

Suggested Interest-free Loans

ing to the members of other parties who also spoke in this debate, the Créditistes seem to have convinced no one.

It is not an easy task to follow the hon. member for Témiscamingue (Mr. Caouette) through a speech such as he alone can make. He told us how nice it would be to get interest free money. He complained that he is paying a $7\frac{1}{2}$ or $7\frac{3}{4}$ per cent interest on a house that he bought, but he did not tell us how much interest he draws from his savings at the bank because it is rather easy, nowadays, to invest these savings perhaps at a even higher rate.

• (5:10 p.m.)

It was also pointed out that we are paying now for the bridges, roads and schools which have been built perhaps 20, 25 or 30 years ago, or more, but I find this normal, since we are using these roads, these schools and these bridges.

The true injustice would have been to have the taxpayers, 25, 30 or 40 years ago, pay for buildings, roads or bridges which would be used perhaps for the next 50, 75 or 100 years. And it is only fair that the next generation pay also a portion of the cost of what we build today.

Of course taxes were mentioned and it was suggested that all the taxes which are raised, are mainly used to repay loans or our public debt. One must not exaggerate. We must admit that the taxes we collect help most of the time to pay for expenditures and that most of that money goes back to the taxpayers in the form of social benefits such as old age pensions, family allowances, medicare, hospitalization insurance. They also help to finance education and to pay for public buildings and services.

Mr. Speaker, the Créditiste motion before us is based upon the false assumption that there was a tremendous increase of the public debt. Indeed, the public debt at all levels of government increased only in a moderate way during the last 15 years or so as against the gross national product. If we merely quote figures, such amounts seem astronomical, of course, but compared to the gross national product, such an increase seems rather a moderate one.

Last February, the Committee on Taxation reported to the federal-provincial conference of prime ministers that the present debt at all government levels had increased from 95.9 per cent of the gross national product in 1952 to 101.4 per cent only in 1968.

[Mr. Côté (Longueuil).]

During the same period, the federal government's debt decreased from 75.7 per cent of the gross national product in 1952 to 61.4 per cent in 1968. The debt of the provinces had increased from 14 per cent to 26.6 per cent of the gross national product and that of the municipalities, from 7.4 to 13.3 per cent.

On this account, I must point out that the Economic Council of Canada indicated in their last annual review that as a proportion of total government expenditures, interest on the debt had decreased from 20.8 per cent in 1939 to 6.8 per cent in 1967. The Council's figures also show that proportionately to the debt at all government levels had decreased from 4.7 per cent in 1939 to 2.1 per cent in 1967.

Both groups of figures are another proof that the Créditistes motion is based uniquely on assumptions but allows them to claim that the public debt is frightening.

If we read the motion carefully, we see that it is predicated on the idea of a federal responsibility as regards the loans of other provinces or other governments. In fact, the motion reads as follows:

That, in view of the Government's inability to effectively combat the frightening increase in the public debt, the public sector of the Canadian economy, including the federal government, the provinces, the municipalities and the school boards—

The motion assumes that it is the government's responsibility to limit the amounts of money borrowed by the other levels of government. It is a matter that obviously overrides its jurisdiction.

Let us deal now with the impact of the financing of these loans by the Bank of Canada. During 1969, the net total of borrowings made by all levels of government was well over \$2 billion. If the Bank of Canada was making available unlimited amounts of money to all levels of government, and that, without interest, as is proposed by the Créditiste motion, inflation would be greatly accelerated. This tremendous increase in the money supply would start a large increase in expenditures and would give a great impulse to price increases, which would seriously jeopardize the stability of our economy.

Governments and school boards must borrow on the money markets as to all other enterprises. In a free enterprise system, public administrations must compete to attract the money lenders. One must pay for the use of money; this is a truth as old as money itself which Social Credit should recognize.