

prevent any country breaking in by putting our people to work, and we would not be short of medium of exchange to do it. Every man in this room knows just how we did it in 1914 and we were broke then, just as badly broke as we are to-day. I would place at the disposal of every city in Canada, every village in Canada, every county and rural organization in Canada, every provincial government, and every national department of government, the credit that would permit those established organizations to do the work that is now crying to be done. I would inaugurate an extensive program of public works by letting them bring their standards up to where they ought to be. And I would put enough credit in circulation throughout the Dominion of Canada to put enough people to work to start the wheels of industry so that all would go to work. And if you did that all across Canada you would probably be surprised at what a small amount, comparatively speaking, of national credit you would need to put in circulation to get your wheels going. In Canada you are not a developed country. Just look at this chart here.

By Mr. Irvine:

Q. Before you leave that point, Mr. McGeer, would you please explain how a mining corporation, or a manufacturing company, would obtain credit? Would they obtain it from the merchant bank of your description there, or would they obtain it from the provincial bank in the form of national credit, or how would it come to them, assuming for the moment that there were not enough real savings?—A. Well, they would go to the merchant banks.

The CHAIRMAN: That is a mere matter of mechanics, getting it across.

The WITNESS: You would not change the technique of what you do to-day. If you want to finance an enterprise to-day what do you do? You go to the merchant banker and he says, I am not prepared to put credit into that organization. You say, I will go to a bond company, and the bond company says they will not put credit into the organization, then what do you do? You go to the public and sell stock; you cannot change that system, but if the Canadian merchant banking system go to the government bank, that is, the national bank, and state, "We are prepared to create deposits by making loans to the news-print industry, to the gold mining industry, or to other various lines of industrial activity," then they would discuss that matter with the headquarters banking organization, and the wisdom of creating deposits for financing undertakings of that kind would then be considered. Now I do not say, that as the result of that kind of consideration there would be an intelligence that would be final and complete and perfect? No, I do not. But I do say, that it would be better, and probably sounder and wiser, and more judicious than the judgment that is now controlling that type of investment. On your question, Mr. Euler, here is your situation: You are very much afraid of inflation, and quite rightly so, but let me point out to you, that you have this much wealth in Canada, thirty thousand million dollars, according to your Year Book estimates, and only \$200,000,000 of money, and that is all the money you have issued. Why are you afraid of inflation of national currency when the banker has issued \$2,000,000,000 of bank deposits against \$3,000,000,000 of bank assets?

Hon. Mr. EULER: I am not afraid.

The WITNESS: Well, pardon me, I mean why are we frightened by people who talk against inflation when our little bit of money is only a portion of the amount that our actual creation of wealth justifies? I go further than that and I say this: That we have thirty thousand million dollars of wealth in Canada, but there is no reason why we could not have three hundred thousand million dollars. We are a new country; we have ten million people, and there is no reason why we should not have twenty-five million. I venture to say

[Mr. G. G. McGeer]