal-provincial relations in tax matters are concerned. I will try to make a suggestion as to how we could put some order in the present system.

Even though some people take pleasure in praising the party in power, we really cannot but notice that we are up to our necks in debts and that there are thousands of unemployed.

**Mr. B chard:** Please, no electoral speeches!

**Mr. Dionne:** There are the results of a regime praised by people who are geared for an election campaign.

### *Alleged Decentralization of Policies*

Enough about that. I shall now deal with the means to which the government could resort to clean up the present mess.

The way to increase the standard of living of all Canadians, without taking anything from anyone, without paralysing economic activity and without generating either inflation or deflation, would be the financing of public investment by means of interest-free loans granted by the Bank of Canada.

**An hon. Member:** That was mentioned earlier!

**Mr. Dionne:** It was mentioned but only to indicate that we always conclude our speeches with references to the Bank of Canada. I mentioned it at the very beginning of my comments and I explained how we could benefit from the services of the Bank.

Such a measure, as can readily be seen, would result in lower taxes levied by the government to pay interests on the public debt—which is unpaid and unpayable under the present system—or lower borrowings from the government and would increase accordingly the money available to the consumer to get goods to meet his needs.

Cr ditistes are not alone in favouring the creation of new credit on an interest-free basis for the financing of public capital.

In his book *Demain, c'est l'an 2,000*, Mr. Gaston Bardet, professor of applied economics at the University of Brussels, after the publication of a thorough study of the banking system and studies performed in Britain by the MacMillan commission and in Canada in 1939 by the House Committee on Banking, Trade and Commerce, draws the following conclusions:

Hence, there are two possible approaches to financing which are totally opposed in character: one coming from savings, or surplus money, the other being projected in anticipation. In the first case, he said, as far as private production is concerned, self-regulation should come from the existing supply of capital—incidentally, we disagree with Mr. Bardet in this regard; in the second case, from demand as it concerns the surest primary needs.

Thus bank financing is highly advisable for building up the country's real estate equipment that is beneficial to the country at a whole. Wherever overproduction is not to be feared, demand determines the issuing. Needs in housing, highways, bridges, hospitals, schools then become the regulators of anticipated scrip money.

As those are consumption and not production loans, Mr. Bardet says there cannot be any interest. The country and the community cannot be usurers.

Another economist has taken an interest in this problem of financing government activities, and he came to the same conclusion that the Cr ditiste party has discovered a long time ago—the financing of public capital by new credit issued without interest.

The statement of this approach is found in Robert Theobald's book entitled "The Challenge of Abundance" which is available at the Library of Parliament.

This is what Mr. Theobald has to say on the subject, and I quote:

A government can use three different methods to obtain the funds it requires to meet its obligations. First, it can tax its citizens and institutions, thus gaining possession of their money. Second, it can borrow money from people and institutions and pay interest