

idea a little further, but I feel it is necessary to go on with the other matters already touched upon.

May I come back now to the other part of the subamendment of the Progressive party? It is as follows:

That in the opinion of this house, as a first step towards general economic reconstruction, our financial system should be nationalized, and provision be made to issue immediately sufficient money to bring the value of the dollar as speedily as possible to that point at which the major portion of our debts were incurred during the war; stabilize the dollar at this point internally and thereafter manage credit and currency issue to secure and maintain a stable price level within Canada.

That is the substance of the subamendment. It suggests two things: first, the nationalization of our financial system and, second, the direct adoption of a policy of inflation. May I in the first instance ask this question of those who have moved this subamendment: If our financial system is to be nationalized, whom are you going to entrust with that work? Are you going to entrust the government opposite with it? Are you going to entrust hon. gentlemen opposite, who have dealt with the tariff in the manner in which they have, under the freedom which has been given them, to nationalize the finances of this country? Yet that is what this amendment is suggesting, because it is addressed to parliament as it exists at the present time. May I ask another question? Were a Liberal administration in office would you entrust a Liberal administration with that task? May I ask still another question? Were you in office yourselves, would you undertake the work of nationalizing the finances of the country? I do not believe that any group of persons who have given thought to these matters would attempt a task of that kind in Canada at this time. And, if we ourselves would not undertake a scheme such as this, what would be thought of Canada by other countries if it were announced to-morrow that this House of Commons had attempted any such task as the one indicated in the subamendment?

With respect to the inflation of currency, may I draw attention to this further fact? It is a well known circumstance that it is very difficult to discover just what exact amount of inflation is going to serve the purpose that may be in view. Who is going to determine whether there is enough inflation? Inflation has a way of gathering momentum to itself. It is easy to step on the accelerator, but it is very hard to put on the brakes.

[Mr. Mackenzie King.]

Miss MACPHAIL: They seem to have put on the brakes now.

Mr. MACKENZIE KING: That is fortunate if it is in regard to inflation, because to my mind inflation certainly is one of the last cures that would be helpful in the present situation. Would inflation increase the purchasing power of any one overseas? Would not inflation, if it is carried to the point indicated in the amendment, help very much the holding classes to-day as compared with others? Let me read a statement by Mr. Keynes, whom hon. gentlemen to my left have often quoted:

To restore the value of pre-war holdings by deflation means enhancing at the same time the value of war and post-war holdings, and thereby raising the total claims of the rentier class not only beyond what they are entitled to, but to an intolerable proportion of the total income of the community.

Is that sort of thing what is desired by those who have moved the subamendment? You cannot deflate or inflate currency in such a way that it will help only those who have next to nothing, and not help in some cases those also who may possess something. Each works all around. Inflation like deflation is a two-edged sword when it comes to dealing with financial matters.

Moreover, may I ask if some of these problems are not very much beyond the bounds of a single nation to deal with? Is it not true that apart from these problems, being international in character, other factors enter in a very real way which, even so far as international cooperation is concerned, it is very difficult to control? A very learned address was delivered in this city not very long ago by a great economist who has been quoted many times in the course of this debate, Sir Josiah Stamp. What did he say?

No economic machine can stand against undue optimism or undue pessimism. In getting the world right, there are two separate sets of problems to be faced: (1) national problems to be solved by ourselves, and (2) international problems which cannot be solved by any one nation, but can be solved only by the complete and frank merging of interests which interrelate. Such problems are the gold problem, tariffs and the dislocation of markets.

There is here a reference to the psychological factor as well as the economic, and may I, in speaking of the psychological factor, ask those who are advocating the course set out in this subamendment whether the credit of Canada in the eyes of the world would be improved if to-morrow an announcement were made that this country had decided to inflate its currency? I do not believe it