

money of the nation. Once that is done, it should be the duty of the government to use money to reflect physical facts. That is not what happened between the last war and this one. That is not happening now. Money does not reflect real facts to-day; neither did it in pre-war days.

We are told that the cost of this war is blood, sweat and tears. That is true. Which of these elements is it that the Canadian people are not providing? Canadians as a whole—in the armed forces, in the workshops, in the factories, in the mines, on the farms, behind the desks, or anywhere you wish to go—are expending their energy, or are giving their time, and are applying all their ability. The people as a whole in Canada are providing the blood, the sweat and the tears from moment to moment as this war is being fought. Therefore they are paying for the war in full from moment to moment as it is being fought. Consequently our financial policy ought to indicate that situation. The fact is that it does not. Our financial policy indicates that we are not paying as we are going. We are going into debt. That is an absolutely false situation. It is preposterous and unjust to suggest that after the people of the country have paid for their participation in the war with their blood, their sweat and their tears, they should have to pay a second time for a good part of it. There is absolutely no need for a war debt, neither is there any need for a national debt in peace time. It is only so because of a false financial policy. Our financial policy does not reflect physical facts. Once the prerogative of creating money is restored to parliament, then it is the duty of parliament to make money reflect facts.

In the use of this privilege the first objective of the government should be to see that production is stimulated to the highest desirable possible level. That is the first thing to do once the government is absolute master of the money situation. Because of the manner in which prices are established in our modern industrial set-up, the situation always arises where production is in excess of income. Prices of goods are always greater than the money paid out in the course of production. This is not because somebody is getting away with exorbitant profits. If profits were fair all the way through, if all charges entering into prices of commodities were just and sound and fair all the way through, nevertheless the condition would be as I have stated. By reason of the way in which business is transacted to-day, the natural consequence is that prices of goods coming out of any institution are always greater than the money paid out

in the course of production. Consequently there is always a part of the national production which is unmonetized, which is not represented by money anywhere, in people's pockets, in savings accounts or anywhere else.

The second duty of the government should be to use this privilege to monetize that unmonetized portion of production. In normal times, before the war broke out, there was a deficiency of approximately \$2,000,000,000; there were \$2,000,000,000 of prices of goods, the equivalent of which did not exist in money anywhere. In the post-war period there is no reason, provided production is stimulated to the maximum, by using the increase in production machinery that we have during the war, why national production should not go up to \$10,000,000,000 worth of goods. The only limit would be the capacity of the machinery of production and the desire of the people to produce.

The difference between national income and national production must be monetized. It is the duty of the government to issue to the people, either directly or indirectly, an amount of money equivalent to the difference between total income and total prices. This money can be used for national services of one kind and another, for national projects and so on; it can be supplied to the citizens, either directly or indirectly, and as a consequence our economy will be balanced. I insist that when the government uses the prerogative of creating and issuing the money of the nation as it should, our economy will be balanced and, as a consequence, many of the problems which to-day are regarded as special problems will automatically disappear.

We shall no longer talk about the returned men's problems, either of this war or the last war; we shall no longer talk about the war widows' problems; we shall no longer talk about the problems of the aged, the blind and the maimed. We shall no longer be confronted with the problem of supplying medical aid and dental care. Farmers' problems will take care of themselves once the government is in supreme control of money. The government can then make any price for any commodity, and in that way the producer of any kind of commodity will be assured a just price. The labourers' problems will disappear and, as a consequence, they will have security and will be enabled to purchase the products of industry.

One problem which is common to all the problems raised both inside and outside the house is that of relating money to physical facts. When that is done, the majority of these problems automatically disappear. They