

the figures of the League of Nations, had increased at the remarkable rate of 4½ per cent per annum. The process of manufacturing had, of course, added greatly to their value.

These are the conditions to which I refer; that is, world trade had outrun world population—in 1929 the one had increased by 18 per cent as against an increase in the case of the other of 6 per cent. Europe's increase in production or trade had increased by the enormous figure of 22 per cent over what it was in 1913. It had regained its pre-war position, and it might be said that ten years after the great war, ten years after the representatives of this dominion met the representatives of other nations in Paris, the world had increased its productiveness to a point far beyond what it had been in the years before the war. The business cycle reached its peak in 1929.

Let us look for a moment and see what were the conditions then prevailing. You had a steadily increasing production which had outrun population; you had an expansion of trade; you had conditions vastly improved over those of 1913; you had adjustments rapidly taking place in every part of the globe, starvation had disappeared, impoverishment was not known and the world was getting back to real normal conditions where men buy and sell, make and exchange and trade and do business from one end of Christendom to the other.

What happened in 1929? By that year we had reached the peak of the cycle. Some hon. members may doubt whether or not there are cycles in business, and upon that point you will find that great authorities express divergent opinions. In the very nature of things I think there must be something in business cycles; but, at any rate, in 1929 the business cycle had reached its peak. However, there were other forces at work. You had, for instance, difficulties in connection with the conditions obtaining in Europe, brought about, not by reason of what was taking place there but because of what was taking place on this continent. In no part of the world had recovery been equal to what it was on the American continent. The reason was obvious. Because of a late entry into the war the United States had accumulated a vast wealth, estimated by some economists to be as great as forty billions of dollars, as a result of her production and trade prior to her entering into the war. The result was that there was prosperity on this continent such as we had never had before, and during the war years this country shared to some extent in that prosperity.

[Mr. Bennett.]

It was one of the very strange anomalies of life that along with the destruction of men and materials which took place during the Great war there was a distinct improvement in the prosperity of the countries engaged in the production of the means of destruction. That was so particularly upon the American continent. Then came that feverish expression of mass psychology, so often found upon this continent, and speculation became rampant to a scale never known before. When I say never known before, I am but quoting the words of one who has studied the matter from every angle and standpoint. Men, women and children—when I say children, I mean boys and girls under the age of twenty-one—were all engaged in speculation.

Speculation has a well-defined place in economics. Although I am in no sense an economist, I know the conditions under which speculation sometimes becomes a highly beneficial state, that is, speculation based upon judgment. For instance, there are men who with a rising market think it desirable to make large investments, and then they realize upon those investments and take the benefit of the rise in the market. There are others who speculate upon margins, and the psychology of the people upon this continent being as it is, speculation upon margins reached a scale almost impossible for one to express. I recall, that when I was in the place now occupied by the right hon. gentleman opposite, I expressed to this house the view that unless something was done to curb this reckless speculation, the result would be inevitable and disaster would be certain. Of course, to make a statement like that is like baying to the moon; in the midst of speculation, no one pays any attention to an opinion of that kind. When you found ten and twelve per cent being paid for money in order that speculation might be carried on, when you found what you thought were reasonable men exchanging five per cent bonds for securities which yielded two per cent for speculative purposes, you knew reason was dethroned and men had capitulated their judgment to the speculative craze. The result was apparent in every part of the world but, as I say, particularly apparent upon this continent.

What was the result in Europe? All you have to do is to read the bank returns of Europe and you will find that there was a constant drain upon their resources in order to send money to the great centres of finance upon this continent. That drain became so great that legislation was enacted for the purpose of preventing the further weakening of the resources of European countries. It did