

Then there is another statement which I find very interesting, for two reasons: first, because of the figures it contains, and second, because it seemed to me to indicate the extraordinarily difficult questions of judgment and decision which are involved in the problem now facing his department. The minister said further:

I am always asking our people if a five per cent increase in performance justifies a fifty per cent increase in cost.

These figures are startling, and I say again they seem to me to indicate the size, the importance and the difficulty of the problems now facing the Department of National Defence as a result of whose decision so many hundreds of millions of our money are going to be gobbled up. I find these extracts from the minister's statement disturbing reading, particularly as I had more or less of a feeling that I wished they had been said here before they were said to the American Arbitration Association. One does not like to say it, but at the moment it almost seems as if the American Arbitration Association were closer to the minister's confidence than we are.

This leads me to make a suggestion. The public accounts committee is about to scrutinize the public accounts relating to defence, which of course come down to March, 1950. There is always a bit of a feeling in the public accounts committee that you are delving into the realms of ancient history. I am not suggesting how it can be avoided, but with the important and immediate decisions that have to be made in the Department of National Defence today it intensifies my feeling that if we are to be prevented in the public accounts committee from looking at anything after March 1950, it would be like having the play without Hamlet. I am hopeful that the government may decide that in this particular case the public accounts committee may carry on its review to a very much later time than March, 1950.

Discussion in a standing committee of course is better than in committee of the whole, for two reasons. First of all, the committee is smaller; you can have a much more informal and useful discussion, and, in the second place, standing committees may have expert witnesses. How important it is at this time to have the fullest information on these problems of immense difficulty such as the one the minister referred to when he said that the difference between five per cent and fifty per cent would have to be considered. How can any matter of that kind be dealt with in committee of the whole? The answer is that it cannot be dealt with in committee of the whole, that parliament should come closer

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to the matter. At the moment, as I have said, we really know less than the American Arbitration Association, and we really will not be very much better off after the estimates are through because we sit in this large room, in a large committee, and of course in public.

I suggest that the minister's words are disturbing. They will be disturbing to the public mind, and it is important that everything possible be done to reassure the public mind. After all, that is the duty of members of parliament, and if hon. members are more in the confidence of the government, then we can foster much better the spirit of confidence in the public mind.

How has this difficult situation arisen? Has it just "grew" like Topsy? Let me review it very briefly. After the unfreezing of prices and abandonment of subsidies which came after the last war, prices rose from 119 in 1945 to 123 in 1946, to 135 in 1947, to 155 in 1948, and to 167 in 1950. In 1948 there was an inquiry by the prices committee, and there was a temporary curb on credit, but in the same year there were also highly stimulating procedures at work, procedures invented in 1945 for the purpose of dealing with depression, such as double depreciation, and the boom generated by this and other inflationary measures continued. If I may take a moment of the time of the house I should like to read what I was bold enough to say three years ago about this very thing. Speaking in this house on May 21, 1948, at page 4246 of *Hansard* I said:

But what I complain about . . . is that we continued to use those measures long after it was perfectly clear that we should have done exactly the opposite. Signs of the boom really appeared in 1946, and the methods outlined in 1945 should have been altered then, and altered quickly. Instead, the government continued to use them and even accelerated them. What we needed was a sedative; what we got was a strong tonic. What do I mean by that? I mean that the government did two things. It powerfully stimulated plant expansion by what I think were extravagant inducements in the way of depreciation, and it also continued to pursue an easy money policy, which was the other method of encouragement.

As I say, the government persisted in this technique, which was designed for a depression, long after it was made clear that there was a boom. As I have mentioned in this house before, the *Winnipeg Free Press* referred to this as the big blunder; while the *Hamilton Spectator*, in rather racy language, referred to it as the disastrous holiday-mood easy-money era that found politicians and economic pressure groups doing everything in their power to make inflation a permanent institution.

That policy was still in flower when the impact of Korea struck us. One would have