

realize that if you increase the amount of money in circulation you depreciate its value. The corollary of that statement is equally true, that is, if you cease to force money into circulation you can increase its value. There is no difficulty about it at all.

Now, you may ask me, "Why this generosity in the supply of Canadian money in circulation?" Do I answer your question when I remind you that money in circulation is in the nature of a loan from the public, engineered by the Finance Department, irrespective of the government in office, without interest? An interest-free loan of \$1 billion is something—it is something to the money-conscious people who control our financial affairs, irrespective of the party in office,—if they can get away with it. The Finance Department, with its handmaiden the Bank of Canada, has been pushing money into circulation year by year in amounts so great that supply and demand has lowered its purchasing power. This in turn has raised commodity prices and in consequence has brought disservice to every household in our country.

May I at this stage, honourable senators, place in *Hansard* a D.B.S. statement showing the amount of money in circulation during the last few years?

**Hon. Senators:** Agreed.

*(The statement follows)*

Currency in circulation in Canada and population at specified dates

Date	Canada Population as at June 1 (thousands)	Currency (notes and coins) in Circulation as at May 31 (\$ million)
1946	12,292	1,059
1956	16,081	1,527
1961	18,238	1,825
1962	18,570	1,939
1963	18,896	2,043
1964	19,235	2,128
1965	19,571	2,204
1966	19,919	2,390*

(as at July 27)

\*Source: Bank of Canada Statistical Summary for August.

**Hon. Mr. Roebuck:** I have a copy for the Leader of the Government, a copy for the Leader of the Opposition, and one for my deskmate Senator Croll who is joint chairman of the committee.

I am confident, and I have history to support me as well as experience and common logic, that by increasing the amount of money in circulation you depreciate its value, and when you depreciate its value prices rise. True, there are other factors such as the leader has mentioned. If we could increase our productivity more than we have done in the past, although in fact we have increased productivity very considerably, we would counteract to some extent the effect of depreciation of money. Supply and demand would then lower the value of commodities but that in itself would hardly correct the situation we have today, which is due to the drastic reduction in the purchasing power of our dollar. It would only help. I am equally confident that the continuance of the downward trend in the value of Canadian money can be halted and can even be reversed if our financial authorities take the necessary steps which I hope this committee will make clear and force upon the Government.

In my judgment it is within the power of the Minister of Finance to do a great service to the Canadian people by gently reversing this rising cost of living that is bedeviling family life in Canada. I commend this problem to the attention of the committee with every confidence that its chairmen and members have the courage to face the facts. I hope that they will recommend such changes in financial policy, particularly monetary policy, as the situation warrants.

At the same time I insist that they consider both sides of the phenomenon, not merely the value of commodities, not only why prices are going up, but also why the value of money is going down. The committee can render great service to our people by a courageous and intelligent diagnosis of the malady from which we suffer. I am not asking for any drastic changes; all I ask is that the dollar should remain steady and that the present trend should be reversed. If this were achieved the retrenchments recently announced by the Government would become unnecessary.

Honourable senators, I thank you for your attention and I commend this subject to the very serious, intelligent and courageous consideration of honourable senators and of the members of this committee.

**Hon. David A. Croll:** Honourable senators, I do not wish to detain the house for very long. May I at the outset mention to the new senators that one of the great advantages of being in the Senate is that you can sit back