

Alleged Decentralization of Policies

money from the savings of citizens, or still obtain interest free credit made available by the central bank, with the only requirement of paying back the whole of the loan over a given period.

But banks being agencies serving the public will have charges, salaries to pay, and they will have to make profits if they are to carry on their operations. Therefore they will ask their make borrowers to pay charges that could be described as interest or service charges. But under a Cr ditiste government, the essential difference would be that the banks would not grant credit that they could not generate themselves, nor would they appropriate it as though it belonged to them, but they would get it from the Central Bank, depository of the national credit.

Upon completion of the bridge, the government would inspect the works, and if it found it in accordance with the plans and specifications, it would pay to the contractor the sum of 10 million dollars. That amount would include all the contractor's expenses plus his profit, as well as the financial costs he had probably provided for in his bid. But some people may say: The government now owes \$10 million to the central bank, since it is the bank that advanced the credits to pay for the building of the bridge. But no, there is no indebtedness. The bridge is wealth newly created by the people, through the work not only of those who helped to build it, but of all those who enabled the contractor and employees to build the bridge by providing food, clothing, tools, etc.

As we do not ask a farmer to pay for the milk he produces on his farm, so we should not have a country run into debt for its own production. If that bridge had been built in the United States, it could be looked upon as a debt to the Americans. But in a realistic system, a public debt, a national debt has no sense and cannot exist except with regard to foreigners, if we received from them in actual goods, material, manpower and services more than we sent them.

Some people may say: "But those \$10 million were put in circulation. Are you going to recover that amount through taxes in order to pay for that bridge? Certainly.

• (1640)

I have just said that the people do not have to pay for the construction of the bridge, since they built it themselves, but they have to pay for the use of it, for depreciation, as it deteriorates and depreciates.

As Creditistes say, new production must be financed by new capital, and the retirement of such capital must be done at the rate of consumption, that is at the rate of the disappearance of the wealth that was created and financed.

Let us go back to the comparison with the milk of the farmer. Production should not be paid by him, but rather by the consumer.

In the case of the bridge, it is the public who must pay, not as a producer, but as a consumer.

Let us suppose that the bridge has a life expectancy of 50 years. This means therefore a yearly depreciation of \$200,000. So there are those \$200,000 which the public will have to pay back to the Treasury office as a tax or as a toll for a period of 50 years. After, whether the bridge is

[Mr. Rondeau.]

completely out of use or not, payments will end because it is impossible to consume something two or three times. Nobody should be asked to pay for the consumed thing two or three times, not any more than the milk consumer has to pay twice for the milk he buys from the farmer. Only a financial system as preposterous and as dishonest as ours would exact payment two, three times from the population for its aqueducts, its schools, its bridges, its roads, etc.

What would be the results of such a policy? Governments would stop getting the citizens into debt. There would be no more debts incurred by the country, the provinces, the municipalities and the school boards while the real needs would be met without the government and the citizens having to wonder whether they can afford them, which taxes are to be imposed, whether they should agree to such sacrifices.

They would no longer have to ask themselves such questions, save this one: Is such production called for? Does it meet some needs? With our material means, can we afford to achieve it?

But with what resources would the government's public services be paid for?

Some public services, such as the post office, can very well be paid for by the users, as well as the railways and the expressways.

Others could be paid for by the public at large. I am referring to ordinary roads, national security and administrative services. All citizens benefit from such services as they ensure order and good public management.

However, some services benefit only a certain group of citizens, such as water and sewer systems, sidewalks. In such cases, the cities and municipalities that avail themselves of such services should have the use and depreciation of same paid for by their own citizens.

In brief, it can be said that it is the responsibility of those who benefit from such services to carry the charges not twice or three times, but once.

Mr. Speaker, I should also like to continue my explanation of the financing of public investments by means of interest-free credit made available by the Bank of Canada and to quote statements by Sir Arthur Bryant reproduced in an article entitled *An Alternative to Socialism*, that appeared in *The Illustrated London News* on May 31, 1969.

This text is self-explanatory. And I quote:

[English]

What, I believe, is wanted is a total and categorical differentiation between the private and public sectors of the economy. To the former should be restored what it enjoyed before the first application of Socialism at the turn of the century—its ancient monopoly of earning the national income free from government interference in industry and business. Though this would enable the laws of supply and demand to operate once more, with the beneficial result of enabling the efficient to undercut and out produce the inefficient to the all round advantage of the consumer who would benefit by better service and reduced prices, it would not mean the abdication of the state's authority in those matters where state action and monopoly is requisite and beneficial to the community as a whole. Far from advocating a return to the anarchy of nineteenth century untrammelled laissez-faire I would give the state, in its own allocated sphere, far greater power to serve the public good than it at present possesses. In other words, I would