

not happen to have them. Our gold mines have been of tremendous benefit to us, but it seems to me that they have not been of the benefit they might have been, because we happen to be a debtor country. What happens at the present time is: that the gold mines of Canada are being entirely supported by the taxpayers of the country. I am not objecting to this because it is what we have to do; but we are paying the gold mines for the gold they produce and then sending that gold to New York to meet our obligations. The difficulty therefore at present is that all the gold we are producing is not a basis for currency expansion in Canada. Neither is it any good to the United States because she has not used her accumulated gold reserves as a basis of monetary expansion. The work was done in Canada—this does not help the United States.

Now if we can agree that the logical way to solve this depression is to put everybody to work in the gold mines at the production of the metal base of our currency, I think we can reasonably agree, further, that that indicates a weakness in gold alone as a money base, for it is something that is too scarce; it is not plentiful enough, and is not equitably distributed.

A great many suggestions have been offered as to what might be done to patch up gold. The hon. member for East Algoma (Mr. Nicholson) told the house of the revaluation plan of Peter Robertson. Doctor Stephen Leacock has published a little book in which he puts forward a plan which amounts to the same thing. His book is entitled something to this effect: How to solve the depression in six seconds, eradicate it in six minutes, and permanently cure it in six hours. He advocates the reduction of the gold value of the dollar by twenty-five per cent.

Then there is the suggestion of an international banker or economist that gold certificates should be issued by the Bank of International Settlements, and that these gold certificates by treaty should be accepted in all the various countries as gold. They would be loaned out to countries in need of gold reserves. There is also the suggestion that silver should be remonetized. But these suggestions are all practically the same in principle. They all admit the fact that there is not a sufficient quantity of the monetary base in the world. I do not for a moment doubt but that by these various means the price level can be raised; there is no doubt that it can be. I do not doubt that through bringing about revaluation a reasonable measure of prosperity can be brought back, but so far as producing an ideal state, or a return of permanent prosperity is concerned,

[Mr. Davies.]

I must confess that I cannot see any very definite hope in that direction through such suggestions. I am afraid we will just be preparing ourselves for another business cycle.

How do my hon. friends in the southeast corner of the house view the situation? They look at it in this way: Here is a man who has been working in a boot factory and is now out of work; there are others who need boots. Here is the plant. They say: "This whole thing is a dirty mess. Let the government take it over." I think that is what socialism is. I cannot agree with my hon. friends in the southeast corner in their method by which they would get us out of the depression. They look upon the government, as one writer has called it, as an omniscient political chore-boy robot who can accomplish everything. I do not view the function of government in that light. If that form of state socialism was adopted—and that is what they advocate—unless the real causes are got at, would we have anything more than something in the nature of a glorious scheme of national relief?

Mr. MITCHELL: What have we now?

Mr. DAVIES: We can do that now just as well under the present system, and there is no use changing unless your system has something better to offer, and it hasn't. Then my hon. friends in the southeast corner look at the banks. They see the beautiful buildings and the nicely polished brass doors. They see the weekly bank returns showing savings deposits of approximately one and a half billion of dollars, and they say: "Let us nationalize the banks and take the whole thing over; we will fix this thing up." But is that necessary? With our banks nationalized and our bank managers and bank employees directly or indirectly civil servants, would it be easier to lend a dollar to any man than it is under existing conditions? There are only two ways to get purchasing power into the hands of the people; one way is to give it out and get something done; the other way is to hand it out and get nothing done. I firmly believe that under a socialized or nationalized banking system if money would be handed out without any reasonable expectation of its being returned—and I submit that it would not be returned under existing conditions—the final result would be that the banking system would run the state into bankruptcy much quicker than the Canadian National Railways has any possibility of doing.

It seems to me that there is another very substantial defect in what my hon. friends in that corner of the house advance, and that is that it would bring credit into the sphere