

not stop; it continued and in the end the boom burst. Do you recall the break in values? Do you realize what it meant? It meant that suddenly the pyramiding of conditions which had been going on in this era of speculation had brought about such a situation that, top-heavy, it broke and prices reached a low level, such as we had not seen before, and equalled only during recent months as a consequence of something to which I shall presently refer.

So we passed into the year 1930. In that year there were evidences of the foundations being more firmly established, the bottom being reached and improvement beginning. If any hon. members have stood in a field and watched a flying machine suddenly just raise its nose from the ground before it takes the air, they will realize exactly what I mean when I say that there were some evidences of a slight improvement. At that moment men were beginning to take fresh hope and they continued to do so. We in this country, owing to conditions to which I have on more than one occasion alluded, namely, the almost sudden diminution in the prices of our principal crop for the purposes of ready new wealth, found ourselves in a more difficult position than some other countries, but we were making a certain progress, very little it is true, but some.

Then there was an event the significance of which I always think hon. members with whom I have spoken do not fully realize. It was the passing of Great Britain from the gold standard. The effect of that upon the world was greater than any other single event which confronts us at this time. The world's banker, so to speak, had become insolvent; that is the way in which it was regarded. Sometimes, when I listen to or read the speeches that have been delivered during the last few days, I feel that very few members seem to realize that practically the greatest part of the world's business was transacted on a basis of sterling. Bills were drawn from Scandinavia and other parts of Europe expressed in terms of pounds, shillings and pence, because this was a stable exchange that had been created, not in five or ten nor yet in a hundred years, but over a period of hundreds of years the basis of trading as it is known on Lombard street had been established. Far off in South America the importer, drawing his bill upon an acceptance house in London, attached to it the insurance policy and the bill of lading. When they reached London they were taken around to the acceptance house which accepted the bill for whatever amount it might be. Then it was sold by the broker and ultimately found its way into

a joint stock bank and finally into the Bank of England. Those were the methods by which England over a period of centuries had established herself as the financial centre of the world. The war had created an interruption, but in the end nothing could take from her that position which had been established by long habit, by centuries of such dealings as I have indicated. So the Lombard street system became known all over the world. Dollars had no significance except in the terms of exchange value for pounds, shillings and pence. If any hon. member had visited Europe in 1921 and 1922 as I did, he would have found that a five-pound Bank of England note was the readiest form of exchange that could be carried with one, because in every country, whether it be France, Germany, Austria, or Switzerland, it was always exchangeable on account of the fact that it had a reputation; there was behind it a history, a fixed value. After 1925, when England went upon a gold basis again, there was never any question of the exchange value of the pound sterling. In our money, it was \$4.86; on the exchanges of other countries its value was established by their bankers and known to everybody.

Under those conditions, after credits had been established that it was believed were ample to take care of any demand that might be made, suddenly, without much warning, the bank was unable to meet its obligations in gold; there was no longer a free market in this commodity and England went off the gold standard. The repercussion, the effect of this upon the world we are only beginning fully to realize; in every part of Christendom that is so; in the far east, in the far west, in every part of the world, that is so. Even to-day, notwithstanding the fact that the pound has not been stabilized, although the other day we heard Sir Josiah Stamp say that it must be—and the value may be \$4.86, may be \$4, may be any other figure so far as we are concerned, but it must be stabilized—bills are still being drawn upon England from Scandinavia, central Europe, every part of the world, and the sterling area is being extended day by day because it still represents the medium of exchange with which men are accustomed to deal, about which they know the most and in which they transact their international trade.

That being so—and I think every hon. gentleman will realize how fully that is true—the disturbance that came about by reason of the happening to which I have just alluded, was felt tremendously in this country. It will be recalled that President Hoover, in an endeavour to meet the situation, had granted a moratorium with respect to debts to last