handouts, all indicate beyond any reasonable doubt that the dollar of tomorrow may well be a dime in purchasing power. The government has served multiple notice that it has no intention of protecting the integrity of the currency.

Against the possibility of cyclical business and price retreat the average citizen balances the probability of war and the certainty that the government, deliberately avoiding the salutary discipline of gold, will undermine the currency.

He would be a chump if he failed to adjust his personal plans. He therefore seizes the forelock of the future by purchasing today the heavy items now available which he otherwise would not have bought except at some future date. Again we borrow from that future and crowd the current days with business which gives those days the character of a boom in high tide.

Stock markets today are moving up. The country is experiencing a boom. The pressure partially exerted by inflation in the United States is driving up, up, up the price of our staples. We welcome it—we welcome it because it balances our trade with the United States. But, Mr. Chairman, it is a very dangerous thing, and if we are completely tied to that inflationary economy the results for us will be profoundly serious.

In that connection I should like to quote a Canadian authority in a Canadian Press dispatch of June 23, as quoted in today's *Globe and Mail.* It carries a dateline at Sarnia and states:

A continuing dominion government policy of full employment and managed currency, instituted with the founding of the Bank of Canada in 1933, could bring economic havoc, the accounting forum of Sarnia and Port Huron, Michigan, was told here.

Speaker was Earl A. Steiss, investment head of a London, Ontario, trust company (Canada Trust) and a lecturer in business administration at the university of Western Ontario.

He said that the "full employment system,"—

And I shall later explain the expression "full employment system".

—which succeeded the gold standard as a basis for national economy, could eventually bring food surpluses such as existed in the United States, disastrous loss of export markets, and a declining standard of living.

It had already meant a serious drop in the real value of salaries for Canadians dependent on fixed incomes, he claimed. Because salaries, unlike wages and farm incomes, have failed to keep pace with the rise in the cost of living.

In 1933, a man with a $3,000 a year salary had more than $2,900 left after tax deductions. In 1949 the same salary after tax deductions was worth less than $1,500 in terms of 1933 dollars. A $5,000 income in 1949 was worth less in buying power after tax deductions than a $3,000 salary in 1933.

Mr. Steiss said that the three direct effects of the system of managed currency under government control was to increase government spending, increase prices and decrease interest rates.

The most serious effect of increasing prices was the threatening loss of export markets on which Canada depends for 30 per cent of her income.

These are the inevitable results. We are trading today at an increasing rate with, I will not say "our partner", but our co-partner in an inflationary debauch.

Let me say a word about the expression "full employment". The policy of full employment means a constant expansion in the money supply so that when an industry prices itself out of the natural market new money will be created so that it can sell its products at an increased price. It does not mean that everyone will have a job. The unemployment, seasonal and otherwise, during the past year when the policy of "full employment" was in force is testimony of this.

What does this boil down to? It boils down to this: We have a growing inflationary pressure placed against the present administration, and against the whole Canadian economy. We make this possible to continue, and seem even pleasant, because we manage the currency and constantly increase the raw money supply. This procedure has been embarked upon by many other countries in the past, but no one ever embarked upon it without desperate consequences.

I suggest that now is the time for the government, before it is forced into deficit financing, before the purchasing power of the dollar has dropped further and before the next demand for increased wages and increased prices is made, to stabilize the situation at this level. Let us see if we can set a lead, even to the United States, and stop the inflationary pressure that is taking place. If we do not do that our economy is in the gravest danger it has ever experienced.

Up to now things have gone reasonably well. The purchasing power of the dollar as reflected in the cost of living basis is down to about 40 cents as compared with the pre-war dollar. But from now on that depreciation in purchasing power is likely to accelerate. Every hoist in the cost of living and those other items that enter into our economy makes the next hoist, the next inflationary move, that much more certain and that much more inevitable.

The experience with the assignats in France could be repeated here. It is only our buoyant productivity that has saved us thus far. Our new resources and new developments—oil, base metals, wood products, fissionable materials, farm produce—all these have been the source of our salvation. They will continue to be; but let us not ride our luck too far.

Therefore in order to give substance to my protest I move:

That item 91 shall be reduced to one dollar.

Mr. Macdonnell (Greenwood): I should like to add a word to this. I am sure the mover of the amendment will agree that this is a