definition, in testimony given before a committee in the United States senate. In answer to the question by the chairman—"What do you call currency inflation?" Mr. Eccles replied, "To me it would mean where the supply of money, bank deposits and currency, in the hands of those who spend that money, is greater than a country's ability to produce the goods for the market. It would be a condition of overemployment, a condition of inability to produce the goods so that the supply of money in the hands of those who spend it, is in excess of a country's ability to supply the demands."

This definition and explanation should be read and reread in the light of present conditions.

I contend that if that definition were read and reread by the members of this house and the members of the administration they would begin to see a way out of our predicament at an early date. Does Canada lack the ability to produce goods? We hear about a surplus of wheat, and about a surplus of beef. Something has been said about a surplus of apples. If we took the trouble I know we could find that there are surpluses of a number of other commodities. We could find in this country the productive ability, the application of which would produce great surpluses. Why deny the people the use of these commodities in order to stop them from using too much? Of what goods have we a shortage? Of what goods is there a danger of a shortage developing? If we can find that out, then let us start to work to remedy these possible shortages. Of 147 articles which the Searle index listed as being used by the western farmer, 139 are produced in Canada and only eight have to be imported from outside. Surely that must have great significance for us in this crisis.

Inflation can be controlled, and there are several ways of doing this. We must remember first of all that inflation is a rise in prices which results from having more money in circulation than there are goods to be purchased. Inflation can be controlled by employing credit restriction. That is what this government has been doing for years and years. Another way is by taxing the people until they have no money to spend. This is a way very dear to the heart of the present government. Another way is by price fixing. This can be done by setting a point beyond which a commodity price cannot rise. It can be done by the government paying part of the cost of the article. Great Britain is spending £60,000,000 annually in order to keep down the prices of staple foods to the poor. This will be found on page 304 of *The Economist* of September 7. Great Britain is commencing to use the principle of the just price which was condemned when it was advocated by social crediters. And the degree to which Britain safely solves her economic problem will be the degree to which she accepts other principles of the social credit doctrine, just as sure as we are in this house.

There are other devices by which a government can prevent inflation. It can establish quotas. Is it afraid that the people are going to buy too many radios, too many silk gloves or too many coonskin coats? Then let it just set a quota on these articles, a limit beyond which people may not buy them. Let it not tax the people so much in order to keep them from buying coonskin coats that they cannot buy bread and butter. Where is the sense in that? It is absurd. But that is largely the kind of policy which this government is following to-day. Again a government can ration. The government rationed in the last war. It rationed sugar and a number of other commodities. So, if there is danger that we are going to have too big a demand for the supply of certain goods on hand, why not ration? But do not raise the price by taxation.

Further, we can manufacture substitutes if we can only be assured what commodities we are likely to run short of.

It is positively dismaying to listen to the radio talks and read the newspaper editorials about how we must tighten our belts and deprive ourselves. Yet no word do we hear of what we have to deprive ourselves. Let it be borne in mind that if the Canadian government takes 25 cent pieces and dollar bills away from the people, the people are going to be able to buy less of bread, less of cake, less of pie, less of cookies, and less of other commodities which are made from wheat, and all that will still further cut down the market for our wheat. Such is manifestly an absurd procedure. It accomplishes exactly the opposite of what ought to be brought about. If the government has discovered what commodities we are likely to run short of, why not advertise that fact in all these radio talks that are going on, so that people can refrain from buying those particular commodities?

Another action possible is to increase the production of needed commodities. Too few people realize that there are two general ways of dealing with inflation. You can either cut down the amount of money in circulation or increase the supply of goods in circulation. There is no danger of a rise in the price of wheat or potatoes or bread, or milk perhaps. Why? Because there is plenty of these goods. Then let us have plenty of other commodities so that there will be no danger of inflation with respect to them. Let the government deal with inflation realistically, instead of talking so much nonsense about it, as so many are doing to-day over the radio and in the newspapers. There is material coming over the