orders, businessmen to wholesalers. The same answer everyone gives everyone else!

No money? Billions and billions are spent on means of destruction. To prepare for the great kill there is all the money needed. War industries are working at capacity.

So there is money!

Would it be that its role is to prepare man's destruction? However it would seem that money was invented to provide for trade in produce and manufactured products, and also the sale of services.

If the world is suffering, it is not because for the most part trade is paralyzed? Then money is not fulfilling its normal function?

Who is to blame?

Certainly not the Lord. Neither is Nature, because money can exist independently from seasons and weather; it is immune to draught and grasshoppers. Its manufacture is limited to the availability of gold, they say, a big joke.

● (2132)

During the 1914-18 war there was little gold available and a great deal of money. The United States have piles of gold and yet 13 million unemployed cannot earn money. Never has Canada witnessed such a production of gold these years and look at the results. Must the government be blamed for it? I believe so because government, Mr. Speaker, seems to be powerless or paralyzed in the face of unemployment, inflation and all those who tell it what to do. Yet let us not forget that our governments are as poor as the individual; municipal governments, provincial governments, the federal government have only the money we pay them in taxes. They are the ones who borrow from banks, yes. The public administration which gives banks the power to make money has to ask the bank and pay large interests to obtain credit to administer the country and give the unemployed something to eat. Money, currency, credit, is that the same thing? To what principle are they subject in the manufacture of money, the issuance of currency, the distribution of credit? What do they demand in return and why? So many questions without answers in our school books. Yet the problem seems crucial at this time. Why that mystery about the origin of money? Is it not high time to put an end to that mystery? It is high time to scrutinize this problem of money which seems to be one of the causes of the present economic slump because it is true that current conditions of social economic life are such that a very considerable number of men are finding it most difficult to earn their bread.

So, Mr. Speaker, with your permission, I would like to try and help the population lift the veil of mystery over the origin of money. How does book money start? It starts, of course, when a credit is registered in a bank book without reducing anything elsewhere. Book money does not start when I deposit $10 at myh bank or my caisse populaire. It does not start because that account is opened by a reduction in my pocket money. It is a simple conversion of pocket money into book money. Book money does not start either when the car dealer sees his account increase by $2,000 after he sells a car. That increase of $2,000 in his account is the result of a decrease of $2,000 in mine. But book money is accumulated when a sum is deposited in an account without reducing another's account or emptying another's pockets.

Let me give you an example, Mr. Speaker, using, of course, a fictitious name. Mr. Jones, a manufacturer, wants to extend his factory. He does not have the money to pay for materials, labour and equipment. With $100,000, he could carry out his plans; later, with an increased production and sales, he could easily pay back the money. He then goes to his banker who agress to lend him the money, against the security given by

[Mr. Allard.]

Mr. Jones. How is the loan worked out? The banker gives to Mr. Jones what is called a discount cheque worth $100,000. M. Jones goes to the cashier. As he is not interested in carrying such a sum, he simply deposits th cheque which is credited by the cashier to his account. All Mr. Jones has to do now is to make out cheques whenever he needs to pay for materials, labour or equipment.

When Mr. Toupin leaves the bank, he has a credit account of $100,000. No other account was debited, not one cent or one dollar has left one pocket or one drawer. Everyone has exactly the same amount on their account or on the books as before, but Mr. Toupin has $100,000 more. There are $100,000 more in the country in the account of Mr. Toupin. This is not an account from savings, from money that already existed and that was saved, this is a borrowing account from new money born from the decision of the banker, from a simple pen stroke and an entry in a credit account. This is where and how money comes into being: in a bank through a loan in the form of credit, but also in the form of a debt to be repaid with interest.

About one tenth of the cheques made by Mr. Toupin to pay his bills will be cashed in at the bank against coins or paper money; the other nine tenths will simply be deposited and will simply transfer the amount from the new credit of Mr. Toupin to the credit of other people. This is the result of present trade practices and the banker is well aware of it. He can easily loan against security ten times as much money as he has in reserve; he is the only one who can do this, no private moneylender has this magic wand. And the banker is authorized by his charter to do this. The Canadian legislation even allows him to loan up to 20 times the amount of his reserve. This is the money-making system established by the banks and legalized by our government.

I would add that the government itself when it needs more money than it can immediately levy through taxes also goes to the banks. It borrows in exactly the same manner as Mr. Toupin, but it gives as security the future taxes that it will collect from Canadian citizens. The government also promises to repay with interest and becomes a debtor of the bank to which it has delegated an absolute power, that of creating the currency of the country. The banker makes money, but we should note that he does not do so for himself, he does it for the borrower. Moreover, the banker is not giving this money away, he loans it, and this money is not put into circulation forever. The borrower must repay it within a certain time.

In the case of Mr. Toupin, what will happen of course is this: The banker will first withdraw from the account of Mr. Toupin the amount of the interest; if the loan is for one year at 7 per cent, the interest is $7,000. The banker will subtract $7,000 from the credit of Mr. Toupin and transfer it to the credit of the bank in the interest account. So, Mr. Toupin will have only $93,000 to his credit. When he starts paying his bills or his employees, using a cheque, progressively Mr. Toupin