

Social Credit Monetary Policy

economist Douglas explains it, where one individual tries to lift a 500 pound load and does not manage to do it, five persons can combine their forces and manage to accomplish this feat. The benefits that are derived from this social organization must not and should not belong to one individual or group in particular, but to society as a whole. So, benefits derived from the organization of society must be distributed in a social manner, and the Cr ditistes believe that social dividends are the ideal way to achieve this distribution.

Each citizen is also entitled to share in the yield of the common inheritance, public property, applied science, great inventions, knowledge increased and passed on from generation to generation which is nowadays a prevalent factor of production. The yield of that real work must belong to each and all and the social dividend is the most efficient means to assure its distribution.

Under a Cr ditiste system, there would no longer be as today, a single means of distribution, but two sources of individual income. The first of these sources is wages and profit as a reward for the direct participation of individuals in production. Of course, that source of income, through wages and profit, would decrease as automation and cybernetics gradually remove the need for manpower in production. The second source of income is the social dividend, as the result of collective work. This source of income would grow in inverse ratio to the decreasing human factor involved in the production of goods arriving on the market place.

Any financial reform that does not take prices into account is bound to fail, engineer-economist Douglas tells us. That is easy to understand. Government members often speak of inflation. We recognize that inflation can become a real threat under the present system, but we deny that it would be, if we applied, in its integrity, a cr ditiste regime such as the one we propose.

Why increase the monetary units in the hands of the consumer if at the same time the cost of goods increases in the same proportion?

Those are the reasons why, in our present economy, any increase in the income of the individual that is reflected in the cost of the goods produced or sold can only result in higher prices.

Whether it be an increase in the profits of the businessman, an increase in the rates of interest, or the workers' wages, or in taxes of all kinds, they all add to the prices and ultimately result in a higher price for consumer goods.

● (5:30 p.m.)

That is why the Cr ditistes suggest a means to adjust prices and respect the producers' freedom to set their prices within reasonable limits. We claim that the producer must keep on setting the prices of goods and services all by himself. On the other hand, however, the producer has no right to set the conditions under which the consumer shall gain access to these products. In other words, the producer shall be paid his own selling price, but it is none of his business whether the amount he

requires or receives for his production has been paid in full by the consumer or if a given percentage of his sales is being paid out of new credits issued by a recognized institution.

This price adjustment could be carried out every year or every half-year or even every quarter. It would be similar to a discount and the opposite of a sales tax.

Such a discount would be made good to the retailer by an equivalent credit issued in the amount of the discount shown on the invoice as having been granted to the consumer. Accordingly, the producer would be paid his own selling price, whereas the consumer could obtain the whole production at merely a fraction of the prices shown on the tags, that is the true consumer price.

How would this discount rate be figured out? After what was missing in the purchasing power taken as a whole, after deduction of the amounts paid in welfare allowances from sources other than taxes, and also of the amounts paid as social dividends.

For instance, let us assume that all prices for goods available amount to \$80 billion and that during a given manufacturing period, the Canadian people have bought only \$60 billion worth of products, the National Credit Board would then set the discount rate at 25 per cent for the following production period.

This price adjustment method would operate automatically according to the calculations of the accountants in the Dominion Bureau of Statistics and the National Credit Board. Therefore, we would automatically avoid inflation and deflation.

In conclusion, I might say that these measures would entail some negative effects: they would eliminate financial dictatorship, any encroachment on private property rights, the threat of any social disturbance and all desire to revolt among the people.

But the positive aspects would be much more important: the implementation of the Social Credit policy would permit the production of enough goods to meet the needs, would transfer the goods to consumers' homes. It would thus enable the economy to reach its end, which is to meet human needs. That would be something new and unheard of in the world.

Mr. R al Caouette (T miscamingue): Mr. Speaker, the motion introduced by my colleague from Bellechasse (Mr. Lambert) and supported by my colleague from Kamouraska (Mr. Dionne) does not seem to raise much interest in this House. As a matter of fact, the motion says:

That this House regrets that the government has not seen fit to apply Social Credit monetary policy.

I have seldom met with such complete silence. The Liberals, who are in power, say nothing, probably because they have nothing to say. Maybe they intend to support our proposals? On the Progressive Conservative side, two speakers dealt with everything except the motion itself and the same thing can be said of the representative of the New Democratic Party who spoke earlier.