

financial syndicates or by individuals of large financial means, and ever since this group came to this house the press have tried on every possible occasion to discredit us and to misrepresent what we have said. In view of the fact that the people throughout the country depend very largely on the press for their knowledge of financial matters, it is only natural that these people should not be seriously impressed by what the press has said that we have said.

In so far as the members of the Liberal party are concerned, of course they are not faced with that difficulty; other ways and means are found of dealing with them. Members of the Liberal party are dissuaded from criticizing the financial policy of the government in this house. We have had plenty of examples of Liberal members in the past criticizing the financial policy of the government for one year, or two years, and then suddenly becoming silent, so that it was not necessary for the press to criticize those members. No doubt, however, from a high sense of patriotism, the hon. member for Parry Sound and the hon. member for Vancouver-Burrard felt obliged to protest a continuation of the government's present financial policy, because they know very well that in its operation since the beginning of the war it has seriously retarded our war effort in many respects. Therefore, no matter what the consequences might be so far as they are concerned, they felt it necessary to rise in their places and criticize the continuation of that sort of policy.

I recall speeches made by the hon. member for Vancouver-Burrard in this chamber during 1936, 1937 and 1938. I believe that in 1938 he made one short speech, which was the last he made on this question until to-day. A statement of his on that last occasion is well worth remembering. He closed by remarking that members of this house should do all they could to guide the Department of Finance out of that swamp of financial ignorance in which it seemed to be lost. Can we blame the hon. member for having made that statement when we recall that from 1935 to 1939 we allowed industry in this country to remain in a state of stagnation; that we allowed half a million men to remain unemployed, roving across this country looking for work; that our shipyards remained idle, and that the defences of this country were not built up in spite of the fact that we knew that Germany, Italy and Japan were steadily arming? Is it any wonder that people lose confidence in a policy which allows a condition of that kind to remain in existence?

From 1934 to 1939 we maintained in this

country a favourable balance of payments averaging \$218,000,000 a year. Yet at the same time Germany, Japan and Italy were steadily building up their armaments. In order to maintain that favourable balance of payments we shipped large quantities of war materials to those countries.

The Minister of Finance and his predecessor continually criticized the proposals of this group. I should like to remind the minister that step by step he is having to adopt many of the proposals which we made in the past and which he himself ridiculed. When he becomes so dogmatic in this house he should recall that fact. For instance, I have in mind the matter of price control. I referred to this once before, and the leader of the opposition (Mr. Hanson) has referred to it. When we were urging the greatest development possible of our natural resources and stressing the fact that it would be necessary to have price control in order to prevent inflation, the Minister of Finance ridiculed the idea. He said it would not be practicable to try to put price control into operation; that it could be done only if we had a spy in every grocery store; that we would require a gestapo. To-day we have price control in this country. Therefore I say again that he should not be so dogmatic when he is criticizing our proposals, because it is likely that he will some day be doing the very things he is criticizing to-day.

We have often urged upon the minister the desirability of subsidizing industry so that it might sell below the cost of production. In the years from 1935 to 1939 we found it very hard to maintain an effective demand against our production, and we urged the government to put the unemployed to work and give industry a subsidy so that it could sell below the cost of production in order to balance consumption with production. The minister criticized such a policy as being crude inflation; yet only the other day in this house he stated that the policy of subsidizing industry to sell below the cost of production was an insurance against inflation. Step by step the minister is having to retract his statements and adopt the proposals that we have urged in the past.

This budget imposes a tremendous burden of taxation upon the people of this country. This group has admitted consistently in this house that it is necessary to maintain heavy taxation during war time in order to make more production available for war purposes. On the other hand it is well to realize that taxation should not be so heavy that the standard of living of the people is reduced to such a point that their efficiency is thereby