

to him. But if he has been responsible for that reduction, I do hope he will be able to get a still further reduction.

With regard to farm conditions generally, I agree with everything that has been said by the hon. member for Macleod (Mr. Coote) and other hon. gentlemen who have preceded me, in depicting the terrible conditions that to-day exist among our farmers throughout the dominion. In my opinion nothing more adversely affects the Canadian farmer to-day than the low price he is receiving for his products. That price has been reduced from one hundred down to about thirty-seven; whereas the price of the commodities he has to buy has been reduced only to about eighty-six. If the price levels were even the condition of the farmer would not be so bad. I submit the government should take immediate steps to try to adjust these price levels so as to get them somewhere about even. I take issue with the Minister of Agriculture that tariffs have no influence upon prices; I contend they have a very material influence; and I believe that with the present high tariff policy of this administration we are bound to have a continuation of those uneven price levels. The only way to adjust them to something like an even basis is by lowering the tariff. If you bring down the tariff the price of manufactured products will come down to about the level of the price of farm products. "Oh, yes," you say, "but if you do that you will put the manufacturer in the same miserable condition as the farmer is now experiencing." No, you will not do anything of the sort. In the first place, you will make the condition of the farmer better. You will admit that. But you will not put the manufacturer in the desperate condition of the farmer, for the very reason that the moment you begin to bring down the price of manufactured products you will have more markets. You will grant that. Our people will begin to get busy, our transportation companies from one end of the country to the other will get busy. What will follow immediately after that? We shall have an unfavourable trade balance. Just what our Prime Minister does not want at all I do want; I want an unfavourable trade balance. The moment you get an unfavourable trade balance the value of your dollar will go down—just what the hon. member for Macleod was referring to—but the price levels of our manufactured and our farm products will go up. I repeat, an unfavourable trade balance will depreciate our dollar. As a result our manufacturers will receive more protection, they will get a better price for their goods; and so will our farmers

for their products. After we have a depreciation in the value of our money, and we are importing and exporting more freely, if we find our price level is not high enough, then I am ready and willing that we go off the gold standard and issue more paper money. "Oh," you say, "this is terrible, to issue more paper money." But we have done it in the past. In 1917, I think it was, we issued \$26,000,000 of paper money, with nothing behind it at all, only the country. It did not hurt the country any, we went on financing just the same. In 1927 we issued another \$46,000,000 of paper money without any gold back of it. We had prosperous times. We can do it again if necessary. We have all the resources of the country behind us. If having lowered our tariff we have an unfavourable trade balance and depreciated money, and we do not find the price levels high enough, we can issue more paper and depreciate our money still further. This is necessary to be done in the interests of agriculture and of the other primary industries all over the country.

We should, if possible, endeavour to reduce production costs, but this government has done more than any other government to increase these costs. Their action in issuing the national service loan did more to increase the cost of production than the action of any other government that has preceded them. I ask any hon. member: If you had \$10,000 in your pocket what commercial enterprise would you put it into?

Mr. MULLINS: A good farm.

Mr. DONNELLY: I thought that, too, some years ago. I may tell the hon. member for Marquette (Mr. Mullins) that I once put \$125,000 into good farms, and I will take \$25,000 for them to-day. He may think it a good investment now; I did some years ago. But no one who stops to think seriously—and the people are thinking seriously—is very well aware that there is no commercial enterprise to-day into which a man can put his hard-earned cash and feel assured that it is safe and he will get a good return on his investment. For that very reason our financial men had their money stored in the banks not knowing what to do with it. They were willing to take the ordinary rate of interest allowed by our banks rather than invest their capital in any commercial enterprise. When the national service loan was floated naturally these men would have been anxious and willing to buy national bonds that would return them four per cent interest. But this government said, "No, that is not enough; you