

taken in November, 1947 to drastically control and in some cases prohibit, the importation of certain goods from that country in order to conserve our supply of foreign exchange. The cost-of-living index at that date was 143·6.

When legislation for the further continuation of the Transitional Measures Act was presented to parliament in March, 1948 the government asked for the continuation of only 27 regulations regarding controls. At that time the power of the Governor in Council was limited in the same way as it had been in 1947. The cost-of-living index as of that date stood at 150·8.

By March, 1949, the number of regulations had been reduced to 12, and the government asked for the continuation of these for one year. The cost-of-living index had then risen to 159·2. On September 18, 1949, as a result of conditions brought about by the drastic devaluation of the pound sterling, Canada devalued her dollar by 10 per cent. The cost-of-living index at that time had reached 162·3.

By March, 1950, the only remaining controls were those with respect to rentals. The Continuation of Transitional Measures Act was amended to continue these controls for a further thirteen months, at which time the government said that it intended to abolish them altogether. By March of this year the cost-of-living index had gone up to 163·7 points, and on August 1, last, it stood at 168·5.

I draw the attention of honourable senators to the fact that during the five-year period from the end of the war up until the present time, the index rose from 119·9 to 168·5. During the same period there was a gradual reduction in the number of control regulations.

The honourable leader opposite and the members of his party were not the only ones whose voices were heard in favour of decontrol; there was no disagreement on this side of the house as to that general policy; and I think that it met with the overwhelming approval of the country at large. Indeed, such criticism as one heard was caused more by the delay in removing controls than the fact that they were being removed. The suggestion was frequently made that controls were all right in wartime, but that in times of peace they should be discontinued. But the bald fact remains, honourable senators, that during the period from 1945 to 1950, when there was a gradual relinquishing of controls, there was also a gradual increase in the cost-of-living index of approximately 10 points a year.

**Hon. Mr. Horner:** Will the honourable leader permit me to suggest that it was because

of the controls that living costs rose so rapidly? I intend to touch on that question in the remarks I shall make later.

**Hon. Mr. Robertson:** I am just pointing out that there was no general disagreement with the policy of decontrol. Though competition in the price field is the basis of our economy, it is interesting to note that as the controls were removed living costs rose.

The cause of our difficulty today, as the honourable leader opposite has explained, is that the demand for goods far exceeds the supply. It is as simple as that. The desire for goods and services has driven prices upwards, while incomes and employment have remained at a high level. In our desire for the removal of controls we overlooked the fact that during the war years there was an almost complete cessation of buying. My advice to people during the Victory Bond campaign, was like that of everyone else, "Save your money now and spend it after the war." At the time that was a perfectly reasonable and natural thing to say.

A second factor in stimulating the demand for goods was the remarkable transition from war to peace with far less unemployment than was originally anticipated. Sitting at one of the meetings of the Cabinet which I attended after the cessation of hostilities, I wondered how upwards of a million and a half people in the armed services and in war industries could be absorbed into the ordinary economy of the country without widespread unemployment and a violent social upheaval. Had great numbers of people been unable to find work, there would have been a great reduction of purchasing power.

However, through one cause or another, the transition from war to peace was made with hardly any increase of unemployment. One favourable factor which perhaps had not been foreseen was the extraordinary optimism of Canadian business generally regarding the future of our country. I myself marvelled that hard-headed businessmen would contemplate vast programs of capital expenditure at the price levels at which those expenditures had to be made. As honourable senators know, of recent years our capital expenditures, largely though not entirely for business development, have exceeded three and a half billion dollars a year. Consequently we have been favoured with continuous capital expenditures, to which were added the outlays on various undertakings by federal, provincial and municipal governments. The remarkable optimism which prevailed after the war was reflected in an extraordinary program of development which yielded great immediate benefits and was all