

Sir W. H. Beveridge, in "The World Economic Crisis and the Way of Escape," a book containing lectures by six of the leading economists of Great Britain, including Sir Josiah Stamp, says that what we have in this crisis is a fall of prices representing a deflation of money. Deflation is the result of inflation, and the pendulum must swing back until it balances the inflation that took place during the stock boom days. Whether or not it is wise to stop deflation by artificial means is a question upon which economists differ.

The Progressive group in the other House suggest managed currency as a solution. But in order that the exchange of any one country should not be affected, the plan would necessarily have to be world-wide in its application. In times of depression currency would be increased in order to maintain the normal relationship between goods and money, and in times of inflation would be decreased to regulate prices. For example, if a farmer borrowed \$1,000 three years ago, he would to-day owe relatively several times that amount by reason of the maladjustment between the values of farm products and gold. This remedy, however, would be difficult of application, and probably would prove dangerous.

While the question of money and credit is one which must be solved largely by an economic conference of the principal countries of the world, Canada could in a legitimate way, though perhaps at the risk of increasing the rate of exchange, put more money into circulation. The Dominion produces approximately fifty-five million dollars' worth of gold a year. This is added wealth. Instead of paying for this gold in the regular way or by capital borrowed through the banks, why, for example, would it not be proper for the Dominion Government to issue Dominion notes to the amount of the gold production? Such action would put into circulation fifty-five million a year of currency and at the same time help pay off the national debt, which must be paid in gold.

The shortage of money and credit has a serious effect upon employment. But no other country in the world is so favourably situated as Canada in the matter of providing employment for her unemployed. It is nothing short of tragedy that in this land of opportunity and abundant harvests we should have so many thousands in distress. In my opinion there is a way to create productive employment, namely, by the co-operation of the provinces and the Dominion in working out occupational readjustment through the promotion of productive enterprises and the development of our natural resources along lines of national necessity.

At the special session of 1930, called to deal with unemployment, the sum of \$20,000,000 was voted to provide work by means of a program of public improvements and to furnish direct relief. During the summer of 1930 the average number of unemployed was 177,000. The Premier, in speaking to the question, said, "We will provide work, not charity." This work, as well as the relief, was carried out under the supervision of the municipalities and the provinces, the Dominion paying a percentage of the amount required.

Up to 1931 work or relief had been given to 331,953 persons. In addition, Dominion funds helped to provide relief for 127,767 families. During the year 1931 the Dominion Government furnished \$33,067,693 for relief work, and the total expenditure for this purpose, including the amount contributed by the municipalities and provinces, was \$76,950,605.

In the spring of this year, at a conference of the provincial premiers with the Dominion Government, it was decided, in view of the increasing number of unemployed, that relief by way of employment on public improvements was too costly to continue, and that it would be more economical to give direct relief to the majority of those who were out of work. The Minister of Labour stated that the decision of the Government was not to carry on work as before, but to direct the main efforts of all concerned towards direct relief.

The average number of unemployed for 1930 was 295,000; for 1931, it was 497,000. This year the monthly average of unemployed up to June 30 has mounted to approximately 700,000. These figures are taken from statistics compiled by H. M. Cassidy, and are based, I believe, on the index numbers of the Dominion Bureau of Statistics.

A vast sum of money will be required, especially during the coming winter, for this large army of unemployed. The municipalities and provinces have in some cases exhausted their funds; so the weight of the burden on the Dominion Government must become greater and greater.

If the number of unemployed continues to mount in the same ratio as in the past three years, how long will it be before the Dominion Government is unable to cope with the problem of furnishing relief to this vast and ever-increasing army? It is evident that some other solution must be found.

I am disappointed that the Speech from the Throne does not hold out any hope of a constructive programme to provide work.