

I had no money with which to buy bonds. So I did something which I suppose, would be obvious to anybody. I saw a friend, I explained to him my predicament, and in advance of my purchase of the bond I sold it to him at a considerable discount, which I absorbed. I was only one of thousands who did much the same under similar pressure. What was the result? Of course, money sagged. The value of it fell.

Let me give another illustration, drawn from times long past. As a result of the fall in the value of money, wheat, which prior to the beginning of the war sold at something of the order of a dollar a bushel, rose as high as \$4 a bushel before the Government's spending spree was concluded.

It is with the changing relationship between the value of money and the value of commodities that I am concerned at this moment. Consider now the case of a farmer, say in the West. He owes money to the bank, to a mortgagee, to dealers in agricultural machinery for equipment not yet paid for. Then comes this change in money value, and he can pay off his indebtedness with the proceeds of one-half or one-third of the amount of wheat which it would have cost him prior to the opening of the war. The balance he sells as pure profit. I remember well that that period marked the first time I heard of farmers spending their winters in Florida. I am sure it was also the first time I heard the somewhat humorous but ironic expression known as the farmer's prayer—a prayer for a big harvest and a bloody war.

The farmer was not the only one in that position. Take the merchants in the cities and towns. Shoes which had been selling at \$5 a pair suddenly became worth \$10 a pair; and I am putting the case moderately, for the increase was more than double. So, as a result of the change in money relationships that followed the outbreak of war, the shoe merchant found that he could pay his rent with the proceeds of one-half the number of pairs of shoes it would have required before the outbreak of war. The balance remained for profit. Businesses all over the country from one coast to the other were similarly affected, and so we had a boom in business. Business rushed forward and profits were readily made. Anyone could start business and make money.

When the war broke out Canada, in my memory, was in the throes of a terrible depression. Honourable senators may remember stories about towns that were subdivided for miles into the countryside. No doubt you will remember stories about speculators who made fortunes in land values over night. Land values in cities and

towns, in the country and on farms from coast to coast skyrocketed. We were just concluding a period of railroad expansion, and money in large sums had come to Canada from United Kingdom investors. With the shadow of war and perhaps the conclusion of railroad building, this source of money dried up, and this check to our economy was sufficient to burst the land boom.

When I went to Toronto, in 1914, I found a terrible condition of bankruptcy and unemployment. I remember seeing men lined up in queues four deep and a block long waiting for a handout at a soup kitchen which was supported for the most part by private charity. By 1915 or 1916 all this had disappeared. As a result of the change in money values rents had been cut from one-half to one-third and all debts, mortgages, bonds, promissory notes, open accounts and everything else in the way of debts were cut at least in two. That is why business boomed.

Now let me give the other side of the picture. Those whose interests were purely that of the creditor—and they were numerous and important—lost value in their money. Their credits remained the same when measured in dollars but the dollars were very much less valuable. The creditors were the ones who put up the price of the business boom. Those on fixed incomes, such as pensioners, and those who were paid under an arrangement whereby they received a certain number of dollars, suffered severely.

The honourable senator from Shelburne, in his eloquent speech during this debate, described the conditions that faced the pensioner, and he did not overstate the case. Wage earners were adversely affected, but only until new wage rates could be negotiated or forced by competition or by labour union action.

Honourable senators, I have told of this experience because of the light that it throws upon the principles involved in what we often talk rather lightly about as inflation. While I try to understand the effect of movements of this kind, I do not advocate this kind of business prosperity. I am for an honest dollar; that is to say, a dollar which has the same value today which it had yesterday and which it will have tomorrow. I ask for an honest measure of value, a measure that does not vary and that means the same when it is paid as it did when it was promised.

We have heard a good deal of the chaos that can result from inflation running wild. It can be a terrible disaster. We all know what happened in Germany after the war. I remember a story at the time of some