policy of deflation which is grinding to pieces their entire national economy. We are following exactly the same policy and it is grinding to pieces Canada's entire national economy. There is no need for it; it seems to me it is the height of folly. Words fail me when I attempt to state what I think of such a policy. The cost of the deflation to Canada was estimated by the Ottawa Citizen last year at $4,800,000,000. If it were only half that, deflation has cost Canada enough to pay off the entire national debt about which we are so much worried. Why will the budget not balance? Because taxes and interest are paid out of production. Last year the Minister of Trade and Commerce (Mr. Stevens) said that interest could only be paid out of production. According to the Canada Year Book the total production of Canada in 1922, was estimated at $4,500,000,000; by 1928, it had grown to $6,342,000,000. If we had had a proper money policy, by 1932, it should have grown to something over $7,000,000,000. I could not get the figures from the bureau for 1932, but I have heard it estimated at $4,000,000,000. If we had produced the same quantity in 1932, as we did in 1928, it would have been valued only at a little over $4,000,000,000. The real value of production should always be the same. Why should the money value of production change? It is due to the fact that our money is a dishonest measure of value. In my opinion it is a rotten measure of value: it is like a concertina, it stretches out our national debt to such an extent that we cannot pay it. The government should take the same percentage of our production each year for purposes of government. This year it is taking about forty per cent more of our production to pay the costs of government, and yet our budget is not balanced. Why? Because our money is an unstable measure of value. There have been some reductions in government expenditures but there has been no relief in debt charges. If I had time, I would show just how unfair that is.

In 1928 the net debt of Canada was $2,296,000,000 and by 1933 it had increased to $2,599,000,000. In 1928 the wholesale price index figure was 96·4 but in 1932 it had fallen to 64. In terms of wholesale commodities, and that is what we have to pay with, the net debt of $2,296,000,000 in 1928 now becomes a debt of $3,061,000,000. The debt of 1933 of $2,599,000,000 now becomes a burden of $3,466,000,000. Taking the gross debt of all public bodies in Canada, that is the dominion, the provinces and the municipalities as $6,539,000,000, this works out upon the basis of the 1928 price levels as $8,718,000. The gross debt of the provinces totalling $1,578,000,000, on the same computation becomes $2,095,000,000. The debt of the western provinces has been doubled because their revenue comes mainly from agriculture, and agricultural commodities have fallen on the average about sixty per cent. I am sorry that I have not the time to pursue this phase of the question a little further.

Speaking of the western provinces brings to mind the proposal of the government to establish an agricultural stabilization fund. As I understand it, this fund will provide for the payment to the exporter of the difference between the exchange value of sterling and a price fixed at $4.60. This proposal is to apply to animals, meats including bacon and hams, poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables and maple products. In reality this makes the pound sterling legal tender at $4.60 for a selected list of commodities. But why the discrimination; why the selected list? Why does this not apply to apples and to lumber; why should it not apply to the export of this selected list to other countries? We lose just as much through the high value of our dollar when we export to the West Indies or to any other country as we do when we export to Great Britain. This is a belated recognition of the discrimination which the farmers and other exporters have suffered from for the last eighteen months because of the low value of the pound or the high value of our dollar. I think this action justifies the stand which we have taken in this house for the last two years. Two years ago I urged the government to abandon the gold standard in order to raise our price levels and relieve us from this terrible deflation which was carrying commodity price levels lower and lower. On almost every occasion which has offered since that time we have stressed the necessity of raising the value of commodity price levels by monetary action such as the bringing of our currency to a parity with the pound. This proposal of the government is a poor substitute, or it might even be termed a poor excuse. I think it should apply to every exporter whether he is engaged in the exporting of forest, mine, fish or agricultural products. If we were to bring the value of our currency more in line with the currencies of other countries it would not cost the treasury anything and it would raise prices in Canada to a point where the Minister of Finance would find that he could balance his budget without raising the rate of taxation.

Our exporters have to compete with all the world. We compete with Australia, New Zealand, Argentina, Denmark, Sweden and Norway. In Australia and New Zealand the British pound is at a premium of twenty-five per cent and although I have not the latest