

*Suggested Interest-free Loans*

when Canadian parents found it impossible to feed their children, when young people took refuge in concentration camps, the said labour camps to get a meagre ration in return for their complete slavery, when able-bodied men were unemployed, wandering in the bush, roving from one town to another, while others were taking shelter in huts which they built with pieces of sheet iron, scrap wood and tar-paper found on the dumping grounds of the city of Montreal.

The authorities had nothing to offer to families or individuals. Of course, the provinces, the cities, the municipalities had to try to balance their budget. For them, as well as for the companies, trying to balance their budget was only normal. But when the budget is prepared by a sovereign government, there should be no need of balancing it. This would be nonsense. Clearly, an individual cannot indulge into expenditures that exceed his income without getting into debt, but the situation is entirely different for a sovereign government.

The sovereign government is the nation itself. If the nation does not increase its total production, the balance will come naturally as a result of the method suggested. Credits in circulation will be balanced by money withdrawals since no monetary expansion will be justified.

However if, as is normal, total production increases, more money will be needed. Issues must exceed withdrawals or else there would not be any money increase.

And if it is not the country itself, through its government, which makes that increase necessary, some other institution will have to take over. In fact, to-day it is the issuing banks which are handling it, but they realize this expansion by creating debts. This is why any development to-day entails a debt.

A sovereign government which strives to balance its budgets gives up its sovereignty. It lowers itself to the rank of a mere individual. It hands over its sovereignty to others, to those who undertake to look after development and credit compensation. That is why, normally, world banks insist so much on every government balancing its own budget. They even bring about the fall of those which pay no heed. They are jealous of their sovereignty and fear that governments should shake themselves free from their bondage.

With what would the government pay public services if it does not obtain money through taxes?

Once again, I repeat, the government has a mandate from the community. If the community, through its Parliament, has decided to avail itself of the nation's productive capacity, it is simply issuing to those entrusted with the undertaking drawing rights on that productive capacity. It generates its own credits and its own modes of payment. The government and the citizens are drawing on the same productive capacity, but the citizens contribute their money and the government the decision of the community's representatives.

Of course, the productive capacity has to be able to meet the demand. It would be futile for the community to call for a production it cannot supply. The following tax-free public works example assumes the existence of a social credit system including issuance and cancellation of credit-money according to circumstances, with periodic distribution of dividends to each and every citizen, including compensated adjustment of prices. One must keep in mind a complete Créditiste economy to understand the operation of public financing without taxes.

Public works without taxes, the building of a bridge without taxes, it is not under the existing financial system that we can find that. Under this system, finance orders, conditions, limits and restricts the realities.

But under a Social Credit system, finance is nothing more than the accounting representation of realities. We produce and we express in credit the value of the product. We destroy and we express in debit the value of what is being destroyed.

The question: "Are we able to pay"? or "How shall we pay"? no longer applies.

Does a community want a bridge? The only question to be considered is: "Are we able to build a bridge?" To be able, means to have the materials, the technicians, the labour needed to achieve this project.

If it is a provincial undertaking, the Minister of Public Works will submit the project to the provincial government that will approve or reject it, or delays it until later in the name of the community as a whole. To take this decision, the legislature enters into no financial considerations. It only determines whether the project meets the population's requirements and whether the physical possibilities of the province permits it.

Certainly the bridge can be evaluated on the basis of the estimate, of the materials and of the labour required. The construction of