

lending of money for stock speculation but it was not inflation because there was not a rise in the price level. You would want to be in conformity with him?

Mr. APPLEBY: That is right.

Mr. BLACKMORE: Now, there is a point you wish to make.

Mr. APPLEBY: The point is do you think in this argument you have brought up that there would be a difference in a government administration? I feel there would be a drastic advance if we had a government administration. They would not stop credit in such a short period of time. There would be a certain period allowed for adjustment and not a sudden curtailment which would ruin everything. We feel that certain interests got the advantage of that sudden curtailment in taking over our property values. The government would not have any need, they would not gain anything by doing that. Therefore, would not a government administration be much better than the other?

Mr. CLEAVER: Will you not admit your two main problems in the west during this depression period were falling prices and poor crops?

Mr. BLACKMORE: Withdrawal of credit.

Mr. CLEAVER: Those were your fundamental problems, undoubtedly.

Mr. APPLEBY: But it was withdrawal of credit, too.

Mr. CLEAVER: If you had had good crops and good prices you would not be worried about bank credit, would you?

Mr. APPLEBY: We had plenty of good crops in 1932 and 1933.

Mr. CLEAVER: What about prices? No matter what crops you had and no matter what type of banking system you had if you had 50 cent wheat you could not make any money.

Mr. APPLEBY: The money was withdrawn until we could not get any price.

Mr. BLACKMORE: Pardon me for interrupting here. The point is what caused that fall in prices was this very withdrawal of credit.

Mr. APPLEBY: Certainly.

Mr. CLEAVER: The fall of prices occurred, Mr. Blackmore, long before the withdrawal of credit.

The CHAIRMAN: Mr. Blackmore, may I interject a statement?

Mr. BLACKMORE: Yes.

The CHAIRMAN: It seems to be a matter of record that the fall of prices began after the phenomenal crop in Russia. Russia had somewhere about 100,000,000 acres in wheat and had a phenomenal crop, if I remember correctly, in 1928 or 1929 which was four bushels per acre in excess of the normal. At that time total import requirements were about 450,000,000 bushels, so that Russia at that time produced about all the wheat that was required to be imported, and then wheat came down with a collapse.

Mr. SLAGHT: Does not Liverpool pretty well fix the price of wheat?

The CHAIRMAN: Wheat sold in Liverpool at almost a pittance as a result of the phenomenal crop and the storage in the Soviet Republic.

Mr. BLACKMORE: Tell me, Mr. Chairman—and please let me guide this because I am questioning the witness and I want to guide it in the interests of everyone getting the truth—did not Mr. Towers bring it out pretty definitely when we were discussing this matter of 1927, 28 and 29 that one of the major causes of the collapse in credit was the fact that whereas the United States and other nations had been lending rather freely abroad and therefore had been able to sell freely they discontinued that lending policy towards the end of 1929?

The CHAIRMAN: Yes.

Mr. BLACKMORE: That is an important element, too.