

from what I read, I think it is pretty plain that with a great many people it is not the intention that democracy shall survive. I see no indication in government circles, or among those in authority, of any admission that they have made mistakes in the past. All I have heard is that those who propose a change in our financial system—and I might say their numbers are growing every day—are ridiculed and opposed, and even accused of making subversive statements.

But, as I said, orthodox finance and democracy as we have known it cannot both survive this war, and I think all the signs point to the fact that those in control intend that, whatever else may be destroyed, orthodox finance shall survive.

With regard to control of prices, I should like to call the minister's attention to the fact that in Great Britain to-day and for a considerable time past—I do not know whether it started at the beginning of the war, but certainly it has gone on for some time—the government is compensating the retailer for selling below cost certain articles, I suppose articles of necessity. In other words, they are using the just price or the compensated price, which social crediters have advocated for the past twenty years. That is one way of preventing rising prices and at the same time not handicapping business by the retailers being involved in loss. If that is being done in Great Britain, I do not see why it cannot be done in Canada.

If I understood the minister aright this afternoon, when the hon. member for Lethbridge (Mr. Blackmore) was speaking, the minister said or implied that there was no gap between the money raised by taxes and by borrowing, and the actual expenditure on war. If that is so, all I can say is that we cannot be making our greatest effort, because the gap in Great Britain is in the neighbourhood of one thousand million pounds a year; that is, the credit which is issued for the war is one thousand million pounds over and above what is collected in taxation and borrowing.

I should like to say once more that our object in this corner in criticizing orthodox methods of financing the war is not in any way to attempt to handicap the government. But, as the *Times* has said, although these methods may not lose the war, most certainly they will lose the peace.

Mr. A. R. ADAMSON (York West): Mr. Speaker, I had not intended to speak on this resolution to-night, but there has been so much talk about inflation, deflation and other related matters that I think I should say a few words on this one billion three hundred million dollar appropriation.

[Mr. Jaques.]

Inflation is no new thing. It has been going on in this country, and, in fact, all over the world, since the end of the last war. It has been going on rapidly since 1934. There is nothing extraordinary about inflation if it is controlled as it has been and as it will be. If you want an index of the inflation which has been going on in north America, look at the public debt of the United States, which has risen from \$25 billion until the last appropriation bill, which allowed \$65 billion. In that period there has occurred almost a threefold inflation in the United States. The standard of living in that country has not appreciably decreased, although the public debt or possibility of debt has increased over three times since the wild inflationary boom, which was known as the stock market boom, in 1929.

We are going through a period of inflation, just as surely as we sit here to-night. There are three ways of meeting the expenditure, of providing this money. The first is by taxation; the second is by borrowing, and the third is by expanding currency. The latter two methods are really inflationary. Every new bond, every new war savings certificate which is issued is a promise to pay back by the dominion government. It is just as much a promise to pay as the dollar bill issued by the Bank of Canada. They are both promises to pay. The government pays interest on the bond; every coupon is new money and therefore inflationary. War savings certificates are not due for seven and a half years; they are delayed inflation, but they are inflationary just the same.

I am dealing now with the borrowing machinery that the Minister of Finance has set up. First, I take the war savings certificates. There is apparently some hesitancy on the part of the people of this country in buying these certificates. In Toronto, where we have in the metropolitan district one-tenth of the population of Canada, we have set ourselves, so I understand by the thermometer at the city hall, to obtain, by the end of this month, 200,000 pledges to buy war savings certificates regularly. In the first half of the month we reached a little over one-quarter of our objective. That, I believe, is symptomatic of the country. There must be a reason for that, and the reasons I suggest are three.

First, there is the lack of inspiration by the government of Canada. There is no driving force; there is no Churchill, no Roosevelt to inspire this country as Britain and the United States are inspired. Second, there is a lack of information. We have endeavoured to get the government to give us specific information as to precisely what is being done. It is my belief, and I think that of those who sit round