

The Budget—Mr. Jaques

cities and communities have done to help build up the east and to bring about harmony and unity across this country. To me this is a national problem, as well as a municipal and provincial matter.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, as a fellow member I should like to congratulate the Minister of Finance (Mr. Hsley) upon the manner of presenting his budget, but as a social creditor I am afraid I cannot congratulate him upon the matter contained in the budget. There seems to be nothing new in it to meet new conditions, or perhaps to anticipate the new order which we are told we must have. It is based on the same old method of piling up debt.

In every budget debate since the war started I have raised my voice against the method of debt finance. I still believe that it would have been possible to finance the war without debt. It seems obvious to me that if the debt is widely and equitably distributed then it surely would cancel itself out. On the other hand, if the greater part of it is held by a small fraction of the people, it means that the poorer and larger section will be in debt to and must pay tribute to the richer and smaller portion of the people.

On those grounds I cannot see that it will lead to anything but trouble in the future. And, speaking of the new order, from what I have heard I have not been able to find anything new in it. Apparently we are to have a work state. Everybody is to be put to work. There is nothing new about that. Moreover, that is exactly what Hitler did. He put Germany to work; then he put Europe to work and now he is putting the whole world to work.

We do not hear anyone say that what we need is a happier world. People say that we need a harder working world, and perhaps a richer world. But it would seem to me at the present time that the world is under the domination of fear and hatred. Surely the best antidote to fear and hatred would be love and laughter. I should like to hear someone voice the opinion that after the war is over we should have a happier world—not merely better and richer, in a materialistic sense. Many people are saying to-day, of course, that we must have a new order, and that the old order of individual enterprise and individual freedom is finished. They say that it will no longer work. I do not hold with that view.

[Mr. MacNicol.]

I believe that with some adjustments to the financial system the old order would work very well. We could preserve all that is good in the old order, and at the same time bring about a state of affairs in which poverty and insecurity will be things of the past, without sacrificing our individual liberties, as the socialists say we must do.

I do not understand how people can think that individual enterprise will fail to bring the necessary results. I have always noted that if there is any demand, there are always plenty of people who are more than ready to fill that demand. I think if our socialist friends had ever been in productive business they would find that the difficulty is not so much to find the individual for the enterprise, as to find an opportunity or an opening for the enterprising individual.

Of course we in this group have often been referred to as funny-money people, and as those who believe in something for nothing. I was pleased the other day when I received a publication of the federal reserve system of the United States, dealing with the method adopted by the United States treasury in acquiring their gold reserve from the federal reserve banks. As everybody knows, the federal reserve system is a system of private banks and private institutions. This little bulletin answers a question asked by a United States senator as to what steps the United States treasury took in securing their gold reserves from the federal reserve system.

Roughly, the procedure was this: The United States treasury went to the federal reserve banks and said, "We would like to buy or acquire your gold, but we have no money." Therefore the federal reserve system very kindly lent the treasury of the United States the money to buy the gold. According to this bulletin, that depleted the credit of the United States treasury with the federal reserve system. But the credit of the treasury was restored immediately they had possession of the gold, although they had borrowed the money from the owners of the gold in order to acquire the gold. In the words of the governor of the federal reserve system the treasury of the United States had acquired the gold for nothing. It cost them nothing, so that you see it is possible to have something for nothing. It seems to me to be obvious that if the treasury of the United States, or the government of the United States if you like, can acquire \$20 billion worth of gold for nothing, then it could very easily finance public works or anything else of that kind equally at no cost to itself.

There is no doubt a drift at the present time toward socialism. I am quite