

*The Address—Mr. Picard*

these taxes were paid cheerfully by the Canadian people in time of war. It cannot be said that too much currency has been put on the market for this purpose or that too much of our war effort was financed by the issuance of new money.

Another cause of inflation that did not exist during the last war was the issuance of currency without relation to productivity. In the present set-up in Canada I do not see that the amount of currency issued is out of proportion to the productivity of the country. Some people have stated that there is much more money available than the proportion of increase in the productivity of the country warranted. Yet there is no lack of consumer goods. Some hon. members even applauded when the parliamentary assistant to the Minister of Finance stated that we had plenty of goods available. That is true. There is a large amount of money in circulation. The people have a lot of money to spend. But there is also a large amount of goods available; so much so that inventories are extremely large. In fact they are probably larger than they have been in a long time; and this situation has gone to the point that some industries have even curtailed their production. That is another cause of inflation—the lack of consumer goods, which is regularly or commonly considered as being a cause of inflation or of rising prices—that we do not find in these present circumstances.

The rise in the cost of living can therefore hardly be attributed to inflation, because we do not see what economists have described as the main signs of coming or actual inflation. Yet prices are rising. But they are not only rising in Canada, as I said a moment ago. It is no consolation to say that prices are rising elsewhere, but I do so to point out that this is a world problem and not just a Canadian problem.

By referring to the speeches that have been made, I have tried to find helpful suggestions. Some people have talked of controls. I myself was at one time inclined to think that controls would be good. It seemed to be a logical conclusion that controls would do good. In these circumstances, when we can determine that the rise in the cost of living is world-wide, I wonder if any controls applied today would bring about a remedy. Some other speakers have pointed out what has happened in countries where controls have been tried. In England and elsewhere controls have been tried, and the cost of living is still rising, going higher and higher.

During wartime controls were accepted; and Canadians behaved better than did the

people in most other countries of the world in this regard. But to be effective the controls must be approved and accepted, and the people must co-operate in their application. Could we get that co-operation in time of peace? Controls have been tried in other countries, but they were not effective. During the war controls were tried in the United States, and they did not prove to be easy of application. There is no use trying to apply controls exclusively by force. Our neighbours to the south tried to apply a particular law that was passed with noble intention, but it could not be applied. I refer to the Volstead Act, providing for prohibition. A huge amount of money was spent but it could not be enforced, and it led to gangsterism and many other evils. Can we apply controls in times of peace when we and the people in other countries seem not to be prepared to accept them as gladly as in time of war? I think we must contend that at the moment controls would not meet with popular approval. But people may, at times, be inclined to think, as I was myself, that they might be a remedy. I think they might be a remedy if the causes were local. But if we consider the situation throughout the world, even if we applied controls here I do not think it would remedy the situation at all.

In this regard I was interested to see what was the attitude of the official opposition. Last year I think they approved the idea of controls; this year they limited their approval to a certain category of goods or projects. I have here an extract from the *Winnipeg Free Press* which states:

In the last session of parliament Mr. Drew voted with the C.C.F. in proposing an open-ended system of controls. In the present session Mr. Drew's first concern was to denounce the same C.C.F. policy and to deny, over and over again, that he favoured anything like a complete system of controls. Where does this strategic retreat leave Mr. Drew today? It leaves him advocating controls only on materials entering the defence program. But this cannot be construed, by the widest latitude, to mean an attack on the cost of living since defence materials do not in general enter into the cost of living.

It can be said the fact that we are going in for war expenditures put more money into the financial stream of the country, and that it might help to prevent inflation by putting controls on war materials rather than general controls. I do not agree with that. When I started to study the question I thought that controls might be a good policy. I have now come to the conclusion, especially after travelling abroad, that under the present general conditions controls would not improve the situation. They may be tried on certain things. It may be true there. They may be tried on food; they may be tried on consumer goods, but will they affect the whole situation? We are governed by the cost