

Suggested Interest-free Loans

present bank system. Diabolic, because it always deprives the people in favour of money lenders.

The people are crushed under the taxes used to pay constantly and gradually increasing interest charges on the national debt, heavy and unfair taxes, because out of proportion to the services rendered by a centralist state.

"The greatest delusion of the mind is to believe that things are as we want them to be rather than what in fact they are." I am quoting Bossuet.

In such a situation, are we not justified in asking ourselves some questions? What occult power compels our governments to maintain such a dictatorship? The real question is to determine who is running the country. The politicians elected by and for the people, or the big financiers?

There are three ways in which a government can obtain funds required to meet its obligations. First of all, it can tax the citizens and the institutions and thereby get hold of their money. Second, it can borrow from the people and the institutions and pay some interest on the amounts borrowed. Third, it can simply create money and use the funds so created to make its purchases.

Opposition to the creation of money in the past used to be based apparently on the belief that demand for goods always had to be equal to the supply, as long as the government did not interfere with the economy. John Maynard Keynes destroyed that belief when he showed that nobody could be sure that the demand was always equal to the supply in rich countries.

Mr. Robert Theobald, an American economist of high repute, wrote the following not so long ago, and I quote:

There are many methods to make up the difference between supply and demand. It could be possible to decrease the extent of the supply without greatly affecting the demand by reducing working hours for the same salary.

● (8:40 p.m.)

It would be possible to increase demand by telling the people that more goods are needed to live comfortably and enjoy a higher standard of living.

The government could simply make up the difference between actual and potential production by building new schools, clearing slums and controlling pollution, because there would be unused resources in the economy.

The government would not have to raise money through taxes or loans. Money could be simply created. Additional funds would not cause inflation because, by definition, goods are not scarce.

This, Mr. Speaker, is the testimony of an American economist who thinks it possible to democratize money and to use new interest-free credit for the development and social organization of a country.

While the Minister of Finance (Mr. Benson) and this government allow rises in the interest rate and increase the burden of the Canadian taxpayer, everywhere in the world loans are granted under extremely easy conditions, \$25, \$30, \$50 and even \$100 million interest-free loans for periods of time from 50 to 60 years and often with a 10 years' grace period.

Those who are against Social Credit generally claim that the application of *Créditiste* theories would lead to inflation. The Liberal members said it, the Conservative members agree and, unfortunately, a number of economists who base their studies upon the data of the present system, think so too.

However, it is to be noticed that in Canada as well as in the United States, both countries, like most countries in the world, are facing this kind of malaise that they call "inflation" and which was brought about by the unbalanced financial system of today. Is it the fault of the social credit, a doctrine which is not applied anywhere, or is it the fault of the actual financial system?

Today, there is no shortage of credit. The problem is that the credit is not social enough. In these days, it is not necessary to be an expert to find the great number of credit facilities available to the people.

Federal and provincial governments give us a great many examples of the way credit is used in all departments. Such a procedure has become normal. We find that at times, during the session of the various legislatures, federal or provincial, discussions become animated when estimates have to be approved or rejected.

The minister concerned sometimes becomes nervous and anxious. He feels the need to call upon the best advisers in his department to help him justify the use of the estimates submitted for approval. This occasional tension is due to misuse of certain credits voted to cover expenses that sometimes greatly exceed the experts' estimations, because they failed to take probable waste into consideration.

The Glassco report demonstrated how bureaucrats can disrupt the experts' forecasts when carelessness prevails constantly in economic fields where efficiency should be the rule.