

Senator CROLL: —and that a study similar to that will wave a magic wand. Is it not true that despite the Hoover commission, the costs in all areas of government in the United States have continued to grow and grow, remarkably fast?

Mr. STYLE: I am not too familiar with that, sir, but I would think it is quite likely true. I think the question to ask yourself, however, is: would it have grown even faster if there had not been that continual checking up?

Senator CROLL: That shows intelligence!

I do not know who will answer this question, but at least, I want you to be asked some questions before you leave. Since the end of the war, in the last decade, I think I am safe in saying that we have had comparatively full employment, and we have brought the figure of unemployment down to, say, about 3 per cent; and oftentimes it has been better than other times. At the same time we have had a measure of inflation, but, on the average, it has been a comparatively small amount, 2 per cent since the war. Am I right in that assumption?

Mr. STYLE: As measured by the D.B.S., I think that inflation from 1949 was a total of just about 30 per cent, speaking from memory.

Senator CROLL: What is that?

Mr. STYLE: Thirty per cent; that is the degree of inflation since 1949.

Senator CROLL: So that 3 per cent is approximate?

Mr. STYLE: Something of that order.

Senator CROLL: I did not want to be too far out. At the present time we are in great difficulties with our unemployment. If, as Senator Huggessen suggests and as the brief suggested, we spend a large sum of money for things we need—and you have told us some of the things we need, and I am talking about schools, I am talking about hospitals, and I am talking about roads, and things we have referred to as social capital—where is the danger of inflation?

Senator BRUNT: They create money to pay for it.

Senator CROLL: Let him answer.

Mr. NEEDLES: I think we have to go back over the history of this. Over the years of history where governments have spent more money than they had coming in, inflation was inevitable. There are other reasons for inflation, but at the moment this is an important one and a very close watching brief should be kept on the effects of inflation as we go into this era of some deficit spending. The closest check on Government spending should be maintained to reduce that deficit as far as we can and still to meet the emergencies of the present situation, remembering it is an emergency, and that a permanent policy of that kind is bound to reflect in increasing inflation.

Senator CROLL: I was talking of an emergency. I did not actually use the term because I did not want to reflect it, but it is an emergency situation. In this emergency, if the Government planned to spend—I will put it at a large sum—\$1 billion, a sort of "mortgage on the home", for which it would obtain brick and mortar and lease facilities to build up the Canadian home, the Canadian plant, where is the danger there?

Mr. NEEDLES: If sudden expansion were to come about in the social capital provisions, and if at the same time the relationship of productivity does not keep up with the relationship of cost, then you will put further impetus on inflation. So, again, it is a question of good business judgment and good management all the way through, to try to keep the balance in your monetary situation.