

Interim Supply

and Conservative administrations. Figures taken from the statistical supplement of the Bank of Canada show that the federal, provincial, municipal, school, mortgage and personal debts, as well as foreign debts, make up a total of \$58,400 billion.

Where are we heading for, Mr. Chairman, with this social debit system, this fateful work of the old parties? Except for the Social Crediters, where are the members of this house who have made positive suggestions which could really put an end to this financial anarchy?

On the other hand, Mr. Chairman, is it possible, with this old financial system of social debit which is defended and protected by the three other parties facing us and on our right, to pay \$58 billion in total debts and to see, someday, the end of what is a terrible nightmare for all Canadians, while our money supply is scarcely over \$15 billion, divided between \$2 billion in currency and approximately \$13 billion in credit or bank money issued by commercial banks? No, such a thing is mathematically impossible, because the most important accounting service in this country, that of our Canadian monetary system, does not balance. We do not have enough capital to pay all those debts. Is there anything more ridiculous? It is the acme of aberration.

Does that mean that we have to print banknotes or issue enough credit to make up the difference? Those who believe that Social Credit would act in that way, as our critics seem to anticipate, have but a childish mind or they are totally ignorant of the scientific propositions of the Social Credit system or, again, in deliberately bad faith, which makes three kinds of rather unattractive people. To extricate ourselves from the system of bankruptcy, or social debit, in which we have sunk, the federal state, through the Bank of Canada, has to socialize credit as it socialized currency issues in 1935, by putting some order in the mess of banknote printing, which, at that time, was the exclusive privilege of the chartered banks.

Indeed, before 1934, that is at the time when the Bank of Canada was created, each commercial bank could print its own banknotes, which have been withdrawn from circulation, to the delight of collectors. From 1935 on, the chartered banks had to reduce gradually their banknote issues. In 1934, after the Bank Act was revised, that right was completely revoked, and all Canadians considered it quite normal. There was no revo-

lution in our country, because it was just putting things in order where disorder had prevailed before. It is a remarkable fact that such evolution partly took place under a Liberal administration. Indeed, Mr. Chairman, the Liberals, like the Conservatives, therefore turned Social Crediters at that time, because they also abolished the gold standard in 1940, those two measures having been requested for a long time by the Social Credit party. And what other things does the Social Credit party advocate today? We should act just the same as in 1935 to 1945, this time by socializing credit through the Bank of Canada just as banknote issues were socialized then, for it cannot be accepted that bank and other credit be granted through the private sector of our economy. And, above all, it is not logical that "bank money" referred to by the economist Paul Samuelson should become a debt the moment it is created or issued. We cannot pay a debt claimed on top of the bank credit if a corresponding credit is not created or issued to fill the gap. That is the fundamental reason why debts amount to \$58 billion in this country while there is only \$15 billion in money supply to repay them.

Now, if we look back over the last 25 years, we note that the currency has increased from \$250 million to \$2 billion while the money supply was raised from \$3 billion to \$13 billion, which means that commercial banks created approximately \$10 billion in bank money during that period to keep up in some measure with the economic growth of Canada. Well, in the future, under the financial system advocated by the Social Credit party, that creation of credit, of bank money, would be socialized by being handed over to the Bank of Canada, but any new issue would be debt free and done scientifically without having to increase materially—that is most important—the issue of credit or money, precisely because the circulation of money would be reversed so that consumption would be financing production.

Furthermore, through widespread public works which, in political economy, are called social capital expenditures, the government could provide employment for a very substantial labour force, thus enabling all Canadian family heads to obtain the daily bread and the decent livelihood they have a right to expect nowadays. It would not be a question, as our critics wrongly claim, of handing out money recklessly and of encouraging people to lie sunk in sloth. Quite the contrary, those measures would ease the