

choice. We can maintain a much sounder banking system if we see to it that industry remains in a sound condition, because the main purpose of the banks ought to be—perhaps it is not but it ought to be—to finance industry and to keep it at work.

One of the chief matters for investigation by the royal commission should be this question: How can the Canadian banking system be improved so as to serve the needs of industry? I hope that when this investigation is held and the report is brought down there will be recommended a distinctly Canadian national money policy. Money is distinctly national in character, and one of the chief causes of present world conditions is the attempt to carry on a lot of national economic units with an international currency. The two do not go together. Money, I say, is national and we want a money system suited to our own needs.

I wish to quote two or three sentences from a recent review issued by the Midland Bank of England:

The brightest hope for revival of prosperity in Great Britain and the world lies in our complete freedom to pursue a monetary policy of our own devising, aimed at the recovery of commodity values to a level at which business in general becomes profitable again.

It is desirable that the people of this country pay more and more attention to the course of sterling commodity values, and to be undisturbed in the face of exchange movements even when they involve further external depreciation of the pound. The value of the pound in terms of gold is far less important than its value in terms of goods. Happily, mankind is coming to realize, though only slowly, that exchange stability is not enough, but that to subserve economic welfare the currency must divest itself of the extreme variability in commodity value which has proved the source of most of our troubles in the years just passed.

That puts the case very clearly.

One of our great troubles comes from the fact that we have given more consideration to finance than to humanity. After all, the greatest asset of the country is its people. We must take care of our people, and if humanity is to be sacrificed to the banking industry, then the banking industry will not profit in the long run. The fact that we have been more concerned with money than with humanity is the reason for so many people in Canada being unemployed. There is a market in Canada for industry—I regret that we have not very good statistics on this point; they are meagre—there are thousands of people in Canada who need houses; thousands who need furniture; thousands who need furnaces or central heating systems in their houses; thousands of homes without any water system, without refrigerators, pianos or radios; and

[Mr. Coote.]

there are thousands of people in need of food and clothing.

Here are just a few statistics I have been able to obtain to indicate the market available in Canada. I find from a recent bulletin issued by the bureau of statistics that there are in Canada 728,000 farms—I omit the hundreds. Of these, 116,000 have radios. That means that there is a market for 612,000 radio receiving sets. There are 321,000 farms with automobiles and 407,000 without; and 233,000 farms with telephones and 494,000 without. Remember, these are 1931 figures, and in some districts one half the rural telephones have been taken out in the last year. Of all the farms in Canada only 60,000 have running water in the kitchen. There is work for plumbers to install water systems in 668,000 farm homes. The number of farm homes in Canada with running water piped in the bathroom is 36,000, or about five per cent. There is a wonderful market in Canada for all our industries. I am sorry I have not the statistics for the cities, but they are not published by the bureau. If every building in Canada that needs a coat of paint were painted this year it would give employment to 100,000 men making the paint and putting it on the buildings. I am impressed with this fact every time I make the trip from here to Montreal. I am sure there is plenty of employment in Canada for all our people for the next ten years, and in that period we would have a breathing space to make comprehensive plans for giving employment to the people and supplying them with the goods we know we can produce.

Coming to the financial position disclosed in the budget, it is clear to me that the deficit is the result of this government's policy of deflation. Perhaps I am wrong in speaking of the government's policy; perhaps I should say, lack of policy. The decreased revenues are the result of a deflation of money, which causes low commodity price levels with stagnation of trade and unemployment and declining railway traffic. There you have the cause of the budget deficit. Our whole internal economy is upset; our standard of living, our incomes, wages and salaries, and even the chance for employment are all sacrificed to maintain the fetish called sound money—mostly sound and very little money, so far as most people can see. We have been blindly following the moneychangers of New York. Professor Gustav Cassel, one of Europe's greatest economists, and for many years financial adviser to the League of Nations, in a lecture last summer, speaking of the money policy of the United States, described it as a