

The Budget—Mr. Spencer

at work. Surely it would be good business to give the people who have reached that age the benefit of a pension. Let them take things a little easier; let them enjoy life and have a little rest in their later years, thereby giving the younger generation a chance to earn a living.

Again I state that we are physically wealthy; we are only financially poor. Until we recognize that fact and bring about a definite change, which we could do, we will continue to look upon ourselves as a poor country. If I were to make one or two recommendations I would say this: In making up our national bookkeeping we should pay more attention to our total production in relation to our total consumption. Each year when the budget is brought down we should consider for instance, the total production of Canada plus the total of imports plus the total appreciation, and against those figures put the total consumption plus the total of exports plus the total depreciation. If we subtracted one column from the other we would find a great difference between the two. In my opinion there is no reason in the world why, with the power parliament has, we should not, through the central bank, monetize to a safe extent the difference between those two amounts. We could open a national credit account, monetizing our social credit, just the same as a bank to-day monetizes the credit of an individual when it makes a loan to a client.

Mr. MACKENZIE (Vancouver): This parliament has no control over the central bank.

Mr. SPENCER: It has, if it wants to exercise it.

Mr. MACKENZIE (Vancouver): Not unless we change the present act.

Mr. SPENCER: I shall have a word to say about that in a minute. The bureau of statistics has placed the total wealth of Canada at about thirty billion dollars. Our liabilities are about half that amount. In that figure I have not placed any value upon man power, although if you take the value of man power, a value which is worked out by the Metropolitan Life Insurance Company, we would find a very high figure. There is no reason why we should not put a value on man power, because we take a great deal of trouble to save life, and spend great amounts of money at times in an attempt to increase the population of our country.

[Mr. Spencer.]

I believe that henceforth the federal government should stop borrowing. I can see no reason in the wide world why we should borrow on our own credit through a third party, and a private commercial house at that. What is social or public credit? I would say it is the joint creation of (1) a stable government; (2) a functioning industry, and (3) a consuming public. With any one of the above missing there could be no such thing as public credit. To-day we have a stable government, and I hope we always will have. We have a functioning industry, but we have not a consuming public, except to about one-half our proper capacity. The formation of a national credit account—the mechanization of it—would be no more difficult than the creation of a loan in a commercial bank. In support of my contention may I quote one or two authorities. J. M. Keynes, world famous economist, states:

There can be no doubt that all deposits are created by the banks.

Here is another quotation from the Right Hon. Reginald McKenna, chairman of the Midland bank, and at one time chancellor of the British exchequer. He says:

I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits.... They who control the credit of the nation direct the policy of governments, and hold in the hollow of their hands the destiny of the people.

I am sorry I have not time to cite further, although I have here some excellent quotations that I should like to give to the house.

The central bank could be used, and I think we should amend a certain clause in the Bank of Canada Act which would allow it to monetize the credit of this nation, not at the limited amount of to-day, but limited only by the fullest needs of the Canadian people. This particular account that I suggest could be increased by the extent to which our production increases out of proportion to our consumption. In other words, the more the people of Canada produce of worth while goods that are wanted, the more real wealth they would have, and they could monetize it and draw upon it to meet their needs. If there was a slacking off in production the addition to the national credit account would be reduced thereby.

The greater the production of a nation the higher its standard of living should be, but unfortunately under our present orthodox thinking the more we produce in most things the more poverty we have around us, the