

country during December and January, just before coming here for this session; and while we found that prices of most agricultural products and many foods were quite a bit higher than prices in Canada, on the other hand we found that prices in many lines were considerably lower than in Canada.

Mr. ILSLEY: That was more so before the war, was it not?

Mr. QUELCH: Yes; unquestionably it was more so before the war. Their prices have risen, but, even so, prices in many lines in the United States are still considerably less than in Canada. Take tires, radios, electrical supplies, cigarettes, gasoline, cottons, shoes and many other commodities, we found we could get them far cheaper there than here. The net result is that, as far as agriculture is concerned, in the United States the farmer is considerably better off than the farmer in Canada, because he is getting prices for his products considerably greater than prices the farmer in this country is receiving, and he is able to buy the things he wants at considerably less than the prices in Canada. So that the farmer in the United States is twice better off than the farmer in this country; he gets higher prices for his products and buys his goods at lower prices. Therefore I doubt very much if there is as big a danger of prices rising as some people seem to think, if price controls are lifted. The Minister of Finance (Mr. Abbott) apparently thinks that himself, because price controls are gradually being taken off. It is true there may be an immediate rise, but just as quickly as production can expand to its full level, those prices, generally speaking, will fall.

As I said before, curtailed production cannot be justified on the ground that prices are being kept down, because then the cost is too great. It would be far better to have a slightly increased price, if in so doing we can have greater production; because with the production increased, the pressure on the price levels will decrease, and the price will fall.

Of course I agree there are certain concerns which will not reduce their prices. I pointed out that under social credit we would take action against them, by paying the discount only to those which did reduce prices. Those concerns which cooperated would get the subsidy and therefore be able to undersell those that refused to.

If we want private enterprise and initiative to succeed and to expand, we have to do everything in our power to encourage it, rather than to strangle it. The minister has

said in the past that in Canada we lack venture capital. I would say that one of the reasons we lack venture capital is that we are continually urging people to invest their money in bonds. If it were not so easy for them to invest in bonds, that is gilt-edged securities, they would be a little more venturesome in investing their money in industry, where it should be invested. And if they were to invest their money in industry it would not be necessary for us to get capital from the United States, thereby placing the country further in debt.

In closing, may I say that we will support any controls the minister can prove to our satisfaction are necessary for the well-being of the people of Canada. But we definitely refuse to support any controls which we consider restrict production, or which may reduce the consumption of goods in Canada which may be made available in abundance.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I have only a few words to say in speaking on the motion for second reading of the bill, the purpose of which is to extend the period during which a return to a normal economy can be accomplished.

I shall speak with particular reference to the list of commodities the decontrol of which was announced this afternoon. It was suggested by the hon. member for Vancouver East (Mr. MacInnis) that the list was confined to consumer products—which is largely true. But he also suggested that its effect would be to remove protection from the buyer, but to continue protection for the manufacturer. That, I suggest, is an entire misconception of the pattern of decontrol. The reason the articles named were included in the list announced today was that it is the belief of those responsible for price control in this country that the removal of those articles from control would not materially increase the price of the articles—with one proviso, and that is that prices of the raw materials entering into those products will remain reasonably stable.

As I remember it, the list decontrolled boots and shoes, but continued the control on hides and leather. The production of boots and shoes has reached a point where those commodities are no longer in short supply. There is no reason visible to those responsible for price control as to why, assuming a stable value for the hides and leather entering into their production, there should be an increase in price in the finished product.