

The Budget—Mr. Blackmore

Norman, that "henceforth I was going to fight him and the gold standard and the Bank of England policy until I died"—(and well I remember the words of his reply!)—I have been an ardent money reformer. Some few years afterwards I resigned my long directorship of Vickers, Limited; since when I have spent much time and money in advocating the necessity for a reform of the monetary system.

And again:

I bear no ill feeling against my own class or any other class. I seek neither notoriety nor kudos. If someone can change my convictions I shall be only too ready to alter them. But in fifteen years nothing whatever has occurred to make me alter my views. I still believe that the existing system is actively harmful to the state, creates poverty and unemployment, and is the root cause of war.

And again:

This personal confession is merely to demonstrate that I have seen both sides of the picture. My opinions are based upon my own experience and knowledge. I am today in the unique position of being absolutely and entirely devoid of animosity and wholly disinterested. I feel myself no longer under any restrictions whatsoever, except to guard against doing harm to my country or giving offence to anyone.

These sound like good qualifications; one would feel prompted to listen to a man like that, would he not? Here is one man, eminently qualified, who frankly advocates government-created debt-free money to be spent into circulation, and not lent as is our money under our present financial system.

May I turn now to another man. This time I select Right Hon. Reginald McKenna, long-time chairman of the Midland bank in England. Reginald McKenna was one of the fourteen members of a committee on finance and industry appointed on November 5, 1929, by the British government as the Macmillan committee to inquire into banking, finance and credit. I should think that would be sufficient qualification at least to entitle him to some attention on our part—and probably to a little thinking about what he had to say. He, along with others, inquired into banking, finance and credit, and prepared the Macmillan report on finance and industry.

In January, 1936, in his annual report to the shareholders of his bank, he made a statement which is of great importance to all men of our race. His report is printed in the *London Times* of January 30—it is available in our parliamentary library to anyone who wishes to read it. May I read a passage from that report:

Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers without reference to the central bank's holding of gold. Thus the nineteenth century, which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control.

We learned that a shortage of money may be just as vicious in its effects as an excess, though deflation has still a touch of virtue about it in the

[Mr. Blackmore.]

minds of many people. Nevertheless it is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused.

For money to be truly "sound" there must be enough of it to finance an ordinarily growing volume of trade, yet not so much as to give rise to an inflationary movement of prices.

One would think that man was a Social Creditor, would he not? I suppose the Progressive Conservatives would eject him from their party if he made a remark like that. I am almost sure the Liberals would stop him from talking from the floor of the house. And if he did not, they would see that he did not receive any further nominations in his constituency.

Mr. Knowles: He would get an independent nomination—and win, as happened yesterday.

Mr. Brooks: Not bad.

Mr. Blackmore: Nevertheless if these Liberals and Conservatives are to be worthy of the responsibilities resting upon them in these trying times, they will have to give attention to the serious matters in this excerpt which I have quoted from Right Hon. Reginald McKenna.

Has state-created debt-free money ever been used successfully? Yes. Canada created \$26 million in debt-free money during world war I. She spent the money into circulation to defray part of the cost of that war. We have never paid a five-cent piece in interest on that money; we do not owe five cents' worth of debt on it. Yet that money played just as important a part in the conduct of world war I as did any dollar gathered and spent by the dominion government. And it had no greater effect in producing inflation than had any other dollar thus gathered and spent.

There are people who will say that that \$26 million helped cause inflation. What caused the astonishing inflation after this war, then? All the money used in this war was borrowed and gathered through taxation. Why the appalling prices from which we now are suffering?

Abraham Lincoln used what were known as greenbacks and with them he won the civil war in the United States.

Great Britain at the time of world war I resorted to treasury notes called Bradburys, and issued them to a value of £354 million. There was nothing behind those Bradburys more than certain securities. But they supported Britain's effort in the war, and with them she won the war.

Dr. William A. Shaw, secretary of His Majesty's treasury, and one of the best informed men in matters of finance, has told us that if Britain had been wise enough to