

used and properly distributed, and we can distribute it by adequately paying for it where we require it.

The second measure I suggest is this. Producers must receive such additions to the prices they are now receiving as will bring within their reach a decent standard of living and will stimulate greater and greater production. Third, credit must be made available upon terms attractive to the producer. Fourth, the means of production—for example, cows in the dairy business—must be rendered easily accessible to producers. Fifth, stable markets for at least two years after the war should be guaranteed. If these suggestions are disregarded, Mr. Speaker, the Canadian people are going to pay for the oversight in suffering and privation. These five principles, wisely applied, will render available a substantial margin of at present idle or partly idle productive capacity. It is utterly unpardonable to have in Canada shortages of butter, milk, coal, honey, eggs, meat, fruits, lumber and so on. The very existence of such shortages indicates glaring incompetence on the part of the men in charge of affairs in this country.

The question will be asked, where will the money come from? It does not matter where the money comes from; if men persist in using only borrowed money and taxed money, then it must come from borrowing and taxation. The blame for the accumulated debt and the increased taxes must lie at the doors of those who lacked vision in administering our affairs. In 1941 Britain is reported to have spent over £100,000,000 in discounts, bringing down the price of goods such as the Canadian government wisely did not long ago with respect to milk. That principle is sound; it must be applied consistently over the complete range of commodities until the cost of living is brought down, so that the average consumer can get what he needs. In the same year the British government spent £30,000,000 in subsidies to primary producers. As a result of such management they were able to do such things as give seventy-five cents a dozen for eggs which were sold to the consumer for fifty cents. What Britain can do, with meagre resources, certainly Canada can do.

The question will be raised immediately, will such measures give us inflation? In the first place they have not caused inflation in Britain; and I would say that the danger of inflation in Britain is ever so much greater than it is or could be in Canada. Let us examine inflation for a moment. The word "inflation" apparently is being deliberately, and I am afraid insincerely, used by a good

many men on the American continent as a great big bogey to scare the people into doing whatever the men in power want them to do; a play upon the lack of information and understanding of the people; a betrayal of the trust which the people are reposing in the men who have been chosen to take care of their affairs in these trying times. What is inflation? It is nothing more or less than a rise in price. Keep that in mind; that is all it is, a rise in price. What causes inflation? There are three things. First, there is deliberate price manipulation, such as we saw immediately after the beginning of the war, when the price of lard was run up. Second, there is price spiralling, a state of affairs in which increased costs force up prices. For example, if labour costs increase, then the price of the product must be increased to offset the increase in wages. Third, there is the scarcity of goods and services.

Let us examine these three causes, to see whether or not they are uncontrollable. Will an increase in the money in circulation necessarily cause inflation? First, must and will it cause price manipulation? There is no reason why it should. If it does, price fixing, with penalties, must be used immediately as it can be and has been used. Second, must and will more purchasing power cause price spiralling? Not if it does not cause an increase in the cost of production. That is, if the government increases the wages by bonuses; if the government keeps down the cost of the raw products that go into production, there is no reason why any spiral should occur no matter how much money is in circulation. Third, must and will extra purchasing power cause scarcity of goods? No, provided the goods on sale are rationed if need be, and provided care is taken to increase the production of goods so that the supply is somewhere near the demand of the people.

These vital facts concerning inflation lie right at the very basis of all national financing, and of the economic management of any country. I submit that the Minister of Finance, the Prime Minister, and every other hon. member I have heard speak from the government benches upon the subject of inflation, have been misinformed on these important facts pertaining to inflation, and have misinformed the people of Canada.

If inflation can be governed by the devices I have mentioned—and it can—and if inflation is produced by the causes I have mentioned—and it is—it need have no relationship whatsoever to government-created money. Yet, time and again, we have heard the Minister of Finance from his place in the house rave about