

I quote those words may I stop just a minute to pay a tribute to the efforts of at least two men who were members of the House of Commons last year. One of them is sitting in his seat, the hon. member for Vancouver-Burrard (Mr. McGeer), and the other is the hon. member for Rosthern (Mr. Tucker). I name these two gentlemen because they are Liberals. There are others in other groups whom I will not name, but these two men were responsible in very large measure for the vast amount of information which was elicited in the banking and commerce committee in clear and simple language so that he who ran might read. I believe that they did a service for the people of Canada the extent of which cannot perhaps be even dreamed of at the present time, and I wish to pay a deserved tribute to them. And now let me quote from the evidence of Mr. Towers:

Q. When a \$1,000,000 worth of bonds is presented by the government to the bank, \$1,000,000 of new money or the equivalent is created?

Mr. Towers: Yes.

Q. It is a fact that a million dollars of new money is created?

Mr. Towers: That is right.

That will be found at page 238. Again:

Q. Now, as a matter of fact, to-day our gold is purchased by the Bank of Canada with notes which it issues . . . not redeemable in gold . . . in effect using printing press money . . . to purchase gold?

Mr. Towers: That is the practice all over the world. . . .

That will be found at page 283.

These words completely support the most extreme views ever expressed by this group. Now, I ask the house this question: If the money can be created and is created, is there any conceivable reason why the government and the people of Canada should be in debt for that money, or pay interest on it? Is there any imaginable reason why we should be short of money provided we have goods and men?

I recall an experience of the last war, to which I referred in one of my speeches, when Canada created \$26,000,000 of new money debt free and used it to defray government expenses. I pointed out that the interest saved on that \$26,000,000 since the time of its creation amounts to over \$1,000,000—I do not remember just how much. In the United States they used greenbacks debt free during the great civil war. Greenbacks were deliberately discredited by several means. If there was any fall in the price of greenbacks from causes other than manipulation, that fall occurred because the people of the United

States at that time did not have sufficient goods. There was a shortage of goods. It is worth knowing that through the greenbacks the people of the United States have been saved eleven billion dollars in interest alone.

I believe I have amply established to anyone who is realistic in his thinking about money that the government can procure, debt free, vast quantities of money the limit of the amount of which is the material and men in the country.

What shall the government do with the money once it is created? That is an extremely important question. To succeed, the money must be managed right. In the first place, the government can lend money at any rate of interest at which it chooses to lend it and for any length of time it chooses to allow. It can lend that money to any primary producer in Canada—farmer, fisherman, any primary producer at all. Our people are suffering acutely because they cannot get loans. In the light of what I have said it is absurd that they should be so suffering. By leaving them without the means of producing, we are sabotaging the country's war effort.

In addition to that, the government can lend money to secondary producers—shoe manufacturers, clothing manufacturers, flour manufacturers, any producers whose product it wishes the country to have or which it thinks the country is likely to need within a reasonable period of time. To do so, all it needs to do is to exercise the power to create currency or credit, the two powers referred to in the two quotations I have just read into *Hansard*, coming from the proceedings of the banking and commerce committee in the words of the questioner and of Mr. Towers. In the face of these facts, hon. members can imagine what condemnation will be heaped upon the heads of the members in this parliament, and of those constituting this government if anything happens as a result of which irreparable disaster befalls Canada.

Again, the dominion government can lend money for housing, not at the crippling rates now charged, prohibitive rates, but at exceedingly low rates of interest on long and generous terms, enabling the poor man to get money to build his house.

But people will say, "Oh, that will cause inflation." Now, it cannot cause inflation if the money when it is lent can be spent without raising prices. Is there a sufficient amount of lumber throughout the country to build houses in abundance? Is there a sufficient number of mills to replenish supplies of lumber? Are there adequate forests to provide raw materials for the mills? Are there other products and materials needed in the construc-