

tion of homes for the people? The answer to each of these questions must be unequivocally yes. Then how can the money possibly cause inflation? Then again, the government can use this new money to pay fair prices, first, for all primary products. Last night we engaged in a most profitable discussion on wheat. There are from coast to coast in this country hundreds of thousands of men producing wheat and other thousands who are in charge of matters who see no hope at all with respect to the price of wheat. That absence of hope need not be. The government can create new money and with that pay whatever price for wheat it sees fit. It can pay a fair price for all other commodities, all meats, all animal products, all vegetables and fruits and fish, and every other primary product. The question will be asked: But will not that cause inflation? The answer is: Would it cause inflation if you could sell these products say to Japan and get the money from Japan and spend it? Manifestly not. Well, if you could spend Japanese money in Canada without causing a rise in prices, unquestionably you could spend Canadian money without causing a rise in prices.

Furthermore the government can use such created money to give a lowered price, a discounted price on secondary products. For example if a pair of shoes is at present offered for sale by a retailer in Canada at \$5, it having been determined that \$5 is a fair price, there is no reason why the Canadian government cannot pay with created money \$1 of that \$5 and allow the consumer to buy the article at \$4, thus greatly increasing the amount of such goods that can be bought, consequently sold, consequently produced. Therefore the prosperity of the country would be increased. To the question, will it cause inflation, we reply, could you spend the money if it were United States money? The answer of course is yes. Why? Because you have plenty of goods and plenty of productive capacity to produce more goods and plenty of resources to support the productive capacity. That is the test of inflation. I shall in a moment read quotations to support what I say.

Thus the government can make sure that the price level in Canada is just whatever the government chooses it shall be. Hon. members in the debate last night on wheat pointed out that the price of goods, 147 articles, that the farmers in western Canada buy has risen until to-day the farmer is paying \$1.34 for goods which in 1914 cost him \$1. Manifestly there is a situation which must be made right. As we are to-day situated economically in the world, it is impossible for this government to

do anything to bring those prices down from \$1.34 to \$1. But if the government began to use the principle that I am outlining, which is one of the principles of social credit, the government could bring down those prices without injuring anyone.

Then again the government could use the new money to construct water conservation projects and irrigation works, to build roads, to carry on reforestation. I tremble to think of what might happen if Hitler should get past Great Britain and attack the sacred shores of Canada. Whereas in Germany they have great roads laid down adequate for the most speedy transportation of the most deadly weapons of modern warfare, we in Canada scarcely have a trans-Canada highway. How helpless we would be to defend our shores! Is there any reason why we could not build desirable roads? The only question is, have we the material, have we the men? The answer must be yes. Then if we have the materials and the men we surely can have the money; otherwise all these authorities whom I have already quoted are wrong; and common sense is wrong.

Again the government could use created money for training men, training its people. Hon. members tell us we need to have our youth trained; the hon. member for Davenport (Mr. MacNicol) has told us that. But about all we do is to wish piously that we knew where to get the money with which to do it. We all recognize that it ought to be done; we all recognize that we are in grave danger, that the existence of this country is threatened when we leave it undone. We say we have not the money, yet we have these declarations of eminent authorities to the effect that the amount of money a country can have depends only on its resources of materials and men. We could train people for military duty. The government could use such money to buy aeroplanes, tanks, armoured cars, munitions of war, anything it chose. During the last war, between 1914 and 1917, the dominion government created \$26,000,000 and used it to pay off some debts of the railroads, as I recall. The creation of that \$26,000,000 caused no trouble, nor would it to-day.

I come now to another matter which I think should be of interest to the Minister of Trade and Commerce (Mr. MacKinnon). I know he must be greatly worried about where we are going to sell our surplus products. People all over the country are worrying about it. That worry would be needless if the government were to exercise this power of creating money which their own governor of the Bank of Canada tells us they possess and implies