

The monetary system is man-made and can be altered: There is nothing sacrosanct about it.

We, the undersigned, in common with a large and rapidly growing body of citizens, who are genuinely concerned at existing conditions, have come to the conclusion that gold is not essential as the basis for the issue of national money, and that nations should not be under obligation to make payments internationally with gold. A system must, in our view, be established under which the issue and recall of currency and credit will be regulated on a rational, national, and scientific basis, so that the correct number of money tokens shall be available to consumers to enable them to enjoy the output of production.

There is, in our opinion, no need to wait for international agreement, since if Great Britain gives the lead, other countries, will, we believe, find it in their own interests to follow.

That open opinion of leaders of British industry and commerce should not be left unconsidered.

I want to draw the attention of the committee, if I may, to the fact that there has been a good deal of nonsense talked about inflation, and I propose to deal with that for a few minutes a little later on, but I would like to draw to the attention of the committee a statement of Reginald McKenna, which I think should go on the record. McKenna is a man who is a banker, who enjoyed the privilege of seeing the British money system functioning during the war as Chancellor of the Exchequer. Anybody who would dare to suggest that Reginald McKenna makes public statements dealing with a matter of such vital importance to Great Britain and to the British Empire, as its money system, for the purpose of getting business for the Midland Bank, or any other purpose than that of a sincere expression of his own ideas, fails to appreciate the standard that British public men and leaders have established.

McKenna urged international price lifting by means of managing currency. He says:

Controlled inflation, instead of being the remedy of fools and knaves, has become widely regarded as the best available solution to our troubles, particularly since it has become realized that a substantial rise in wholesale prices need have no more than slight effect on the cost of living. It is, I believe, possible to achieve a rise in the internal price level by monetary management, and I am unshaken in this opinion by the frequent charge that reflation already has been tried and found wanting by Great Britain and the United States. Deliberate monetary management specifically designed to raise the price level has not been tested in either country.

Now, a little later on he referred to the same thing, in which he pointed out this conflict—that is the real issue—the conflict between the banker who wants a shortage of money and the monopoly of the right to issue bank credit as his stock in trade. Just as a good many farmers and others are now seeking to get a monopoly of production, the banker is moving to establish a monopoly of world credit. The public want an abundance of money, for the purpose of increasing the distribution of wealth. The banker wants a shortage of money so that he can loan credit at interest. McKenna points out that to secure an adequate volume of consumers buying power, you must break with the gold standard and resort to more flexible management of the monetary system and in May, 1933, he repeats that same lesson and advocates:—

Deliberate creation of conditions which will ensure a moderate rise in commodity prices in terms of sterling induced by the calculated and controlled expansion and cheapening of the supply of money here.

[Mr. G. G. McGeer]