

a truism when he said, "If the government borrows from individuals, the government spends the money. The individual does not."

We are face to face with the fact that this \$983,000,000 cannot be spent by each of us. That is to say the government cannot spend it on the one hand, and the people spend the same amount on the other. If the people spend it, it will not be in the banks for the government to borrow next year, or even now. I therefore throw out the warning that the government must get possession of this spending power if next year we are to be able to meet our war obligations. Of course they say the obligations will be met with the next victory loan. I must repeat, however, that the amount of loan is not sufficient, because the savings of individuals are held by the individuals in the banks of Canada. They are there; we ought to find the means of prying this money out, so that the government rather than the individual will have it to spend. It is possible that the individual may not spend it as providentially as we might wish him to spend it. If, in order to avoid the chaos of inflation which will be forced upon us, we do not acquire immediately a victory loan of magnitude in order temporarily to freeze up this liquid money, we shall find it has been spent by the people themselves. I entreat all those who have the interests of Canada at heart to place every available dollar in the service of the nation at this critical time. If the present condition continues, business enterprise will be unable to borrow, interest rates will go up, and the whole financial structure will be out of hand.

Mark you, twelve months ago it was reported to the house that there were no borrowings by government from the banks. That was a fairly healthy condition. We now find that in one year the borrowings from the banks have risen to \$983,000,000. What will it be in two years? Where will private enterprise be able to borrow funds with which to carry on, if the government has borrowed all the money from the banks. To borrow \$1,000 million in the next victory loan is not enough. To say that fifty per cent of your expenditure is pay as you go is not enough. It is always the extra five dollars earned by a bread-winner that makes it possible for him to balance his budget and make an investment. That particular bread-winner is earning that extra \$5 to-day, every week he is working. It is always the last few dollars of the hundred dollars in a transaction which provide the credit balance. Anyone who is in business or in production knows that we have not seen a profitable year like 1942 for a long while. Wage-earners were not

seeing the \$5 left over at the end of the week to the same extent as they did in 1942. Therefore I say that it should not be at all difficult to secure a good deal more money for the next victory loan.

I reinforce that suggestion by saying that we are now experiencing a velocity of turnover of all commodities which provides larger credit balances. The acceleration which turnover of money and commodities has experienced leaves the Canadian people to-day with more income and more spending power than they have ever before been accustomed to. One of the main factors in the turnover of commodities has been the necessary restriction which has been brought about in the number of lines a merchant may carry on his shelves. The more articles of food, clothing, shelter and personal services are standardized, the faster will be the turnover of inventory. The faster inventories are turned over, the greater will be the credit balances available for taxation. In passing, I warn the administration that we have come to the end point in many commodities, but this condition has been going on since the war started and we have not taxed into that position sufficient to check extravagant spending.

We must do it. Improvident spending and carnival living which have been so rampant this winter will break out again with renewed intensity with the advent of spring and the Easter bonnet unless something is done. Surely we do not have to wait for a blood-letting tragedy overseas to sober us. The government has a responsibility; the government has no alternative but to take this situation in hand immediately. It is a delicate matter to deal with; it is fraught with many dangers, but the delicacy of the situation and the dangers involved are not to be compared with the danger of inflation. That is most difficult to keep in rein. If it ever breaks loose, the damage done to this country by the runaway horse of inflation will bring us into financial chaos.

In regard to this question I bring to the attention of the house a factor in connection with the raising of funds to which perhaps not much consideration has been given. There are, according to a return tabled in this house a few days ago, 734,760 farms in Canada. During the time of the spring victory loan there will be incidental expenses to these farmers in getting their seeding under way, buying machinery and equipment or putting it into service. They will have to make cash outlays for a certain amount of seed, grasses, fertilizers, fence repairs and other items which will run far in excess of \$100 per farm. The