

in the years preceding the Second World War. I have tried for a long time to find someone who could tell me what would have happened in that country had a good leader, instead of Hitler, come into power. Certainly Germany had gone the full course in inflation, yet it was able to build up an immense war machine that came very nearly defeating the rest of the free world, and at the same time it made vast improvements in buildings, roads and other public works.

May I say that I personally am not frightened of inflation.

**Hon. Mr. Isnor:** What is your question?

**Hon. Mr. Macdonald:** I am quite aware that inflation cannot destroy our natural resources, but it can cause them to remain undeveloped for many years.

**Hon. Mr. Horner:** The resources of Germany did not remain undeveloped because of inflation.

**Hon. Mr. Macdonald:** But inflation could prevent our resources from being fully developed and leave us with an insufficient

supply of food. Certainly unrestricted inflation would end in destroying our monetary system. Then we would have to start all over again, without capital and with our developmental processes set back for generations to come.

**Hon. Mr. Horner:** We could send for Dr. Schacht.

**Hon. Mr. Macdonald:** I do not know whom we would have to send for. But I point out to my honourable friend that economic conditions in Germany resulted in the Second World War. I am sure he would not want Germany's experience to be repeated in Canada. Indeed, I do not think any Canadian would support a leader who favoured a policy of unrestricted inflation.

**Hon. Mr. Horner:** I will have something to say later on the subject.

On motion of Hon. Mr. Reid, the debate was adjourned.

The Senate adjourned until Tuesday, January 22, at 8 p.m.