interest rates down; he is finding a good deal of money for Canada's war effort, and as far as I can judge, he is building up our war effort rather satisfactorily.

It must, however, be apparent to everyone in Canada—and that the minister should frankly acknowledge—that this great sum of money is not going to be taken from the people entirely by taxation or by borrowing from the people's savings, but that a very large percentage of this great levy is going to be obtained by the direct creation of new money.

Mr. ILSLEY: I do not agree with that at all.

Mr. BLACKMORE: The minister thinks that will not be the situation. Then he is very optimistic. I submit that, long before this war is even at its climax, every thinking person in this country is going to confess and freely acknowledge that money is being created. Even the leader of the opposition (Mr. Hanson) yesterday, as I shall show later on by quotations from his remarks, inferentially and by implication acknowledged that money is being created.

The one great fault we have to find with the minister's outlook on the situation is that apparently he takes the attitude that all the money which is going to be used for financing this war, not only this year but perhaps five years from to-day, must be raised either by taxation from the people's earnings or by borrowing from the people's savings.

I think the time has come when we should define this matter quite honestly. I believe the very best and most orthodox minds, to use the terminology of the minister, are beginning to reason in some such way as this: Two billion dollars this year; two and a half billion dollars next year; three billion dollars the year after! Where in the world is the money coming from, and how in the world is Canada going to pay back this money? I believe the minister is very close to a climax, a crisis; for I have heard several times already, from rather responsible people, this reaction, that they are never going to get their money back. They are afraid there is going to be inflation, and they are alarmed because of various other considerations. I wish to make it quite clear right now that the people of my movement, the social credit movement, are just as enthusiastic about winning this war and just as determined to win the war, as any other people; but they believe the time is coming, in this age of abundance, since our opponents are fighting the war on the basis of goods and resources, when we also must begin to fight on the basis of goods and resources.

Mr. ILSLEY: Which we are doing.

Mr. BLACKMORE: That is very fine; I am glad to hear it. The trouble is that when the minister makes that statement, he puts himself, I believe, in a very inconsistent position.

Mr. ILSLEY: How?

Mr. BLACKMORE: I think I may be able to show that in a little while.

I should now like to turn to the remarks of the leader of the opposition yesterday in order to indicate the general confusion that seems to be abroad in the land. I have considerable respect for the leader of the opposition. I think he does about as well as he could, having nothing but orthodox financial principles on which to base his reasoning, so when I quote his words I do not wish anyone to suppose that I am seriously condemning him. At page 832 of *Hansard* he first used the word "inflation" when he said:

> It is assumed that inflation in any form is definitely barred, notwithstanding what some people may have said recently, and to that decision I am not, at the moment at least, taking any exception.

Here let me say definitely, once and for all, that the social credit movement is not standing for inflation in any sense of the word. If the Liberal party, the Conservative party and the Cooperative Commonwealth Federation would just take that simple fact from me, who should know, then we would avoid a great deal of aimless, confusing discussion in future and would be able to devote our attention to the real question at issue, which is, what is inflation? Then the hon. gentleman went on to say:

> Inflation as a means of financing this enormous programme at this time would, in my opinion, be a false move.

I entirely agree with that statement. I would be one of the last men in Canada to advocate inflation in any sense of the word. Certainly it would be destructive. But there is some confusion as to the real meaning of the word "inflation", and it is with that confusion that I propose to occupy myself for a few moments. The leader of the opposition went on to say:

> Later on, when other sources have dried up, we may have to come to a measure of inflation, but we have not yet reached that point.

I think the hon. member for Acadia (Mr. Quelch) made reference to that statement. To the monetary reformer, to the social crediter, the statement of the leader of the opposition as contained in those words is very, very foolish. You may expand money with a measure of safety while our resources of men and material are not yet fully used,