

*The Budget—Mr. Matte*

The industrialist, with \$100,000 credited to his bank account, starts his production. He pays salaries, buys raw materials and retains his own salary—all those expenses will be included in the consumer prices of his products. Let us say for the sake of argument that the full amount of \$100,000 was spent on production and that it is now in the hands of the prospective consumers who are thus able to purchase the products. Please note that the Créditistes deny this.

But the manufacturer does not forget that he must, at the production stage, repay the \$100,000 loan he got from the bank.

Neither does he forget that he must also pay \$8,000 in interest, on top of the \$100,000 he borrowed from the bank.

This manufacturer must thus include this extra \$8,000 in his prices, and therefore, a total amount of \$108,000 will have to be paid by the consumers who want to buy his products.

This means that the manufacturer will have to get back \$8,000 more than he paid into the distribution system. He will have to take in more money than he has handed out. Money must come in in larger quantities than it was distributed. For consumption that results in a deficit in purchasing power and just as in the case of a bank, money must be returned in larger quantities than it was lent out, which is absurd, of course.

The trick will succeed only if the consumers abstain from buying another production. The manufacturer will manage to recover the \$108,000 only if he can get from the existing purchasing power the part earmarked to buy that other production that had created this purchasing power. But then, it will be "that other production" which will be confronted with a deficit in purchasing power and which will remain unsold. Thus, a deficit in purchasing power.

I would now like to refute in advance a current objection. We are told that banks put back in circulation as loans the amounts which are paid back, plus the interests.

Let us see what this statement is worth.

Let us suppose that our manufacturer, in addition to paying back \$8,000 in interest the first year, repays also part of the loan, say \$10,000. This amount of \$10,000 will also have to be included in the cost of products, so that the cost will no longer be only \$108,000, but \$118,000. That is the amount the consumers will have to pay the manufacturer for his production. But since the manufacturer has

disbursed only \$100,000 during his production, this means that he will have to get \$18,000 more from the consumers, the result being an \$18,000 deficit in purchasing power.

Let us say the bank puts the \$18,000 back in circulation, as new loans. There will be an \$18,000 increase in purchasing power. But the \$18,000 will have contributed to bringing on the market a new \$18,000 production. It is quite clear, except to the Minister of Communications and Postmaster General and to the Minister of Regional Economic Expansion (Mr. Marchand) that the deficit in purchasing power cannot be made up through a new loan to production.

It creates a new debt that only aggravates the previous deficit, consequently there is a progressive and continuing deficit in the purchasing power.

A moment ago I associated the Minister of Regional Economic Expansion with the Postmaster General and Minister of Communications. It is because I was reminded of a moral report that the former president of the C.N.T.U. presented to the members of that organization in 1962, in which he blamed the Social Credit, and I quote:

If Douglas' theorem was true, the whole of the economy would be paralyzed for some time for and we would be in a state of permanent crisis. We have numerous grievances against the economic system under which we live. We cannot accept, for instance, that so little energy is spent to attack the problems of unemployment, slum clearing and social security.

• (9:20 p.m.)

Today I ask the Minister of Regional Economic Expansion whether it is not a fact that the economy is crippled and that we are going through a crisis. The Postmaster General and Minister of Communications says that we suffer from cancer.

Of course, goods end up by being sold, if they are not left to spoil or if they are not finally destroyed, the effect of which is to boost production and give work to the unemployed. But that is possible only if we pay the price.

And that price, Mr. Speaker, is the indebtedness at every level of government, the indebtedness of corporations and individuals to such an extent that it is unthinkable that such debts can be paid up one day.

The indebtedness of the federal government: \$32,926 million; of provinces: \$12,642 million; of municipalities: \$6,597,437,000; and of individuals: \$9,030 million; towards sales