

as the result of that policy there has been nothing like the unemployment in this country that there would have been if we had failed to adopt that policy. I do not think myself that it is necessary to extend any further credits to European countries, except to Great Britain.

By Mr. Tweedie:

Q. Were the \$106,000,000 for manufactured goods only?—A. For both. For instance, \$25,000,000 to Belgium, \$25,000,000 to France, \$25,000,000 to Roumania, \$25,000,000 to Greece, and I think, \$6,000,000 to Italy.

By Mr. Nesbitt:

Q. That includes foodstuffs?—A. Oh, yes, foodstuffs and manufactured articles.

Q. We have to find that \$106,000,000?—A. We have not had to find it, but we are pledged to that under agreement with those several countries.

Q. We will have to find it?—A. Probably half this year, and probably half next year.

Q. What I mean is that the men who produce these goods, the wheat or the cheese, or the manufactured goods, will have to be paid?—A. The cheese market is now an open market, so that that is now eliminated; but large credits will have to be found for grain if we are going to sell our western wheat, and the balance of those credits will probably be taken up by food products. My view would be that it would not be necessary to extend these credit arrangements outside of Great Britain. So far as Great Britain is concerned, that is the principal market for our foodstuffs and especially for our wheat. I am positive that Great Britain will have to be given considerable sums during the balance of this year, and at least half, if not the whole of next year, for the purchase of products here if we are going to sell.

By the Chairman:

Q. It is possible that those who are interested in this vast inquiry do not entirely understand what the giving of these credits means?—A. It means lending them money which we must raise. Giving a credit is simply lending money.

Q. We must get the money?—A. Before you can give a credit you must get the money. It comes out of the Victory Loan.

Q. That is the point. Let me put it in concrete form. In Western Canada there is an exportable surplus of wheat to sell. That is principally sold to Great Britain. Great Britain has not the money to purchase. The money must or part at least be raised in Canada?—A. Undoubtedly.

Q. It must be raised in bonds, and the money that reaches the farmer is money that has to be raised that way?—A. It would not reach the farmers unless it was raised in that way. Giving a credit to Great Britain means giving a loan to Great Britain. How does this Government get the money? It must first go into the banks. The \$170,000,000 of money which we gave as a credit last year on wheat came out of the proceeds of the last Victory Loan. We simply placed it to the credit of the British Government from time to time, \$10,000,000, \$15,000,000 or \$25,000,000 as required. They took that money to buy the wheat. The reason why they require credits in this country is because they cannot purchase wheat with pounds sterling and the exchange has practically broken down between America and the Old Country. The result is that if we are to sell, our foodstuffs—let us put it at that and go no further—we must raise money by borrowing or by taxation, which latter would be out of the question for that purpose, and place it to the credit of Great Britain in a bank account. Then they cheque it out through their agents who buy for them to the farmers and others, and the transaction is complete. Granting a credit to Great Britain means lending money to Great Britain, and before the Dominion Government can lend money to Great Britain it must get the money in the banks and cheque it out.