

pounds of butter that people are unable to buy? Certainly it is not because they do not want the butter; it is because they cannot buy it. The fact that the government propose this scheme shows that the government are aware that at present the people cannot buy it; but they will purchase it if the government furnishes the purchasing power.

We have in addition unpredictable tariff changes, largely on account of debt. We have low tariff and high tariff, and no one knows what the next change will be. The result is that because of this debt we have an unbearable grievance. The burden on my part of the country is becoming so great that we can no longer bear it. I am going to talk more about that later, but not to-day. Now it looks as though we are going to be asked to increase our troubles and our children's troubles by taking a million dollars of the taxes of the Canadian people to pay for this butter. I have no objection to paying for and distributing the butter, but what I object to is the way of getting the money. Where the butter is, the money can be. That statement may sound strange to us, but not so to the nations in Europe faced by exigencies; they learned long ago how to meet such a situation. They have learned how real it is that where goods are, money can be; and the result is that where they are sure they have the goods and the labour, they get the money. They create it. When are we going to change our policy in the interest of our children and our children's children?

I want to point out two or three things in regard to what they are doing in other countries. People will say: Oh well, we do not want to do what Germany is doing. Well, what is France doing? According to an Associated Press dispatch from Paris, dated September 22, 1938, the French government has borrowed from the Bank of France 21,050,000,000 francs without interest. That amounts to \$568,350,000. Why does not Canada do something like that? Since I came to this house we have not heard a proposal for getting money without paying interest on it.

Mr. HOWARD: Oh, yes.

Mr. DUNNING: My hon. friend is not correct there. The rate on treasury bills at the moment is a little over half of one per cent per annum. That is about what it costs to print money.

Mr. BLACKMORE: I am glad to hear that. It is time some of these other debts that are bearing interest up to five per cent were placed on the same basis. What France has done, it seems to me we in Canada can do. Surely

(Mr. Blackmore.)

the Bank of Canada is as stable an institution as the Bank of France. Surely Canada is as stable as France. Why can we not have interest free money from the Bank of Canada?

I have here a statement regarding the Bank of Canada which I think is interesting. We have had a great deal of talk about what could be done through the bank if we only had a government-owned Bank of Canada. Now we have a government-owned Bank of Canada of what value is it to us? Here is a statement from A. C. Cummings, quoting remarks of Right Hon. Reginald McKenna, referring to the New Zealand bank. His words are:

Here the general function of the central bank is defined as "to give effect to the monetary policy of the government" so that the "economic and social welfare of New Zealand may be promoted and maintained."

That is precisely the purpose for which I believe the Bank of Canada should be operated. This proposal to buy butter would be in line with that policy. He goes on to say:

For such purpose the bank has wide powers of controlling credit and currency regulating transfers of funds, helping exports, and giving financial assistance to the government, as well as buying and selling securities.

Then he turns to the Bank of Canada in contrast. He says:

No such extensive powers, the survey states, were taken for the Bank of Canada when that institution was nationalized.

Mr. DUNNING: Who says that?

Mr. BLACKMORE: Reginald McKenna.

Mr. POULIOT: Quoted by whom?

Mr. BLACKMORE: A. C. Cummings.

Mr. POULIOT: Who is he?

Mr. BLACKMORE: Mr. Cummings is a writer of the Ottawa Citizen's London News Bureau of the Southam Publishing Company. He ought to be dependable. He continues:

No such extensive powers, the survey states, were taken for the Bank of Canada when that institution was nationalized. The recent changes in the status of the dominion institution, indeed, are regarded as "having little more than formal significance."

It certainly is high time that we began to use the Bank of Canada in such a way as to relieve ourselves of the burden of debt and to help ourselves take care of internal and external trade to a far greater extent than we have been doing up to the present time. Our average interest rate at the present time is reported to me as being 3-67 per cent on created money. Why should that be? There is no reason at all.

I am going to talk—not too long, but long enough to put the idea before the people—about where the money can come from. First thing we know the government will see the light with respect to creating national money, and some hon. member, such as the hon. member for Témiscouata (Mr. Pouliot), will rise and ask the Social Credit people why they did not propose that long ago. But the first resolution the Social Credit people put on the order paper was to this effect: That the government of Canada should forthwith commence to create national purchasing power and use it for the economic well-being of Canada.

Mr. POULIOT: You did not say how.

Mr. BLACKMORE: It was not our function to say how. The first thing is to decide whether or not you are going to do it; the next thing is to say how. No one asks exactly how you are going to build a bridge before there has been a decision to build it.

Mr. McLEAN (Melfort): There is established practice in building bridges.

Mr. BLACKMORE: And there is plenty in regard to making money. The trouble is that hon. members who are so noisy about this matter have not taken the trouble to study financial history; otherwise they would know that there is plenty of experience to serve as a guide. Before we are through I am going to tell some of that experience.

First, what is purchasing power? When we urged that national purchasing power should be created in the Dominion of Canada, there were men who said that purchasing power consisted of goods and services. Now, goods and services are only potential purchasing power. Surplus wheat, for example; is that purchasing power? Not until you can sell it. As soon as you can sell it, it becomes purchasing power, but until you can sell it, surplus wheat is like surplus butter. It has no value unless it can be sold, except as its value is potential. The only thing we have in Canada which is genuine purchasing power is currency and credit. We use both of these as purchasing power. The social credit proposal is that the government create purchasing power, either currency or credit, and use it for the benefit of the Canadian economy, to some extent as Reginald McKenna has pointed out the Bank of New Zealand is designed to work.

What is the basis of credit creation? It is the real credit of a country. What do we mean by the real credit of a country? We mean the country's ability to produce goods. I think it was the Minister of Labour (Mr.

Rogers) who replied to our first resolution; and if I remember correctly I believe he said you could not get purchasing power apart from goods and services. That is perfectly true. If I do not quote him accurately the minister will correct me, but the flaw in his reasoning was just what I have pointed out. Goods and services are not purchasing power to-day unless you can convert them into currency or credit; they are only potential purchasing power. However, the minister had a very sound thought there. I think we will find that men like Hitler and Mussolini, and others in charge of countries like Italy and Germany, who have been in sore straits and have had to do things in different ways, long ago discovered that where you have goods and services you can have purchasing power; for all that is necessary is to transfer or transform the real credit, which is goods and services, into financial credit, which is currency or credit. Then you have purchasing power right away.

By some hon. members in this house and by newspapers in various parts of the country, which for some unaccountable reason are so tenderly solicitous of a person such as the Minister of Finance (Mr. Dunning) that they have to leap into the arena to defend him every time these social crediters speak, it has been repeatedly stated that the social credit people advocate inflation, uncontrolled, crude inflation, increasing the money beyond all reason, and all that sort of thing. That is not so at all. All that the social credit people have demanded has been simply the process I have indicated, of transforming real credit into financial credit.

Mr. DUNNING: I rise to a point of order. My hon. friend is now discussing a matter which was the subject of discussion on a resolution placed upon the order paper in my name, which discussion was adjourned. Prior to that adjournment my hon. friends, of whom the present speaker (Mr. Blackmore) is the leader, had prepared and presented an amendment to the resolution, which amendment was declared out of order. I then expressed the desire that the amendment might be redrafted in order so that the house might have an opportunity of deciding upon its merits. That is the position of that debate. Therefore we are now in this situation, that we have an adjourned debate covering exactly the ground which my hon. friend is endeavouring to duplicate on this occasion. I submit that under these circumstances the present discussion is out of order.