

is one of the primary evils of the world, and the civilized world is spending its energy in getting ready to prevent a catastrophe resulting from the inroads of communism. At the same time, I am not sure at all that the communists will not win if we lose out on inflation.

Now, I am going to do something that I criticized another member for doing: I am going to read from some notes, because I want to make sure that I express my views clearly. The government's policy, largely, has been to meet and prevent the cost of living from going up. We have taxes on income, sales taxes, excess profits taxes, excise taxes and generally the greatest tax levy in the history of Canada, even including wartime. In addition to this the government have withdrawn their support of dominion bonds, with the result that the cost of interest has gone up. They have also instituted credit restrictions and "what have you", in the hope that as a result the cost of living would at least stand still. But the cost of living, instead of standing still, has continued to go up; and undoubtedly the sales tax and such taxes have of themselves helped to make it go up.

What enters into the cost of anything? In the first place, there is the cost of the primary article or articles used in the manufacture of the thing. Secondly, there is the labour used in all stages of manufacture. Thirdly, there is the interest or profit on the capital employed in the operation. By the cost of labour, as I use that expression here, I mean what is paid to every individual who has anything to do with the article manufactured, whether he works with his hands or his head. The cost of the finished product also includes the costs of transportation and all the other things used in converting the product from its raw state to its manufactured condition, in which it is used by the public. Some articles require more labour than others. For some, the original cost is greater than for others. On some the interest is greater than on others, because the capital involved in the operation is greater. But by and large the three elements that I have mentioned enter into every process of manufacturing or production that we go into. Now, the two classes—on one side, the person who owns the capital involved, and on the other side, the people who furnish the labour, by which again I mean labour in its widest sense—divide up the results. If you increase the profits beyond a certain point, the price of the article has to be increased; and there is a similar result if the costs are higher costs for any part of the labour, whether physical or mental, because the producer simply says,

"All right, if my labour costs for the production of the article are ten cents higher, I will add that amount to my sale price." He has no difficulty in making sales so long as there is a demand for the article he produces, and as things are now it looks as if the demand for most consumer goods will exist for a long time to come.

I think the Minister of Finance said recently that the present strong demand arises because too much money is chasing too few articles, and the problem is to increase the supply of goods in proportion to the money available. Well, the government decided to impose more taxes and restrict credit facilities, so that the people would not have so much money to spend. But prices continued to go up, and it is not difficult to see why. After all, why should the owner of a factory oppose the demands of his workers for higher wages and salaries? He can add the increased labour costs to the price of his goods. The situation is not so bad for people who are able to increase their incomes to meet the higher cost of living. But under present conditions a large number of people are unable to charge more for their services than they are charging now, or to add to their income in any other way. I refer to people such as ministers, teachers, civil servants, middle-class people living on their savings, retired workers, old age pensioners, widows of war veterans, war veterans themselves, and so on.

As I say, some people are able in one way or another to increase their incomes to at least some degree as the cost of living rises. Let me illustrate. I am not aware of what the very brilliant lawyers in Toronto do, for I am not in their class, but I do know that the members of the Law Society in Winnipeg have raised their fees as one means of endeavouring to keep up with the higher cost of living. When I was a student a man could have his will drawn by a lawyer for \$5. Later the charge was put up to \$10, but now it is \$25 for even a very simple will, and it will go still higher if the cost of living continues to rise. Now how can pensioners, for instance, meet a situation like that? And what about all those elderly people who are living on very small incomes—pensioners, superannuated people, and those who are depending upon the income from their own small savings?

The expenditures on our huge defence program are entering into the money stream. And if the government carries out, as I assume they will, the projects mentioned in the Speech from the Throne, there will be further large sums poured into that stream. For instance, there will be about \$800 million for the St. Lawrence Waterways, about \$23