of an abolition of protective tariffs would be quite similar, in principle at least, to the introduction of labour-saving devices and organization. The introduction of labour-saving devices of various kinds has not, however, solved the unemployment problem, nor has it met the difficulty of the rising cost of living. I admit that the problem is baffling, and one is rather saddened by the hazy half-truths in this connection one constantly encounters from both platform and press.

My purpose, of course, is not to criticize the honourable senator from Shelburne, but rather to assist, if I can, with the utmost humility, in carrying his thought just a step farther. First let me discuss this most important question of inflation.

I would remind the house that rising prices are the corollary of falling money. That seems to me elementary and self-evident. The price of an article is the amount of money it commands in the trading market; the amount of money an article costs depends on the purchasing power of the money. One balances the other. So, I submit, when we speak of the rising cost of living as expressed in high prices, we must think of two things: first, the cost and expense involved in the production of the article in question—that is its intrinsic value; and second, the purchasing power of the dollars with which we acquire it. There is the balance on the one hand and the other. As I said earlier, I think free trade would decrease to some extent the effort and expense required in the production of goods. It would not, however, affect the purchasing power of the Canadian dollar. So the remedy suggested by the honourable senator, in my judgment, would not be complete, although it would be helpful.

I turn to another subject. If honourable senators will glance at a dollar bill they will note that the Bank of Canada promises to pay the bearer one dollar on demand. Bills of other values, of course, contain a similar promise to pay the amount of the note on demand. That is, the Bank of Canada will give you, if you demand redemption of your bill, another note of exactly the same kind in exchange. The issuers of Canadian money make no promise of redemption and no guarantee of its value measured in commodities. We use it in every transaction as a measure of value, but it is a measure of value without regard to its own value, in much the same sense, I suggest, as a measure of distance would be without regard to length, or a measure of weight without regard to avoirdupois. Little wonder, then, that, without any standard of value, the Canadian dollar, like currencies in recent years both in the United States and Great Britain, fluctuates violently.

There was a time, honourable senators, within your memory, and certainly within mine, when prices remained almost stationary from year to year. We used to liken the pound sterling to the Rock of Gibraltar, and the Canadian dollar was equally stable. If you promised a dollar, the dollar you paid later on was of exactly the same value. But in those days the pound and the dollar bore a promise of redemption in gold, and the value of money could not sink below the intrinsic value of the gold content. There was no problem then of rising prices, with disastrous effects on the cost of living, because money was not constantly falling.

What happened? I suppose all of us here are old enough to remember what took place in 1914. We proceeded to pay the bill for the waging of War No. 1 with governmental promises to pay, and very shortly, as one might naturally expect, those promises outran our supply of gold for their redemption. Therefore we decided, as a war measure, to cease to pay gold in redemption of our paper money, and as a natural result our money became literally "scraps of paper", dependent for its purchasing power on public sentiment only, subject to violent fluctuations, and influenced of course by supply and demand. The value of money is determined by the amount in circulation in relation to the goods and other things to be purchased—in other words, the use to be made of it, the demand there is for it. With the kind of currency we use today, if you increase the supply you decrease the value; by decreasing the supply you increase its value.

Let me cite an illustration from that war period as throwing light upon the present situation. As we all remember, the war was, for those times, exceedingly costly—indeed all wars are—and we proceeded to pay for it with governmental promises couched in Victory bonds. While Victory bonds bear interest, they are of the nature of money very much like dollar bills: they are promises by the Government or by some bank to pay at a later date. We forced the sale of these Victory bonds in great quantities by means of patriotic public campaigns. If you will permit me to reminisce, I remember being called upon by a committee of eminent and patriotic citizens, some of them my personal friends, and being assured by them that my future as a practising lawyer depended upon my display of loyalty in this crisis, so that I must, no matter what my situation, buy a bond of at least $1,000. At that time the idea of my buying a thousand-dollar bond would have been, but for its seriousness, a joke. I was a student at the time;