

economy due to the war situation; but we know we are going to come to a time when we have to model our economy to meet peace time needs of the nation, and there is a period of time there where it will be very difficult. I can quite see that drastic and radical changes in that particular period may be difficult, but we have got to settle ourselves down to an economy of progress, and we have to build up a Canada on the foundation that has been laid, because we have done nothing more than lay the foundation of a nation.

Q. I agree with you entirely; but what we are looking for is fundamental principles upon which most likely progress can be built?—A. Yes. There is a great responsibility on the shoulders of you fellows.

Mr. APPLEBY: I would like to say that in our brief we mentioned that there was a tremendous inflation in 1928 and 1929, and credit was suddenly withdrawn.

Mr. BLACKMORE: May I ask you what you mean by inflation?

Mr. APPLEBY: There was plenty of money to handle everything that we wished to handle. It was not altogether inflation. There was plenty of money circulating to handle everything we wanted and suddenly it disappeared.

Mr. BLACKMORE: We want to be careful with our words. Would you agree that we would not have inflation unless there was a rise in the cost of living?

Mr. APPLEBY: I would not agree there was inflation unless it came to the point where there was more money about than was needed to take off our produce.

Mr. BLACKMORE: With a consequent rise in price?

Mr. APPLEBY: That would work in, but that was not the point I wanted to bring out.

Mr. BLACKMORE: The reason I mention it now, Mr. Appleby, if you will pardon me for interrupting, is that I just want to get it perfectly straight because we have been in this committee quite a while and you are just coming in and you are not conditioned yet. The definition we have generally adopted here of inflation is that inflation is a rise in prices. I was just wondering whether you meant to say that there was a rise in the price level in 1927, 1928 and 1929. We will grant there was an increase in money but was the increase in money so great that there was more money than there were goods and services resulting in a rise in prices?

Mr. APPLEBY: Not sufficient to be any dominating factor, but the part I want to bring out is that was suddenly withdrawn, and when it was suddenly withdrawn it made it so that there was not sufficient money, especially in our own immediate vicinity, and I believe in the rest of Canada there was not sufficient money to meet the obligations which we had undertaken at a time when there was plenty of money. Just a minute and I will finish that off. When that was suddenly withdrawn there was nothing else for it than that a lot of us lost our deeds to our land. It would not be to the government's advantage to put on a sudden policy which would make us lose our property to them. In that way there would be a difference.

Mr. BLACKMORE: I just wanted to bring you into line with what the committee has thus far arrived at, you see. Would you be just as well pleased to say that there was more or less a free money policy up until 1929, or rather one in which there was not a restriction of credit, and that was followed by a policy of definite restriction of credit; so you can say you had plenty of money in 1927, 1928 and 1929 and then you had a great shortage of money afterwards? Would you be just as well pleased to use that expression?

Mr. APPLEBY: Every bit as well because I have said it was not what you call inflationary, but it was a free money period when you had plenty of it.

Mr. BLACKMORE: The Governor of the Bank of Canada has argued two or three times there was not inflation in 1927, 1928 and 1929, that there was free