He tells us that to-day the Canadian banking systems can take one dollar of gold and by the time they are finished with it it has grown into four one dollar bills and $80 of credit. That is how money grows in Canada to-day. If banks can thus create money, why not do it for the government? That is the point. Why should we have to borrow the money when it is so easily produced? Of course I know the answers which are commonly given, that bank money has to be backed, and all this. We will grant that that is true. But there is a way of managing these matters for the public good, that is for the people's good. The question is have we the courage; have we the vision?

How much money can we have in the Dominion of Canada? A little experiment was conducted by the island of Guernsey between 1815 and 1829. The island of Guernsey through its government created three thousand one-pound notes, and with that money constructed a market house. They proposed to tax the one-pound notes back again by means of a yearly rental of three hundred pounds, and thus have all the money back within ten years. Long before they had the money all withdrawn they discovered that the economic conditions within that island had greatly improved, with no apparently disadvantageous results, so they issued more, and they continued to issue more—as hon. members may read in the book to which I will refer in a minute—until in 1829 they had in circulation 48,183 one-pound notes, and apparently there was no inflation, and there was no ill effect. The experience there is a challenge to men to-day. It occurred; it is of record. You will read of it in the Story of Money, by Sir Norman Angell, published in 1929, between pages 266 and 271; and on page 271 you will find a statement of Sir Norman Angell, that great monetary authority, that the Guernsey island experiment was a success.

How big was this island of Guernsey? What was there about Guernsey island which enabled it to support such a tremendous amount of money? Guernsey island is a little piece of country roughly triangular in shape—you will find this in the Encyclopaedia Britannica—nine and a quarter miles long at its greatest length, five and a quarter miles wide at its greatest width. What are its industries? Has it gold mines or something else to give its money backing? No, it has not. It is engaged in gardening; it is engaged also in dairying, using the famous Guernsey island cow; it probably had at that time a stone quarry, as well as several minor industries which we would consider of hardly any importance at all. If an island nine and a quarter miles long and five and a quarter miles wide, not more than twenty-four square miles in area, could support that amount of money, how much could a province like Ontario support?

"Oh, but", people will say, "it will cause inflation." Well, what is inflation? I think there is no word used by the English people to-day which is as little understood as the word "inflation". Last year the Minister of Finance (Mr. Dunning) after I gave a talk on March 8 rose and spent a considerable amount of time talking about the proposal of the hon. member for Rosthern (Mr. Tucker) that a certain number of Canadian bills should be created and used for public works. The minister pointed out that if bills were created and so used they would get into the hands of the banks and the banks would be able to multiply them ten times, and that would cause inflation. I am not going to say very much about it, but I will raise this question. Take any bank of which hon. members know; would you be able to increase the amount of money it would lend merely by putting twice as much money in it? Not by any means. The banks to-day have loaned all the money they will loan. As far as their present loans are concerned it would not matter if they had fifty times as much money. All one needs is that one fact to be able to say that the Minister of Finance might possibly have thought the thing through a little more carefully.

I am going to read a statement which will probably impress hon. members. This struggle about money is going on all over the Anglo-Saxon world, and it is high time that it should. We have been enslaved long enough. This quotation comes from Senator Owen's testimony before a special committee of the United States Senate, on June 9, 1937. His words are as follows:

> Inflation does not occur until maximum employment and production is achieved.

In other words you cannot have inflation as long as you have unemployed men and unemployed resources. You see what a widely different interpretation that puts upon inflation from anything which has been used in this house by, at any rate, members of the government.

I have not time to deduce other evidence backing this up, but there is plenty of it. The testimony continues:

> If it should occur, the volume of money could be immediately reduced by selling bonds, by sales tax and other taxes, and retiring such excess money from circulation.