

# PRESS CLIPPINGS

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Subject.....

We already hear protests, in certain quarters, that the farmers are expected to bear the burden of lower prices for the rest of the population. It is asserted that the government should let farmers get world prices, and that prices to Canadian consumers should be kept down by means of subsidies. The example of Britain is frequently cited in support of this proposal. In this connection, it is important to note that the British government has announced it will provide no additional subsidies for this purpose. There are many of its own supporters who openly maintain that the existing burden of food subsidies in Britain is too heavy.

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**A**CTUALLY, two factors have combined to account for the larger part of the increase in Canadian prices since the war. One has been the removal of subsidies. Subsidies were removed, to help to give the people a substantial measure of relief from wartime levels of taxation.

The other factor which has sent up Canadian prices has been the much more rapid rise of world prices, and, especially, of prices in the United States. Everyone must surely agree that it is impossible to avoid having Canada's price structure influenced by prices outside Canada. Canadian prices are affected particularly by prices in the United States. This is inevitable since we draw so large a part of what we consume from that country, and since our producers sell such a large volume of goods in that country.

Our price level cannot diverge very widely from the American level without creating unbearable stresses and strains between classes and interests in Canada. Incidentally, the devaluation of the Canadian dollar would still further increase the cost of living in Canada. Yet, devaluation is the only solution offered by one of the opposition parties to the exchange problem.

## Extremes Prevented

While we cannot keep Canadian prices widely different from American prices, what we can do, what we have tried to do, and what, so far, we have largely succeeded in doing, is to prevent the extreme rises which have taken place across the line, and the much more extreme increases which other countries have experienced . . .

Let me add this further word. The most zealous of social workers have long since learned that there is no panacea for the cure of social ills . . . The cure for high prices—the real cure—is production, not only in Canada, but in countries with which Canada trades. That is why the restoration of Europe matters so much to us all—to our daily lives—to our cost of living.

(Mr. King then made a reference to the Marshall plan and concluded this part of his address in the following words.)

In our present anxieties, it may help us to retain a true sense of proportion, and at the same time of pride, if we do not forget that Canada today is the happiest country in all the world, and that this fortunate position is not wholly the result of our geographical position and our natural resources. Not a little of the credit may properly be claimed for the policy of relatively rigid price control pursued through six years of war, and the policy of orderly and gradual decontrol followed through two years of transition, by a Liberal government.