

surely this challenging and partly-provocative assertion must, I submit, be examined in the historical perspective of the long list of accomplishments of the former Liberal administration which were also motivated by a desire to further a practical realization of Canadian unity, and liberty, and social security, and Canadianism, and national development—even that dealing specifically with Canada's North. I venture to suggest that this historical perspective will bring the present legislative program into sequential and proper focus *vis-à-vis* the many exciting and constructive programs which formed the legislative framework for the continued national development of Canada during the preceding two decades.

It is not my intention to comment upon the many interesting aspects of the governmental policies which have been outlined in the Speech from the Throne. Many of these are couched in traditional and general terms, bespeaking from us a wait-and-see attitude until the projected legislation can be judged on its specifics. It is interesting to note that some of these proposed legislative developments are natural and sequential extensions or modifications of public policies initiated or planned by the former administration, while a number of measures and appropriations are to be proposed to continue and to extend the Government's program to sustain employment by the acceleration of a variety of public works and other social capital projects. About these there may arise some difference of opinion concerning their timing and the degree of their usefulness in halting a recession without aggravating the dangers and inequities of presently accelerating inflationary trends.

All these projects, involving the ostensibly more massive intervention of the state as a corrective for some of our present economic difficulties, also involve very considerable capital outlays, to be financed through a great deal of credit financing, and the Government thinks that the climate of the capital market is such that these needed funds will be forthcoming. Incidentally, and significantly, I must add, the Government does not exclude the possibility of an aggravation of inflationary trends under the influence of such a heavy mobilization of capital investment, and it warns us about the dangers and inequities of inflation. And well it might, honourable senators, as competent economists contend that there is a causal relationship between inflation and public deficit financing on the relatively high scale which is estimated in the public expenditures as we can now see them.

How are we to solve at one and the same time the contradictory dilemma of maintaining

full employment in a period of economic recession, without aggravating continuing inflationary trends? This is a national problem of crucial importance which demands urgent study; and we are indebted to the Leader of the Opposition (Hon. Mr. Macdonald) and to the honourable senator from Mille Isles (Hon. Mr. Monette) for calling attention to this problem, and to the honourable senator from Shelburne (Hon. Mr. Robertson) for his responsible and constructive analysis of this grave peril—not only to the orderly development of our national economy but to the strengthening of our democratic way of life.

I am not an economist, and only a sense of urgent concern prompts me to make further observations regarding this controversial and highly-complicated problem of continuing inflationary pressures. It should be noted that, paradoxically, we face the dilemma of being forced to deal at one and the same time with inflation and with recession, which last, according to the classical theory of economics, should bring lower costs and lower consumer prices. As has already been mentioned during this debate, the consumer price index has shown the largest annual increase since 1951, increasing from 120.9 in April, 1957, to 125.2 in April, 1958, an increase of approximately 4 per cent in one year.

The overall extent of the continuing inflationary trends may be seen by examining what, to me, are alarming figures, to be found, for example, in Table I of the 1957 supplement of the Canadian Statistical Review of the Dominion Bureau of Statistics.

The general wholesale price index of 1939 is listed at 99.2; in 1956 the wholesale price index is 225.6. The consumer price index in 1939 was 63.2; in 1956, 118.1; on March 1, 1958, 124.3; in April, 125.2.

Another way of indicating the extent of this problem is to link arithmetically the present consumer price index, which is based upon 1949 = 100, to the consumer price index, 1935-39 = 100, and then to measure the purchasing power of a dollar based on 1939 = 100. What do we find? Translated to this 1939 base, the average 1957 consumer price index was 196.0, and the average purchasing power of the Canadian dollar was 51.8 cents, measured by the consumer price index, and 43.6 cents when measured by the wholesale price index.

Using the consumer price index as a measure of the price change in disposable income, a married man with two dependents, and not qualified for family allowances, with a disposable income of \$2,500 in 1939 would have to earn \$5,225 now to have a disposable income of \$4,830, which last figure would equal the purchasing power of \$2,500 in 1939. A single man, with heavier income taxes,