

of actual money to lend out, as it is erroneously called. It is a complete and entire delusion. These deposits are not deposits in cash at all. They are nothing but an enormous superstructure of credit.

Lastly I wish to quote from J. M. Keynes, the well-known economist, who in "A Tract on Monetary Reform" says:

It is not easy, it seems, for men to apprehend that their money is a mere intermediary without significance in itself, and disappears when its work is done from the sum of a nation's wealth.

I wish to refer for a few moments to the service, or lack of service, that the private banking interests of Canada have been giving to agriculture. I find that the banks are still breaking the law by charging more than the legal rate of interest. The rate is nearly always from eight to nine per cent in the west. An hon. member behind me says that they are the government, and probably there is more truth than fiction in that. Secondly, we find that although in an industry like agriculture, credit is needed for at least from one to three years; the agriculturists are forced to renew their notes every three of four months at compound interest. That is an unnecessary hardship. For some months during this crisis I have been receiving a great number of letters from farmers who claim that the banks have only too readily promised to reloan money to the farmer, so that he may pay up his local debts, if only he will first of all pay off his present indebtedness to the bank. This promise unfortunately has not always been kept.

When the second snow fell in October last year, we had only a small proportion of the threshing done in certain parts of the west, particularly in Alberta. The men who have been in that country from twenty to thirty years, good stable men who have helped to build up the country, have raised their families there, built schools, made roads, bought land and equipment, and who had no wish at all to leave the country, surely were worth a small amount being advanced to them to help them tide over the winter. In most cases they had no cash, and they needed money for food and clothing during the winter months. But they were abruptly turned down by the banks in nearly every case. Of the numerous letters that I have received, I shall quote only one, because I do not wish to take up the time of the house. One man writes me that although he had not had to borrow from any bank in years past, he had to go to them this year for ready cash. He listed his assets with the bank, which the banker admitted were about \$17,000, and his liabilities

were considered about \$400. After a good deal of talking, the banker grudgingly loaned this man \$150, and when advancing the money he said, "Do not tell anybody in your vicinity about it, because my instructions are not to loan."

These conditions, Mr. Speaker, have forced many farmers to get their necessities from the local stores on credit, and that naturally has had a bad effect on business, because the storekeepers should not be asked to carry the country. In the province of Alberta, conditions became so bad that a delegation of retailers waited on the premier of the province in January last and informed him that they were carrying such a load that they thought they could not go on; that they themselves were fearing pressure from those who supplied them with goods. They informed the premier that on their books alone they were carrying no less a sum than \$40,000,000. When we consider that volume of indebtedness in a province with a population of not many more than 680,000, you can see how serious the situation is.

We are face to face with one of the most serious deflations that have been brought about from time to time. I want to quote a few words from the Right Hon. Reginald McKenna, who, speaking in 1923 with regard to forced deflation, said:

Very little argument is needed to show that a policy of driving or keeping down prices by a restriction of purchasing power must depress trade. . . . What is the consequence? Men and women are thrown out of employment, less is paid in wages, and the amount spent upon consumption is reduced.

If the Prime Minister of this country would pay a little more attention to the subject of finance and a little less attention to tariff barriers, in the long run the country would be better off. Realizing the difficulties with which we are faced in selling the crop either now or in future years the convention of the United Farmers of Alberta held in January last passed the following resolution:

Whereas, the present price of wheat is far below the cost of production, and

Whereas, a continuation of such a condition will inevitably mean a lower standard of living for agriculture, and

Whereas, no benefit of the low price is being passed on to the consumer in the way of cheaper bread:

Therefore be it resolved, that an international conference be called representative of all wheat exporting countries, with the aim of stabilizing the producing of, and the export price for wheat, to enable the grower to meet the cost of production and obtain a reasonable profit, and