

The Budget—Mr. Blackmore

to one commodity like gold. Guernsey's method had obvious advantages, and speaking broadly, achieved its objects and was successful.

I wish to comment on that passage. Sir Norman Angell seems to assume that a price rise occurred in Guernsey island as a result, but I challenge that assumption. I say that there is no evidence whatsoever in "An Example of Communal Currency" or in any report of the meetings of the finance committee that there was any rise in price. I quote further from page 271 as follows:

Why did Guernsey succeed where Rhode Island failed?

Briefly, because the Guernsey notes (to take those issued in connection with the market house) were very limited in amount, issued with reference to revenue-bearing property shortly to become fruitful, "goods moving into consumption." Each note stood for consumable goods, which, if not actually in being, were coming into being; and the issues were limited to the value of those goods (the goods, in the particular issue under consideration being the market house).

I wish to point out that Sir Norman has erred just slightly there. In another book of his called "Your Money", written seven years later, he gets just a little nearer to the recognition of the full truth about the real backing of money. It was not the market house which gave value to the money, it was the goods and services which were surplus in Guernsey island for which the people could spend money, when they got money for building the market house, without causing a rise in price. It was the resources of Guernsey island standing behind those goods, and the capacity to produce more goods, to absorb money as fast as the money came into circulation, that provided the backing. As long as there is a surplus of goods and services in the country not being bought by the money at present in circulation in that country, new money can be issued debt-free and wisely spent into circulation without any danger whatsoever of a rise in price.

That is the absolute truth concerning the real backing of money; it is far removed from the gold backing idea.

How much money can be created and used by the state? Enough money can be created and used, spent wisely into circulation, to enable people to buy the surplus goods on the market. If this is done and no more money is issued than enough to enable people to buy the goods, if that money is put into the hands of people who will buy, and is used to consume goods, then there will be no adverse results from the creation and issue of debt-free money.

Debt-free money can be used to distribute goods internationally. For example, we are now worrying about where we shall get the money to put into this huge \$5 billion fund. Provided we have a large enough surplus of goods in Canada we can create enough

debt-free money to put into that fund, and when spent it would buy Canadian goods that were surplus on the Canadian market. It would do no more harm than the money which is ordinarily spent in Canada to buy goods, let us say wheat, by a nation like France, or even the United States. If this device is used by an increasingly large number of states, then the financing of the international distribution of goods by the surplus-producing countries can be managed without debt and without taxation.

Similarly debt-free money can be used to distribute goods internally without additional taxation or debt, and without loss of freedom. I recommend to the Minister of Finance (Mr. Abbott), and to the earnest men behind him in the house, that they should set to work immediately to discover the uses of debt-free money so that when the Minister of Finance next goes to an international or an Anglo-Saxon parley at New York or London, or wherever the meeting may be held, he will be able to offer a suggestion that may have some possible chance of being of real assistance to men in these trying times.

As a means of dealing with the economic tribulation in which we find ourselves, I recommend the principles of Social Credit.

Mr. J. M. Dechene (Athabaska): Mr. Speaker, in rising today to ask you for the privilege of the floor, I do so not because I have a momentous message to bring to the members of the house nor because I have any remedy to offer as a quick solution of the great problems which this parliament, in common with other parliaments throughout the world, is called upon to face at the present time. I rise because I feel I have a duty to perform and an obligation to fulfil to the people who have again honoured me by re-electing me a few weeks ago after many decades in the public life of Canada. If I may be allowed to speak of myself for a moment, I was re-elected by the largest majority ever given to any candidate chosen to serve the great constituency of Athabaska.

If, in the course of the remarks I desire to address to the government and the members of the house, I sometimes speak of localities which may be strange to some of the new members of the house, if I speak of regions which they do not know, I wish to assure them that I do not do so because of any desire to speak about local and parochial issues, but because what I wish to submit to the government and to the House of Commons today concerns a great part of the northern sections of the provinces of western Canada, the northern parts of Saskatchewan, Alberta and British Columbia. I shall mention names which may seem strange and unknown to you,

[Mr. Blackmore.]