

for the same reasons that you now control the traffic in your streets. I do not say it should be done down to—the limit of an exact or discreet point, but I say you must at least prevent the speculative boom activity rising too high and the valleys of depression falling too low.

Q. That is all right. I am not asking you to argue it. I do not want to argue with your point of view. So you would have prices fixed arbitrarily instead of by manipulation or regulation by banks?—A. I refer you to section 210 of the Macmillan Committee Report on that point.

Q. Unfortunately, I have not got your evidence—I do not think it is out yet—but I think if you look at your evidence you will find that what you said about velocity of money is much more emphatic than what you say now, but I can speak only from memory, and I will let that point drop. I think I recall that you said that inflation was certainly a bad thing and something that very well might fear?—A. I said that uncontrolled inflation was a dangerous thing, and that all men looking towards a planned system of economy might well concern themselves about the danger of it.

Q. What do you mean by inflation?—A. I mean inflation in the broadest sense—not inflation on the issue of money as against gold, but an excessive issue of the total volume of money that would be required to maintain a normal rise in the standard of living.

Q. You are speaking of the volume, not of the circulation?—A. Yes.

Q. Then, out of your own mouth, you say that inflation is a greater volume of money in circulation that ought to be; presumably, you mean a greater volume of money than would be warranted by the goods on the market to be purchased by it?—A. Well, capacity to consume and capacity to produce. What I fear is the depression of glut and over-production.

Q. Then, you would say that volume of money does have something to do with prices?—A. No, I do not see—

Q. I did not confuse it this time. That is your word. All I want to get at is the point of view. Now, just a question or two more. I am quite sure you will agree with me when I say frankly to you that I want to get the reforms that you are talking about just as badly as you do. I think that you are, sir, an adherent of the Liberal party. May I ask if you expect to get these reforms you were talking about yesterday through and by the Liberal party?—A. Well, as far as I am concerned, I think I made that clear. I said that in British Columbia we have succeeded in taking this issue out of party politics. As far as Liberals are concerned, I think they are almost in as much need of enlightenment as the members of the C.C.F. and that is very, very much. As far as my friends in the other party are concerned I have no hope of ever reforming them at all.

Q. As long as you have the idea that you have no hope of your party doing it, then, of course, you will discover the party that is advocating these things?—A. We have a great deal to do converting Liberals to liberalism and Christians to christianity in this world.

Q. I think that is quite true. I agree with you on both counts.

Q. Did you make a new proposal yesterday, Mr. McGeer? In your proposal, is there anything fundamentally different from what is now in practice in finance in Canada; I mean in the matter of policy, not in administration; if so, what is that point of difference?—A. Well, what I did say was this: That instead of issuing national credit, provincial credit, and municipal credit, in the form of a frozen non-monetary interest-bearing bond, I propose to finance government by the direct issue of national currency and monetized credit. To-day you finance government by issuing bonds that are not spendable until you convert them into bank currency or bank credit transferrable by cheque. You to-day borrow, from a subsidiary organization of the government, that is, through the banking system that is created by the laws of parliament, what you call money, and whether

[Mr. G. G. McGeer]