

believe it is a time for putting on the brakes;" would any Finance Minister take that responsibility so far as this country is concerned?—A. I do not think so.

Hon. Mr. ROBB: Is any one advocating that?

The WITNESS: I do not think the Government of the day would do that, and that is the reason why the directors of the Federal Board are appointed by the President.

*By Mr. Irvine:*

Q. They did take that responsibility. Have you examined the lines of deflation in Canada at the close of the war, from the peak to the bottom, and have you examined them in the United States to see the relation between the two?—A. No, I have not.

Q. If you do, you will find that Canada dropped, like that, to the bottom of the bank, and the United States has not got to the bottom yet, and they maintain the credit of the country to a large degree simply by a stringent control?—A. I think what I have said before is the fact. Neither the Federal Reserve System, nor any Federal system can control prices. There must be a head of it and it is only his opinion.

Q. I think we are foolish to try to get a representative of the associated banks to agree to a change which he regards as not being necessary, and he declares that there is not only no need for any control but that there is no possibility of it. Consequently, we do not look to the Bankers' Association for any evidence in this matter, and you will surely not feel slighted if we look elsewhere to find the control which we believe is necessary, and which we believe must come.

Hon. Mr. ROBB: Well, Mr. Irvine, if I understand Mr. Woodsworth aright, he believes that the banks could have prevented inflation at that period when there was inflation, because of the high price of goods, and the demand for goods. Not only the actual producers, the farmers, but the industrials were running over-time to produce those goods. If Mr. Woodsworth is right in his argument, the banks could have prevented the increase in the wages of labour which occurred at that time. Every one will admit that labour jumped from about two dollars per day to seven dollars per day. Is it the argument here that the banks should keep down the price of labour?

Mr. IRVINE: Oh, that is not the point, sir.

Hon. Mr. ROBB: Is not that a fair inference?

Mr. IRVINE: We are not talking about the price of labour, but about the price of a dollar, and how much a dollar will buy. It does not matter to labour how many dollars in units he gets if it cannot purchase the goods.

Hon. Mr. ROBB: The price of goods is affected by the price of labour.

Mr. IRVINE: What is meant by inflation is, if you have got more money on the market than you have got goods, and through the destructive effect of war, when you had inflated credit to produce the goods, you destroyed the goods, and left your credit floating, you could not help having inflation. I am not blaming the banks for that. There was no machinery at that time to do other than was done. There was no one that thought about anything else, and there is no use of washing that old linen. The point is, can we look forward to any possible change in the future in the relation between the amount of money that is let loose by the credit interests, and the price of the dollar? Is there a possibility of controlling it? That is the point. The Bankers' Association say there is no possibility of controlling anything with regard to prices.

WITNESS: Mr. Irvine, I did not say there was no possibility.

[Mr. Albert E. Phipps.]