

*Economic Policy*

government is to be blamed for the rising rate of unemployment. It is not so.

The unemployment level rises because we refuse to evolve socially. We do have the required billions, but only about 20 or 30 billionaires benefit from them. We must absolutely get out of this system and if we reject Social Credit, then let us create a new system of our own so that the population can take advantage of this considerable production in Canada.

I am told that my theory may encourage laziness. Have no fear because unemployment insurance and social assistance can also breed parasites in society, and so can the guaranteed annual income. The difference is that unemployment insurance, social welfare and the guaranteed income supplement require armies of inspectors and it is costing us more for inspections than if we simply handed the money to the needy. The guaranteed annual income would eliminate those thousands of inspectors and all the maintenance offices, and it would be like a family allowance.

The annual guaranteed income does away with all discrimination and God knows how much there is of it. We have to cope with it every day. We are being told that someone was denied unemployment insurance benefits because a lowly official who knows nothing has been giving him a hard time for two or three months. I even know someone who waited a year and half for his insurance benefits. He will be paid soon, they say, but for more than a year his family has suffered because of a lowly twenty four year old official who does not know anything about it. Such a sad thing! However I do not hold it against him because, basically, it is not his fault, it is the system which discriminates. That is why I have been saying, and repeating that 80 per cent of our social legislation is discriminatory because of it. We have been discussing unemployment all afternoon. I too would have liked to say a word about inflation since I had prepared some notes on the subject. I hope the minister caught the solutions I am suggesting to him to cope with unemployment.

We often wonder where inflation comes from. I will tell you in a few words. I recall that about ten years ago, when I was sitting on the House committee on finance and we were discussing the famous question of interest charges, that is the control of interest charges, the department decided to remove any ceiling on bank interest charges, therefore extending interest charges everywhere. I then warned the committee that it was the beginning of inflation, the end of which would never be seen. All that started at that time. That is why governments—no more this government than others—are said to be responsible for inflation. When somebody sets a house on fire, he is the one responsible if it burns.

● (1710)

[English]

**The Acting Speaker (Mr. Turner):** Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue, however, with unanimous consent. Does the hon. member have unanimous consent?

**Some hon. Members:** Agreed.

[Mr. Gauthier (Roberval).]

**Mr. Paproski:** Mr. Speaker, I rise on a point of order. I hope the hon. member will take no more than perhaps five, six or seven minutes because there are a large number of hon. members who want to speak. I know the Minister of Finance (Mr. Macdonald) would like to speak. The House would appreciate it if the hon. member would go along with this suggestion.

**The Acting Speaker (Mr. Turner):** I am sure the hon. member will co-operate.

[Translation]

**Mr. Gauthier:** Mr. Speaker, I thank the hon. member who just spoke and I can assure him that I will take no more than four minutes of the House's time. I only want to add a few words on the inflation issue. I was saying that interest charges, as you will agree with me, are responsible for inflation. That is the cause of inflation. In 1969 we were paying \$9 million a day in interest charges on the national debt, as opposed to \$15 million today. At the rate we are going, we will soon be paying \$30 million a day to service the national debt.

We are going to be more and more in debt. Recently the minister said that we had goods for those 84 or 90 billion dollars. However we are not paying for goods but for interest. What are we doing today? We are borrowing an amount equal to the national income this year to give temporary credit on year to year production. As long as we are going to borrow every year's production to put that production on the market, we will have what we have today. Recently I was asked what we should do to prevent the national debt from increasing. If we want to do that let us stop producing. As long as you produce within a screwy system, what you have produced becomes a debt the day after because you are required to borrow money to pay for your production. As long as we let the commercial banks administer this country and fail to give the Bank of Canada responsibility for the public sector and chartered banks responsibility for the private sector, if we fail to do that we are going to be in debt, and debts hurt. I hope you realize we are asking Canadians to pay \$15 million in interest every day.

We must do something. I do not know what the government thinks about it but the other day they mentioned the seaway debt. They quickly wrote that one off. I was surprised recently when we asked the Minister of Finance to tell us to whom we owed that money, the \$15 million a day. He told us he could not answer right now. So we pay \$15 million a day in interest and they do not know to whom we have to pay that money. We must draw the line somewhere.

Once again, I hope the minister will think about it and that we will stop looking for the cause of inflation. It is the interest that Canada would not have to pay if it could control its monetary system. We are told that they control the monetary system, they control the money, but we do not control a cent of those credits which today amount to 92 per cent of all the money supply. The whole problem is there. We will have to control the 92 per cent as strictly as the 8 per cent in paper money. I apologize. I do not want to go on because I told my