

again last year, I thought there should be a reduction in such expenditures. I had a note on my memo pad to speak to that effect today, but on thinking the matter over last night and this morning I came to the realization that our world is not any more settled than it was five or ten years ago. I think the world is in a turmoil which is not understandable to any of us, and, that we smaller nations have to do our best to be ready if a crisis occurs. As the honourable member from Kamloops (Hon. Mr. Smith) mentioned yesterday, people from Hungary, who have come to all our cities, towns and villages, are telling us what they have suffered in their native country. Their sufferings have been absolutely unbelievable. Students at their schools and universities were so inoculated with the idea of freedom that they would stand up, fight and face sure death when they rebelled against the government of their country. I am persuaded that under similar circumstances our boys and girls would do exactly the same; I have that confidence in them. For that reason, we must be prepared to stand for freedom wherever it exists. In my home city of Winnipeg—and I am not boasting about Winnipeg, for perhaps we have not done so well as some other cities, but we have done a bit, in spite of certain difficulties such as a very cold climate; and it requires a good deal of preparation to take care of people, especially at this time of the year—in Winnipeg our people are as one in their determination that the refugees from Hungary will not only receive temporary accommodation but will have a chance to earn a living here. This is not because they are Hungarians—for we would do the same for British, French or any other refugees in these circumstances—but because they are heroic people, who were prepared to die in order to demonstrate to the world that the Russians could not crush freedom. Therefore, honourable senators, I am not going to press for a decrease in our war expenditures.

I should like to deal next with the great Middle East problem. Late in last November we had a special session of Parliament, which I call the Suez session, at which this matter was fully discussed. However, recent statements by the President of the United States and politicians in that country indicate to me that the difficulties in the Middle East are far from solved, and that something will have to be done to meet them. I am not in a position to suggest what part we in Canada can take in the solution. I do congratulate our Government upon what it has done by way of suggesting a temporary solution of the problem. But we should realize, as did Britain and France, and as the United States now realizes, that the day must come when the

people of the Western world will give to the people of the Middle East some guarantee of their freedom of life in that area.

I am not at all sure that Nasser's idea of using the United Nations to further his own purpose was a good one. Certainly I was disappointed in the United Nations when it passed a resolution condemning Britain and France for doing certain things, but failed to take similar action against Russia for the things it did. True, the U.N. has said it could not do anything in that respect. In any event, the fact is that nothing was done, and the Middle East situation is far from settled.

I believe, honourable senators, that the people of Canada are of the opinion that we have a certain responsibility for the peace of the world. While we are not a large nation, we are an important one, and we cherish strong ideals about freedom and proper dealings between peoples and nations. A small nation like ours has more opportunity to help in the solution of international problems than we sometimes realize. It is our duty, therefore, as members of the Senate of Canada, to help put forward the cause in which we believe. I hope that no party to which I belong or have anything to do with will ever use the international situation for its own gain, or for anything but the benefit of Canada and the world as a whole.

I should like to turn next to the more homely subject of inflation. An editorial in the *Winnipeg Free Press* of January 9 with respect to the Speech from the Throne contained this sentence:

First—and negatively—it lacked any ringing declaration about the need to combat inflationary pressures.

What are the facts of the case with respect to inflation? Up to 1949 the cost of living index was calculated on the basis that 1935-39 equalled 100. On that basis the index in 1949 had risen to 160.8. In that year the Government, rightly or wrongly—and I think wrongly—cut the basis for the index back to 100 as of that time. Our present index stands at 120.4. If the index were calculated on the original basis that the period 1935-39 equalled 100, it would today stand at 193.4. In other words, it would now take \$1.93 to buy goods that could be bought in 1939 for \$1. That is straight inflation.

The Government has taken some steps to meet that situation by trying to control the interest rate on borrowed money. It has raised the discount rate of the Bank of Canada, first on an arbitrary basis, and now according to a formula which has been adopted. The banks and loan companies have followed this system. Consequently, we have to pay a higher rate of interest on the money