

in each case a pound of axle-grease. But if he wanted a ton of bran he would then have to turn around and hunt all over the country to find some man who had No. 1 northern, the best grade of wheat in the world, and turn over a ton of No. 1 northern hard wheat for a ton of bran. These are a few of the extraordinary cases I could mention.

I listened with a great deal of interest to the speech made by the right hon. Prime Minister (Mr. Bennett) last year in Winnipeg. Two items stay in my memory. On the one hand he promised that he would make the tariff fight for the farmer, and the second was that he would find a market for Canadian grain. Later on we had the special session. Whether it was necessary or not I am not going to say, but during that special session the most we did was to vote \$20,000,000 out of the public purse for unemployment and raise the tariffs on a large number of articles that enter Canada. Neither of those things helped agriculture. If you take the price of agricultural implements and compare it with the price of the grain we produce, the disparity in prices is far greater now than it was then. It is now eight months since the election. What has been done? What has happened? We find grain is very much lower and cattle are half the price now than they were a year ago. Butter is at an unprofitable figure. Barley, oats and rye are all being produced at a loss, rye as I said before, being as low as four cents a bushel.

The Prime Minister went to the Imperial conference. I am not going to comment on that as I have not the time, and it has been very ably dealt with by others. We all looked forward to his return to Canada. We knew he had been kept in contact with conditions as they existed in this country, and therefore when he returned and decided to speak in Saskatchewan, the centre of the grain growing area, we were all interested to hear his Regina speech. What were we told in that speech? First of all, he turned down the request made by the premiers of the three prairie provinces and pool organizations to peg the price of wheat at seventy cents a bushel. Seventy cents a bushel would not have met the needs of the farming industry; it would not have encouraged people to go into raising wheat, but it would have helped to tide over the most difficult situation that we have ever faced. That was turned down. The banks, however, were given a guarantee against any loss in the handling of pool wheat. I admit that this was probably of some assistance to the farmer, but while it helped the farmer a little, it guaranteed the banks 100 per cent against taking any loss at all. This year, I

[Mr. Spencer.]

think I am quite safe in saying the financial interests of Canada have been able to announce their usual fat dividends in their respective businesses, while the industries, particularly the farming industry, from which they derive their profits have never been at a lower ebb.

There was one thing which the Prime Minister did offer. I do not think he could have looked very closely into the matter when he made the offer that the farmers should have seed grain. As a matter of fact, we never have had so much seed grain, and such cheap seed grain, as we have to-day in the western provinces. The few spots that the hon. member for Regina (Mr. Turnbull) mentioned in his address could easily obtain seed grain at no very great distance.

We were also promised a market in China by credits being established for that purpose. That proposal has not developed. We were also told that a large order for wheat had been promised by France, but on looking into the matter we find that it is just about the usual quantity that France takes from us.

There was one statement which the Prime Minister made which I prefer to think was more or less of a slip, because I believe he really knows better. According to the press, he is reported to have said:

The banks have no money to help move the grain crop except that left with them by savings bank depositors.

The Prime Minister must know that the handling of credit forms by far the larger part of the banking business. I shall take only a short time to quote one or two confirmations of that statement. Under the heading, "How can the supply of money be increased?" I find that the Right Hon. Reginald McKenna says:

The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan creates a deposit, and every repayment of a bank loan destroys one.

Here is a quotation from H. D. McLeod, who, in his book, "Elements of Banking," says:

The essential and distinctive feature of a "bank" and of "a banker" is to issue credit payable on demand, and this credit may be put into circulation and serve as money.

From the same author I quote:

When it is said that a great London joint stock bank has perhaps twenty-five million pounds of deposits, it is almost universally believed that it has twenty-five million pounds