

that they could use! In the first place they could buy and preserve and store our surplus goods. They could buy the surplus wheat in western Canada and build storage facilities and store it therein, and entirely relieve themselves of anxiety with respect to our wheat surplus, at the same time building up a store which may be of tremendous value later on, in the vicissitudes which doubtless await us in the dark days ahead. The government could buy our surplus apples, dry them and store them; could buy our beans and peas and corn and other imperishable products. Conceivably they could even buy such perishable articles as fruits, and can them and store them.

But people say, would not that cause inflation? If Uruguay or the Argentine or Germany or England bought those goods, would we be able to spend the money in Canada? The answer is yes. Then you can spend Canadian money without causing a rise in prices. And inflation is a rise in prices. Again, the government could buy the products of our mines—zinc, copper, aluminum, any other product that it found there was need for, and could trade that for products such as oranges, which are produced outside the country. Even in countries where we cannot now sell wheat and the major products of our farms and industries, we could sell some products which we have. Thus the government could overcome the loss of markets by exercising this power of creating money by applying the principles of social credit.

I come now to another extremely important matter. There is not an hon. member of this house who is not eager to do everything he possibly can to help Britain. The hon. member for Dufferin-Simcoe (Mr. Rowe) the other night, as I recall it, suggested that we give Great Britain five million bushels of wheat. Under the system I advocate it would be possible to give Great Britain any quantity of any product that this country can produce, without its costing the people of this country one cent. The pressure upon British exchange, which to-day threatens to strangle her and is gravely impeding her war effort, could be removed by Canada. All that is necessary is that we put more people to work, use more of our resources and produce more of the required goods, using the goods and services as justification for creating the money, then buying the goods and services and giving them to any country we wish. The importance of this principle can scarcely be overestimated. But at present we are helplessly, and I might almost say inanely, wringing our hands and shrugging helpless shoulders and saying: We do not know how we can sell Britain our goods,

because we cannot buy British goods. Our ability to buy British goods has nothing whatever to do with our ability to let Britain have our goods, if we face the facts as they are.

There is another thing the government can do which will be extremely important in the winning of this war. At the present time people are suffering most painfully from small relief allowances. Inevitably prices are rising, notwithstanding the vigilant—I almost said noble—efforts of the government to prevent it. But as prices rise, relief allowances are being cut down instead of being increased. Anyone can see that a situation is being created which is going to be painful in the highest degree, a situation which we have no right to allow to exist if there is any way of avoiding it, and I say there is a way. In addition we can supplement wage rates. As prices tend to rise, men are going to become restless with their meagre wages and will threaten to strike and perhaps will strike. There is no reason why the government cannot supplement wage rates, rendering the people better able to buy the goods we can produce so abundantly. The government can increase the pensions it now pays, both in the size of the pension and in the extent of their application. The government can increase other allowances to people throughout the country.

Once again I must deal with the question of whether or not this will cause inflation. What is inflation? It is a rise in price which results from having more money in circulation than there are goods in markets to buy. That is the only cause of inflation about which we need concern ourselves. The truth of what I say has been indicated by some of the quotations I have already given. To-day there is no gold behind the Canadian dollar. Has that made any difference to any one of us? Not the slightest. Then evidently it is not gold that gives our money value. What does? Well, it is largely our need for the money. Inflation results from a shortage of goods. This can be proved by reference to Germany, where the famous inflation took place. It can be proved by reference to any of the unfortunate monetary experiences which the wisecracks of finance trot out to-day in order to scare people. In every instance there was a shortage of goods. The shortage in Germany in 1921, 1922 and 1923, when inflation took place, was simply appalling; and that shortage of goods and services was the cause of the German inflation. I read a passage from Paul Einzig that applies here. Let me read another quotation, this time from page 1531 of *Hansard* for March 3, 1939. This was a little conversation between myself and the