



Communiqué



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Fixing Canada's crumbling infrastructure

The collapse of a road in suburban Toronto has underscored, once again, the urgent need for the federal government to pay attention to Canada's crumbling infrastructure. A \$9 billion-plus federal surplus, after decades of downloading financial burdens onto provincial and municipal governments, merely emphasizes the fact that Ottawa is centralizing power and over-taxing citizens — but is not meeting the nation's most urgent needs.

The CHP's Infrastructure Program focuses on two of the most important parts of this problem: meeting the immediate need, and dispersing decision-making authority — and spending — to the levels of government closest to the need.

While Canada's descent into catastrophic debt was begun by the reckless spending of the Trudeau 'Liberals' (really socialists-in-disguise), about two-thirds of today's half-trillion National Debt is attributable to compound interest on money borrowed for that spending in the 1970s.

And, as the Bible says, "The wicked borrow and do not repay." Ottawa under the Liberals — and the Mulroney PCs — made no serious attempt to pay down the federal debt. The GST was sold as a tax to reduce the National Debt — but the money went into General Revenue to allow the government to buy votes, using money stolen from our children and grandchildren. They are the ones who will have to repay the National Debt.

The CHP's Infrastructure Program is a

proposal to re-create a program adopted after the Second World War: to stave off the threat of massive unemployment, the Cabinet of that day instructed the Bank of Canada to make loans, virtually interest-free, to provinces, municipalities and other local authorities for infrastructure: roads, highways, bridges, railways, port facilities, etc. Local governments were able to launch construction programs that brought unemployment down to about 3% (considered by economists to be the minimum level — mostly workers in transition from job to job or from city to city). With local agencies freed from the crushing burden of compounding interest, the increased economic activity generated revenues that enabled the loans to be quickly repaid — and the infrastructure was a legacy.

At the time C.D. Howe launched that program, in the late '40s and the '50s, the Bank of Canada created about 50 per cent of the money supply, and the fractional reserve requirement was 10 per cent; today, the BoC creates only two per cent of the money supply, and the reserve requirement is zero.

For ten years now, the CHP has said it's time to revive that program. Canada's infrastructure is crumbling, and local governments must be enabled to borrow the funds to renew it — interest-free from the BoC. When the loans are repaid, the money created by the Bank of Canada can be retired from circulation, so the temporary injection of needed funds into the economy won't be inflationary — and the construction of needed infrastructure would once again create a vibrant, growing economy.