

in order to allow those who wish to borrow to help this war effort, to do so without incurring extra liability.

There is also this other condition; the minister suggested that this \$1,300,000,000 might not be enough by some 20 per cent to meet the cost of this year's expenditures. There is also the repatriation of Canadian securities held in Britain which, while it is not a direct charge, nevertheless adds to the burden. The minister has also suggested that new forms of taxation might have to be employed; during the conference on the Sirois report he mentioned that extra succession duties might have to be levied. I submit to this house that to-day anyone with money is being frightened into holding on to it rather than encouraged to lend it to the government, and I submit to the minister that this is a very serious situation and may prove to be a difficult problem when the new war loan is issued, because it must go over. These are matters that will have to be thought about first.

If the first two methods of raising this money fail, there is a third method, that of currency expansion. I hope we do not have to employ that method, but that should not prevent us from thinking about it. We hope we will not be bombed; we hope we will not have air raids; but while we have these hopes, we must be prepared for whatever may happen. There are two or three methods of currency expansion. The normal manner, the orthodox way if you like, is by increasing the price of gold. Another way is by lowering the peg on the only hard currency left in the world to-day, the United States dollar. Both these methods are possible. There is also the third method, which led Germany and other European countries after the last war down the primrose path to ruin; that is, definite increase of currency without control. I am sure no minister of finance would consider such a method in this country.

I should now like to say a word with regard to war production. There is no doubt that there has been a certain amount of bogging down in connection with a great number of items. I do not think this has been due to the cause most commonly ascribed. I do not believe the principal cause has been political juggling, political patronage or political malfeasance, even though I know patronage lists are still in existence. I believe this has been caused by the maladministration of government departments. Since the war started, some of the ablest business men in Canada have come to Ottawa, prepared to do a job. One by one they have gone back home, unable to do the job they came here

[Mr. Adamson.]

to carry out. There must be a reason for that. I suggest to you, Mr. Speaker, that the reason is that these men were not given the free hand they should have been given. They were proscribed by considerations of departmental red tape and by other considerations of a pre-war, single party administration.

Beaverbrook in England, Knudsen and Stettinus in the United States, were told by Churchill and Roosevelt, "You are responsible to me for the production of these goods." Churchill said to Beaverbrook, "Go on and produce aircraft. I don't care what you have to do to produce them, but produce aircraft." As a result, aircraft were produced. Undoubtedly mistakes were made and waste occurred, but such things are not important at present; it is the aircraft we want. Knudsen and Stettinus in the United States had the very greatest trouble in producing the Allison engine, and only succeeded because they employed the most drastic methods. They were criticized, but the administration of President Roosevelt was big enough to withstand that criticism. Roosevelt said, "As long as I am convinced that you are doing everything in your power to produce these machines of war, you will have my backing." That, I submit, should be and must be the attitude of this administration.

In conclusion, Mr. Speaker, I suggest that there is one way, and only one way, to get on with the production of war materials. Responsibility for that production must be delegated to the man producing them. He must have an absolutely free hand and must not be tied up by departmental red tape. Then these men who come here to offer their services will be able to do the job of which they are capable.

Mr. A. M. NICHOLSON (Mackenzie): I feel obliged, Mr. Speaker, to make a few remarks in connection with this measure, which without doubt is one of the most important matters ever to be brought before a Canadian parliament. I am not opposing the amount of money that is proposed to be voted under this legislation. I agree with the words of the Minister of Finance (Mr. Ilsley) who, speaking in this house on July 30 last, said:

See that Canada does her utmost—on the land, on the sea and in the air—and the cost, in so far as money can meet it, will be gladly and proudly paid.

I should like also to repeat the words of the present Minister of National Defence (Mr. Ralston), speaking along the same line on June 24 last:

I need hardly say that our war effort is not in any sense to be limited by any such financial