

policy of such a bank would be that it should maintain price levels, he says. Let us look at that for a moment.

It sounds very simple and very attractive. My hon. friend says he wants a central bank owned by the state to maintain price levels. If one does not analyze the proposal very closely, there is an attraction about it because one of the things we want to achieve above everything else is the restoration of price levels for commodities in this country and throughout the world; there is no question about that. We want the staple commodities of the world to rise in price. I pause here to interject that there are really only two main schools of thought on the economic situation. One holds that the process of deflation must be continued until interest, wages, service charges, and rents are brought down to the low level of any and all the staple commodities. On the other hand, there are those, and I think in this school the government and those on this side of the house largely stand, who hope that there will be found, and that we can find, a method for restoring price levels and obviating the necessity of dragging down all these other things to the lowest possible level. On the one hand you have complete liquidation; on the other hand you have a restoration of credit, and when I say credit I do not mean some nebulous thing that is handed out without anything behind it. Credit is a tangible thing. It exists in two or three things—commodities, land, real estate and character, because character is very often used as credit. But there must be something tangible before any bank or institution will extend what is commonly called credit. Credit is not something that is available without anything behind it. So I say there are those two schools of thought.

My hon. friend from Macleod says, knowing that the proposal is attractive and appeals to the people, that the price levels should be raised. He says let us have a central bank. But it does not follow that a central bank would raise price levels. I have given the matter a tremendous amount of thought, so far as I am capable of doing it, and I confess that I do not see that a central bank would or could affect price levels to any extent. I do not. I say this—I said it in 1923 when the Bank Act was up for revision, I have said it many times since, and I say it again now—that we now have machinery under the Finance Act almost if not quite as flexible and effective as that of a central bank. But I do wish to point out that a central bank cannot fix prices; there is no doubt about

that. Nor can it maintain price levels, because price levels are the result of world conditions.

Idealistic theories are pleasant things to trifle and play with, but some of us are more anxious to find out how to apply those theories. What we are anxious about is to find the mechanics—shall I say?—of many of these proposals.

I have spoken longer, Mr. Speaker, than I intended but I should like, if I might be permitted, to turn away for a moment from the realm of controversy. The opposition in a debate of this kind have certain duties to perform. They criticize the government, and I have no quarrel with them. I have duties to perform as well, and my duty as far as I am able is to present views representing a defence of the government's course and a justification for the action it has taken. Obviously our views will clash from time to time, but may I crave the indulgence of the house for a few moments while I say a few words of a non-controversial character?

I have attempted as far as I was able to defend the government this afternoon. I feel that in doing so I have been doing but justice to my colleagues, many of whom are carrying loads which I think few in this house realize. For a moment I refer to the Prime Minister, who is perhaps the pivotal point of a great deal of abuse from various parts of the country because he is not able to come forward with complete solutions not only for public problems but for problems almost of a private character. There seems to be a tendency these days to lean upon governments, and to expect from them a solution of even local or private problems. The Prime Minister is condemned for trying to maintain the country's credit. He is attacked for this and for that, and yet from day to day, without any sparing of his time or his energy, what he is seeking to do is to guide this country through perhaps one of the most perplexing times in our history, and doing it I believe from one motive only, and that is a high sense of public duty.

My colleague the Minister of Finance (Mr. Rhodes), and I know this from my contacts with him, is daily confronted with demands from provinces and from every part of the country for financial assistance to overcome difficulties which are entirely foreign to the duty and the constituted power of this government or of this parliament.

My hon. friend the Minister of Railways (Mr. Manion), to whom I want to pay a tribute in his absence, attacked the railway problem in this country two and a half or