

whether or not the Liberal party have come to the point where they admit that it was a mistake, but from this corner we warned them before they took that action; we told them it was a mistake. England knows now that it was a mistake, and everyone admits it. We want to correct that mistake in Canada, but not by a wild inflation. As a matter of fact it would not be inflation at all, were price levels raised by the issuance of credit; because in the first place it would counteract the deflation which was carried on in this country after the war. In the next place, inflation is not necessarily brought about by issuing more money; inflation is a condition only brought about when more money is issued than there are goods to stand opposite it on the business counter. In other words, so long as price levels remain reasonably stable there cannot be inflation, so that to charge us with asking for wholesale inflation is not the truth. We do not propose to start paper mills issuing money ad lib. to anyone who wants to come and get it, which is about what was suggested yesterday afternoon. We propose to correct a mistake made by the previous administration, and to bring the dollar that we have to pay back to the value of the dollar when we contracted our debts, or, as it might be stated, to raise price levels. Nobody would wish to stabilize price levels where they are now. The section of the Macmillan report just read by the previous speaker (Mr. Woodsworth) points that out very clearly; it shows that we cannot think of stabilizing the price level where it is. If you are going to increase that price level to a reasonable point for stabilization, you can do so only by the issuance of more money. There is no other way of doing it and we provide in our amendment, and have advocated in this debate, that this should be done deliberately in Canada, the state taking over the issuance of money; for that is the only institution that should control it. The leader of the opposition made much of the word "immediately" in the subamendment.

Mr. BEAUBIEN: Suppose I owed a thousand dollars to a loan company. How could I pay that debt more easily if we had inflated money? How would inflation affect a debt that I already owed?

Mr. IRVINE: The question is, of course, a fair one, and I should like to take time to answer it quite fully. But surely my hon. friend will see without much debate that if he borrowed one thousand dollars when the price of wheat was one dollar per bushel, then he could pay one dollar of his debt

with one bushel of wheat; but if later on deflation took place and the price of wheat dropped to fifty cents, he would have to give two bushels of wheat to pay a dollar of his debt. The converse is true with respect to inflation; that is, raising the price level to where it was when the debt was contracted, the farmer, instead of having to give three bushels of wheat to pay one dollar of debt contracted during the war, will be in a position where the amount of wheat required to pay the debt when the debt was contracted will pay the same amount of debt now. That is the thing we are trying to accomplish. There may be better ways than the one we have suggested, but no one has proposed such ways. I want to be careful that the interpretation of our point of view which the leader of the opposition placed upon our amendment should not go unchallenged into the country. He was very particular about the word "immediately," and spoke about the danger of doing anything suddenly to change the values of currency and credit. He suggested that if we did not administer the doses of medicine to the patient very gradually the patient might die on our hands. Apparently it would satisfy the leader of the opposition to let the patient alone, but if so, very shortly he would have to inject some embalming fluid into a corpse. We think it would be better to start to give the patient the necessary medicine at once. All we mean by the word "immediately" is simply that the time has come for us to make a beginning. We do not expect to cure all the evils of our present system in a few minutes, but we say that a beginning must be made and made as soon as possible.

In answer to the question I put to the right hon. gentleman, as to whether or not the issuance of money as prescribed in the subamendment would assist the people of Canada to pay their debts, he said:

I cannot believe any course that is not fundamentally sound is going to be of lasting benefit to anybody.

That is a fine statement; but agreeing with that principle, I cannot understand how it is that the right hon. gentleman would lend his abilities to sustaining a system which is fundamentally unsound. For if the financial system had not been fundamentally unsound, it would not now be necessary for us to make proposals to improve it. Is it a sound system to double debts so that they cannot be paid at all? Surely no one will say that is sound. Is it an unsound system to bring the values of money to the point where debts were contracted, so that people can pay back those debts in equal value? Surely that is a sound