

of the great powers of production and distribution that it is our opportunity to use if we so wish. On the other hand, they point to the enormous number of unemployed in the world today—and I understand it reaches no less than 24,000,000—to the poverty and want that are in our midst while factories are losing money and are being run at only 50 per cent of their capacity. To support this they quote from the governor of the Imperial Bank of India as saying:

"Teeming millions of Africa and Asia" as "half starved, and less than half clad." Instead of a great increase in the general standard of well-being, a progressive decline.

Again he says:

One can scarcely agree that there is any over-production in regard to requirements, but there is certainly over-production relative to purchasing power.

Would one for a moment, after reading that, dream that we have over-production of grain in this country? Surely not. If I heard the Prime Minister correctly today when he referred to a possible wheat bonus he stated that Canada would not give a wheat bonus because she could not afford to do so. The country may not be able to afford it, but I am certain of this, that the country cannot afford to have the farmers of this country go bankrupt which today they are very rapidly doing and in largely increasing numbers. Once agriculture goes absolutely bankrupt, and she is heading for bankruptcy today, then the government of Canada will realize that she could have afforded to aid agriculture in some definite way by either wheat bonus or otherwise.

The essence of the problem as outlined by the London Chamber of Commerce is one of purchasing power. They claim that excessive tariffs, the rights of a nation to force down the internal price levels of other nations by demanding payment in gold, is largely responsible for the present chaotic conditions. They point out that money is a false measure of value, that while on the one hand we have various measures settled by statute, such as the pound, the yard, the gallon and so forth, measures that cannot be and are not altered, when it comes to the measure of value, which is money, there is an entirely false standard. They draw attention to the fact that to meet debts today that were incurred three or four years ago it would be necessary to sell two or three times the amount of goods that would have had to be sold if the debt had been liquidated at the time it was incurred, and an instance is given, to illustrate the point, of a tailor who borrowed twelve yards of cloth three years ago. When it came to paying

[Mr. Spencer.]

back the twelve yards of cloth, his creditor might say to him, "I do not want twelve yards of cloth but thirty-six yards." When the debtor objected he would be told, "Oh well, it is absolutely necessary because the yard has altered in the meantime and it requires thirty-six yards to repay your debt." That would be just as sensible as the system under which we are working today with such an elastic measure as we have in money.

The situation, they point out, is not one caused by a law of nature but is due to a deliberate act carried out in conformity with the rules of the international gold standard. Speaking on this subject in this house a year ago I mentioned that it was a man-made problem, and that that fact gave us some hope because being man-made it certainly could be man-mended.

They also make mention of war debts and reparations and recommend that these should be cancelled. I do not need to say more with respect to that because most nations have accepted that view today, although I would remind the house that when the hon. member for Winnipeg North Centre (Mr. Woodsworth), brought this matter up in the house only a few years ago and suggested that we should forego the amount that Germany owed Canada because the future generations of Germany were not responsible for the incurring of the debt, he got a very rough handling. Great Britain recognized many years ago, when she was the leading industrial nation of the world, that debts, even debts incurred for development purposes, could not be paid except by goods or services. The Right Hon. Winston Churchill supported this contention in an article recently in one of the English papers, where he pointed out that Great Britain recognizing this fact took, in raw materials, its interest on debts incurred, and when the principal came due it nearly always reinvested it.

In part two of the program put forward by the London Chamber of Commerce I find under the heading, A New Monetary System:

(1) That in order to have a just measure of value, subject neither to inflation nor deflation, the currency should rise and fall automatically with business activity: it should not be "managed."

(2) The currency must be backed 100 per cent by real wealth—i.e., commodities with a market value: that backing must not be one commodity the value of which, in terms of other commodities, can be made to fluctuate widely, either through scarcity from natural causes or through being "cornered."

(3) The system should not be purely experimental, but should be one which, even in an imperfect form, has stood the test of experience. The system should be evolutionary rather than revolutionary.