> no longer be necessary to ensure its continuance; for it will contain within itself the seeds of its own perpetuation.

Now, what is report saying there is exactly what we are experiencing. Your bankers come in and tell you there is only one remedy, tighten your belts and wait for adjustments. You have had that before. Out in Vancouver, we have wiped out every dollar of equity in real estate in that city. I venture to say—and I do not care to mention other places, but from what I read in the newspapers—it must be very similar to that in the city of Montreal. Supposing British Columbia defaults, or a city defaults, what happens to the holders of the bonds of that community? Why, they must, of necessity, drop on the market. That constitutes a capital levy on the holders of that type of security. But, you say, unless you prevent the banker from getting too much credit out, the remedy is so drastic that he really has not got power to correct the situation; he must have some supplementary force, and you must prevent him from pyramiding bank deposits on bank deposits and inflating debts and debt claims.

By Mr. Geary:

Q. Mr. McGeer, do I judge from that last sentence of yours that you think there is now quite a great inflation of credit distinguished from currency?—A. Might I put up a chart upon that particular point, Mr. Geary? I do not know whether you can see that or not, but I can give it to you in a word: These are our gold reserves for 1914, 1920, 1929, and 1933. They increase slightly, but without any appreciable difference. You can see that your gold reserves from 1914 to 1934 took an average of one hundred million dollars. Your notes in circulation, that is, your Dominion legal tender notes rose, up to 1920, and they have steadily fallen, with slight variation from year to year, until 1934. Now, that is your money. Your cash in the banks, which consists of all the cash they have, foreign money, legal tender, and currency, climbed, up to 1920 and then fell away. Then your bank deposits rose from 1914 to 1920, and they continued to rise from 1923. They fell, from 1920 to 1923; that was the collapse of 1921. Then they started to climb, and up to the peak of the boom you had a further inflation of bank deposits, although gold and cash were declining. Then, in 1929, came your collapse, and naturally your bank deposits fell away considerably. You will be surprised to learn that the decline in Canadian bank deposits, was, in percentage, as great as the decline in bank deposits caused by bankruptcy in the United States. Now, you have in your national public debt your debts claim. From 1914 your national debt was $265,000,000, I think, in 1914, and in 1920 it was $1,500,000,000, and by 1929 it had climbed up to three thousand million; but your real debt that was accumulating in the post war period was your municipal, your provincial, and your private debt; that was the serious climb. Then your total of public debts started to climb again in 1929, and has gone up, and will continue to go up as your depression continues.

By the Chairman:

Q. You do not include in your national public debt the national railways?—A. Well, I think that is all in there, Mr. Chairman.

Q. I should not think so, and in that respect the chart is wrong?—A. $9,500,000,000.

Q. I am speaking of this chart here, number 3.—A. No, no.

By Mr. White (Mount Royal):

Q. The Dominion debt is about four billions including the railways?—A. Well, I have only put in what I call the national public debt, Mr. White, exclusive of the railways. As a matter of fact, if I included the railway debt I think

[Mr. G. G. McGeer]