

It will be appreciated that Canada, at the present time, is going through a very critical period. If there is too great a strain placed on the wage structure, it will have a disastrous effect on the whole policy of price control.

We have recently seen the results of sudden abandonment of price control with our neighbours to the south. It has been publicized from an authoritative source that prices have shot up 12.7 per cent.

The Canadian Congress of Labour unions are holding a meeting of the wage policy committee in Hamilton to-day, and I wish to report that I have sent a telegram to the chairman of the committee, Mr. Conroy, and at this point I would like to read a copy of this telegram:

Ottawa, Ont., July 9, 1946.

Mr. Pat Conroy,
c/o Royal York Hotel,
Toronto, Ont.

In view of the meeting of your wage policy committee I feel impelled with the friendliest of feelings to place before you and your colleagues the following views. According to the latest reliable information obtainable the abandonment of price control in the United States has resulted in a 12.7 per cent increase in certain living costs and an average estimated at 10 per cent. I do not need to emphasize to you the gravity of a similar inflation spiral developing in Canada which might quite easily occur with unrestricted wage increases leading to the abandonment of price control. Those in the best position to judge state most emphatically that wage increases beyond an amount considered just and reasonable cannot be made effective if price control is to be retained. Again it is the considered opinion of those best able impartially to assess the present economic situation in Canada that increases in wages beyond ten cents per hour and in some instances less will force a break in the price ceiling. Amendments recently made to the wage control order have cleared the way for favourable consideration of application to war labour boards for just and reasonable increases in wages and it is my hope that all labour leaders should see the wisdom of using the machinery provided by the wage control order as revised rather than resort to threats of strike and strike action. On numerous occasions I have commended labour for its cooperation in making the policy of price control effective and I should regret very greatly at this time any action by organized labour which would place such a strain upon the price ceiling that it would crack and bring about an inflationary situation which would be detrimental to the interests of all workers and many others whose incomes never rise as rapidly as prices once inflation sets in. Referring to our recent conversation connection with B.C. wage settlements you may have noticed I stated recently in the House of Commons that the B.C. interior lumber, logging and box manufacturing industries settled with the I.W.A. for a ten-cent per hour increase.

Humphrey Mitchell,
Minister of Labour.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, July 9, consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. MacInnis.

Mr. J. A. ROSS (Souris): Mr. Speaker, in pre-war years it was the custom in this chamber to have the budget presented by the Minister of Finance in the first quarter of the year. During the war years it eventually became the custom to bring down the budget about half way through the current year. In 1945, after the termination of the war, the annual budget was presented I believe on October 12, in the third quarter of the year. Now for 1946 we are to miss entirely an effective budget; for by the financial statement of the Minister of Finance (Mr. Ilsley) on June 27, 1946, we were informed that no taxation changes will take place until January 1, 1947. After the reported statement of the Minister of National Revenue (Mr. McCann) last March that Canadians would probably receive a fifty per cent reduction in 1946 income tax, the budget presentation by the Minister of Finance can be said to be very disappointing to the citizens of Canada. It is especially disappointing because of the fact that it discourages the production in Canada of many essentials until January 1, 1947. I think that is well borne out by the minister in his budget presentation.

In an address on March 20, the Minister of Reconstruction and Supply (Mr. Howe) stated at page 120 of *Hansard*:

I believe that a bushel of wheat will buy more goods in Canada than a bushel of wheat produced in any other country will buy goods in that country.

I wish to place on *Hansard* some figures as to the number of bushels of wheat required to purchase certain articles in this country:

To purchase a Farmall M. Tractor, International, in Canada requires 1,225 bushels of wheat. To purchase the same tractor in the United States requires 669 bushels of wheat.

To purchase a three-furrow International tractor plough in Canada requires 151 bushels of wheat. To purchase the same plough in the United States requires 83 bushels of wheat.

To purchase a 24-run International double disc drill in Canada requires 270 bushels of wheat. To purchase the same drill in the United States requires 147 bushels of wheat.