

believed that the removal of the subsidy will not have the effect of increasing prices in western Canada.

The eastern situation is too obscure at the moment to be capable of assessment, since the industry is not operating.

So far as coal imported into Canada is concerned, domestic coal has been subsidized for a considerable time, and the removal of the subsidies will cause an increase in the price of imported domestic coal. There again we are facing realities by recognizing the fact that those who are not users of coal should not be called upon to subsidize those who are users of coal.

Mr. COLDWELL: If I may ask a question at that point with regard to the payment of subsidies in Cape Breton, from what date was the subsidy which the company receives as a protection against loss discontinued?

Mr. HOWE: It was discontinued as of March 31.

Mr. COLDWELL: So that for the past two months the company have been getting that subsidy while the strike was on?

Mr. HOWE: That is right, under an agreement which the government undertook to continue until the end of the last fiscal year.

Mr. COLDWELL: That is virtually a payment of its strike losses, is it not?

Mr. HOWE: The result has been that for the last two months. The government, in making the agreement, did not anticipate the strike.

The hon. member for Vancouver East suggested that in its plan to return to a free economy the government has abandoned all its plans for a new social order. That, of course, is wholly untrue. The government has laid the foundations for a new social order and will continue to develop its further plans in that direction as conditions may require from time to time. However, I will not pursue that subject further tonight.

The government has by no means abandoned its stabilization policy. To indicate that its policy has been effective, I would point to the last annual report of the Steel Company of Canada. A diagram in that report shows what has been accomplished in the control of the one raw product that is more basic than any other to production in this country. In December, 1939, the cost of steel can be considered as 100; the cost of labour, 100, and the price level, 100, for purposes of comparison. At the end of December, 1945, the price of the product had risen two per cent; the cost of

living in Canada had risen seventeen per cent, and wages in steel had risen thirty-one per cent.

Mr. COLDWELL: Does the report show the increased productivity per man-hour?

Mr. HOWE: No; but that, of course, is the answer. At the end of December, 1946, the price of the product had risen fifteen per cent; the cost of living in Canada had risen twenty-three per cent, and wages in steel had risen fifty-four per cent. Price stabilization has been made effective in that particular unit of the steel industry without resort to subsidy. The result has been achieved by increased efficiency of operation and increased productivity of labour. Price control in steel has contributed a sample that explains why Canada today has a sounder economy than any other country in the world, and why we are better able to compete abroad than is any other country in the world. The basic industries in this country have recognized the necessity of keeping prices in line with value. That, I think, is fundamental to any continuing prosperity. The countries that have lost sight of that relationship, and have let prices get out of line with value, will be the first to suffer when competition becomes the determining factor in prices. I believe that the Canadian economy is founded on a sound level, and that Canada in its decontrol programme is not changing that basic situation.

I should like to remind hon. members that the one and only purpose of this bill is to give the government a reasonable time to accomplish decontrol. I will also remind hon. members that this bill is the only order of government business that has been discussed since this parliament assembled. I would remind hon. members that the businessmen and the taxpayers of this country are anxious to know the kind of tax structure they are working under and the tariff proposals of the government for the current fiscal year. Obviously it will be quite impossible to bring down the budget until this bill has been disposed of.

I would also remind hon. members that the legislation programme of the government is being postponed until this measure is disposed of. Hon. gentlemen seem to think that, after some six years of controls administered by the government it is now necessary for various members of the opposition groups to examine each item of control and give their opinion on whether the government is doing the right thing or not. It seems to me that the government which has had experience over six years in the administration of controls should be capable of deciding the appropriate