comes from, how it comes, what justifies it and what gives it value, then we shall begin to see where money can come from in great abundance.

Banks create money. Just as soon as anyone feels that he can safely challenge that statement, very well. If he cannot challenge it, it will be well for him to be careful. The next thing is that banks create credit. There are various definitions of credit, with which of course we are familiar; but in a very broad sense banks create what is called bank credit, and bank credit in this country to-day is money. Anyone who thinks he can successfully controvert that statement and bring proof of his statement will find us willing to listen to him. Any man who cannot controvert that statement had better hold his peace until he can, and not begin to laugh at the contentions of the new economics. And may I say, Mr. Speaker, that the number of well informed, careful men who are subscribing to the truth of these statements is increasing tremendously.

The next question is, What is it that justifies a bank or any other institution in creating credit? It is the goods and services which the community in which that organization functions is able to produce. Then, if Canada is able to produce enough goods and services to supply all her people with an abundant life, unquestionably that organization which is entrusted with the task of creating credit, which represents those goods, has the justification for creating that credit, and that statement cannot be successfully controverted.

Mr. THORSON: Will the hon. member explain how it is to be done?

Mr. BLACKMORE: Very well; I shall at a later time give the hon. member all the explanation necessary. I ask him to-night, though, to remember that I have only fifteen minutes in which to talk, but a question of that kind is exactly what I welcome. It indicates a penetrating mind and an earnest, sincere attitude, and that is all we want. Very well; let us go on with my line of reasoning. To make it clear to us, and in a way to make it concrete, let us suppose that all the money in the United States were suddenly whisked away so that there was nothing left of what they now call money. Let us suppose that at the same time all the money in Newfoundland should disappear, and that you should be given the task of creating a money system for the two countries at the same time. For which of those countries would you prepare the greater amount of money? Anyone who is over fourteen years of age will say, "Why, the United States, of course." Very well, then; why? "Well," you will say, "because the United States has greater productive and consumptive power." Very well. You have come again to the justification for money. It is productive and consumptive power. Productive power depends upon, first, natural resources; second, the people who are there, their training and disposition to work; third, their industrial equipment, such as manufacturing plants; and, fourth, distributive equipment, such as railways. There are several other factors. But it is perfectly clear that the more of those things which enable one to produce quickly and to deliver as when and where required goods and services, the more money, unquestionably, can be made up.

As soon as that principle is laid down and fully understood, we begin to see where the money ought to come from in Canada. We have many goods; no one can question that. We can have as much money as we have goods, or at least enough money to distribute those goods. The next question is: Will the money cause inflation? That is a brief outline of the whole situation confronting us, but I have insufficient time even to scratch the surface under any of these headings.

So far as I have time to-night I shall discuss these matters. Before commencing the discussion in detail, may I point out that in the United States in the last one hundred years the amount of money circulating in the hands of the people, per capita, has increased from $12.35 in 1834 to $515.33 in 1930. Those who wish to verify those figures will find them fully set out at page 66 of Woodward and Rose's book, Inflation, a most readable, instructive and interesting work.

That money is to be broken down in this way: In 1834, $5.24 of the money in circulation was in coins and bills, and $7.11 in bank deposits. It will be noticed that the amounts are almost equal. But, by 1930, while there was only $29.76 in coins and bills, there was $485.57 in bank deposits. Normally we think of bank deposits as funds in the form of coins and bills. Actually they are not coins and bills; in a large measure they are nothing but bank credit. In other words, in 1930, people were using many times more dollars in bank credit than they were in coins and bills.

That may mean much or little to hon. members, but as we proceed in our investigation of the matter I believe its significance will become more apparent. There is no doubt that it means much to hon. members in this section of the house. May I point out at this time some facts of history. When we go back into the history of our race and