

chap who bought a mill and subsequently paid for it with a bag of flour. Such carryings on in public business are utterly dishonest. Decreasing money values is unfair to the creditor, irrespective of the degree of inflation. Inflation can bring about chaos when money becomes so unreliable that business can no longer be carried on.

I have talked about decreasing values in money. On the other hand, rising money can be even more disastrous. It may be much desired by the creditor class but it is ruinous to debtors. Most people engaged in active manufacture—merchants, farmers and businessmen—are debtors. You cannot carry on active business, at least few people can, and not be in the debtor class. If you increase the value of money you multiply the debt, with resulting chaos. It is all right to talk about lowering the cost of living by increasing the value of the dollar, but the concomitants of rising money are epidemics of bankruptcy, business tragedies, farm disasters and commercial chaos. That is why I say that from both standpoints—falling money and rising money—I am for honest money, money that stays put.

Honourable senators, I submit that it is most desirable that we in this chamber bear actively in mind these fundamental principles that I have tried to make clear and that we realize the self-interest of the various classes who urge at different times various courses of action on the part of government. It is most important to bear in mind continually that rising prices are a corollary of falling money, and that money is the responsibility of government. It is of no use for the Government to bluff that it cannot handle this question; the value of money is entirely within its control.

It is equally important, if we rule out a shot in the arm in our economy as the method of getting out of a depression—and I think, and hope, that we all do so—to bear in mind that the basic cause of our present depression—or recession, if you want me to be polite—is the skyrocketing of land values and cruelly exorbitant rents. This is a general condition prevailing from coast to coast, and which is figured in tremendous sums of money. This land value movement has taken a long time to develop, but it has steadily and relentlessly progressed until today a slight check in our economy makes it almost impossible for business to bear the burden. We are experiencing that stalemate in Canada at the present time. Further, we should bear in mind that the true remedy for such a condition is a generous measure of land value taxation, rather than monkeying with this buzz-saw of inflation.

There is something rather remarkable about the present depression in that falling money—and we have had that, as honourable senators know—has not yet enabled business to absorb unemployment. The honourable senator from Shelburne told us that prices have advanced to 3.4 points in the year ending March 31 last; and the honourable the junior senator from Winnipeg (Hon. Mr. Wall) gave us some startling percentages of the increase in prices, which of course means a decrease in money values. But evidently money has not yet fallen sufficiently to offset the stalling effect upon business of inflated land values and excessive rents. The individual suffering of the unemployed has been softened in this particular depression by the social legislation of the former Government, and the disasters of bankruptcies and forced reorganizations have not yet reduced the cost of business to a point where enterprise can again restore full employment. That, in my opinion, is where we are at the moment. The lowering of tariffs would help, I think, in promoting business activity, by permitting producers to buy in the cheapest and sell in the dearest markets; but one can expect very little help in that regard from the protectionist Conservative Government now in office, and the Government's spending spree is rapidly gathering momentum; the public debt is rapidly increasing. These things are highly inflationary. I submit that the honourable senator from Shelburne was absolutely right when he stated his expectation of further increases in the cost of living.

Honourable senators, a very serious situation is facing Canada, and no doubt each one of you has in his mind to say, "What are you going to do about it?" Well, I have some suggestions. First, I think we should establish an honest dollar in Canada, a dollar with the least possible fluctuation in purchasing power, and that we should accomplish that by restoring the gold standard. Secondly, I think that we should seek to reduce the intolerable burden of excessive land values and cruelly high rents by a liberal measure of land value taxation; that of course may be done either by municipal or provincial Governments or the dominion government; I know of no reason why it should not be done by the dominion Government. Thirdly, we should increase our international trade by every means possible, including reductions or abolitions of tariffs and other obstructions, trade quotas, and all restrictions of that kind.

Honourable senators, I am not so young or so naïve as to imagine that these suggestions will be carried into effect at once, or will be carried out at all—under the present