One of the objections which will be raised to this proposal is that it will increase the cost of living. Some people go so far as to say that it would increase in proportion to the depreciation which took place in our currency. I challenge that statement. That is a theory which was put forth by some economists before the war, but the experience of many countries after the war proved that it was not so. I have here an article which has been in my files for some six or seven years—these old files come in handy sometimes. This editorial deals with an article by Mr. Arthur Greenwood, M.P., which appeared in The Contemporary Review, dealing with the claim of English manufacturers that they could not compete with French manufactures of woollen goods because they had a depreciated currency. The editorial reads as follows:

> But Mr. Greenwood thinks that the advantages which the French manufacturer now enjoys in the British market are not due to the depreciation of the French exchange, but to the difference between the internal and external values of the franc. Prices in France have not risen—and therefore costs of production have not risen—

I quote again from the remarks of Mr. Stevens in 1922, in which he quotes Mr. Maynard Keynes as follows:

> During the summer of 1921 the mark gold equalled 20 marks paper. The internal purchasing power of the paper mark for the purposes of consumption was still nearly double its corresponding value abroad.

Then Mr. Stevens continues to quote Doctor Melchior as follows:

> The internal purchasing power of the mark . . . . is at present (April, 1922), between two and three times its international value. . . .

I think it is very easy to dispose of the contention that the increased cost of living will be sufficient to take up any advantage accruing from a depreciated currency.

I stated a moment ago that all this was working to the advantage of the United States and that that country was chiefly responsible for the present world depression which has affected the price of wheat and which is having such a serious effect upon our farmers. Why should we continue on a gold monetary basis, the very thing the United States wants us to do because it delivers us into their hands, they having accumulated 40 per cent of the world's gold? In support of my contention I will quote from a speech delivered at the annual meeting of the Royal Bank of Canada by Mr. Neil, vice-president and general manager, as follows:

> If the central banks of all the countries on a gold basis should deliberately adopt a common policy they could within a certain time lag, raise or lower the price level almost at will. Without a common policy, movements of gold would in due course arrest action of one country not in harmony with the policies of others, although the United States, with a huge stock of gold, could probably afford to loose a quantity which no country or group of countries would be willing to receive. On the other hand, she has during the period of 1921-1925 received gold on an unprecedented scale without allowing such receipts to create inflation.
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> It is because the United States is in such a commanding position of wealth, with forty per cent of the world's gold supply, that the main responsibility for the world price level rests with that country.

I had one or two other quotations which I desired to give, but I do not believe my time will permit. Even although they could be effected, and I do not believe they can, a reduction in the cost of production and a reduction in the cost of living would not be sufficient to place our farmer in a proper position to carry on. A reduction in the cost of living will not reduce his debts or his interest or his taxes, and the payments on those three accounts take up almost one-third of his income. A depreciated dollar would pay just as many debts, and just as much taxes and interest as would the appreciated dollar. He is paying these accounts with a dollar which cost him at least two dollars to obtain. This injustice continues because we are following this gold monetary policy. I would like to give a quotation from an article by Professor B. K. Sandwell entitled Shall We Abandon the Gold Basis which appeared in the Toronto Saturday Night, as follows:

> By the carrying out of these policies, the United States and France are directly affecting the value of every debt due in Canada and expressed in terms of Canadian currency. The Canadian dollar is now worth about twice as much in commodities as it was three years ago, and the change is not due to any alteration in the standard or volume of the Canadian currency or indeed to anything that Canada has done. It is due simply to an illogical policy on the part of the United States and a very logical but repudiationist policy on the part of France.
>
> It therefore seems to the present writer that this is a time for every serious consideration of the question whether we desire a currency which can be thus manipulated at the will of other nations. The main argument in favour of the gold standard has always been that its value could only be affected by natural forces such as the volume of gold produced in a given period. it is obvious that in the present circumstances the force of this argument is almost entirely destroyed. Should Canada, then, continue oven the pretence of keeping her currency linked as to value with that of the United States and with the legally depreciated franc of France?