

reasons" have always appeared for the raising of commodity prices, while collective bargaining is being destroyed by frozen wage levels, and real wages keep falling.

That is the problem, and I think that is a statement of fact so far as Canada is concerned. No one can tell me that prices have been successfully pegged in Canada. Officially there has been an increase of approximately 16 per cent since the outbreak of war; that is on the basis of a superficial examination of prices across Canada, taken in certain cities, and striking an average. It is not a true picture. I am safe in saying that many hon. members of this house could go back to the towns in which they live and find that since the outbreak of war prices have risen by 30 per cent; and in many towns and cities you will find a dozen different prices for the same article. So I say that prices have not been successfully pegged, nor do I think it possible to do so. When questioned some time ago, before the adoption of the price freezing regulations, the Minister of Finance stated that it would require a policeman in every store in order to make the thing work successfully.

Now I come to the solution, which is not my solution but that of people who have studied the problem. Reduce the spendable incomes so that their total is equal to the total value of goods available for consumption at current prices; spendable income to be controlled by spending money coupons issued according to need and not according to total income of the individual. That is rationing. If commodities are scarce, all should share and share alike in the sacrifice involved in doing without that which is not available. If goods of which there are shortages are rationed, coupons are issued regardless of whether one is a millionaire or an ordinary wage earner, on a proper rationing basis. Under that system one is entitled only to his share. He cannot have any more; therefore he cannot spend any more. There would have to be some price control in connection with it, no doubt. But in my opinion rationing is the only way in which inflation could be avoided. There would be no incentive for anyone to spend more than he is allowed, if the government decreed that he is allowed only a certain amount. The freezing of wages does not enter into the picture, nor does the amount of money available to spend, if you cannot spend it. It does not enter into the picture of inflation, either.

The results of rationing would be these:

1. Spending money coupons adjusted to the available supply of goods would automatically stabilize prices, with some price control.

2. All workers are immediately put on equal terms with higher income sections of community with respect to purchase of necessities.

3. No need for wages stabilization, since wage increases would not increase spending power and could not, therefore, have inflationary effect.

The important consequence of this would be visible at once. Trade unions would still be free to pursue the normal methods of collective bargaining in order to obtain adjustments in the relative income of workers compared with owners and managers, and also in the relative incomes of different groups of workers. Since the increases would automatically go into savings, except in so far as a portion might be spent on recreation, the trade unionist would be bargaining for an increased share of the national debt, or, to put it another way, an increased share in post-war consumption. In this way, two of the main problems facing trade unionists to-day would be partly solved. They would be able to find a way of increasing the working class share in the national income, and of continuing the historical process of working-class advance even in war time, without in any way hampering the war effort by diverting labour and materials away from war production to current consumption. And they would also be building up some measure of security against the danger of a repetition of the decline in working-class standards which followed the last war.

Mr. MARTIN: What is the hon. member quoting from?

Mr. GILLIS: Labour discussion notes as put out by the British Labour party. Of course this is my own material, taken from notes I have accumulated over a period of time. I have made my own analysis, and have reached my own conclusions.

I believe the statement with respect to the freezing of wages is clear, plain and simple. The main trouble with us to-day in discussing any problem is that we are too academic. We kid ourselves into the belief that there is a lot of mystery in it when in fact there is no such thing. The whole matter is set out here very clearly, and the solution could not be made clearer. The only thing that stops us from putting these measures into operation is that while we may preach democracy, we deny it to the very people who need it most. Eighty-five per cent of the workers in industry to-day are doing a job, while someone waves a flag in their faces to remind them of the war; and at the same time they are denied the very right to have their day in court with their employer. We may