

*The Address—Mr. St. Laurent*

veterans' pensions and other benefits and the service of the national debt, and to give me the estimated cost of the comparable services in the present fiscal year, excluding the same three items and all the new services or expenditures which have been established since 1939, such as, for instance, family allowances and the payment made to the provinces as a rental for their abstaining from imposing certain forms of taxation which we impose in their stead. In 1938-39 the total was \$326 million or \$29.20 per capita. For 1951-52 the comparable estimates total \$719 million or \$55.80 per capita. The increase per capita is 91 per cent. This is just over the percentage increase in the cost of living index and a little less than the percentage increase in the wage level.

I think this then would indicate that the government has held down its expenditures on these services fairly effectively. It must be admitted that, for instance, in a service like that of the comptroller of the treasury, he has four times as much to do as he had during 1939 because he has to check the proper expenditure and accounting of everything in these new services that have been established. The Department of National Revenue has at least four times as much revenue to collect and account for as it had before 1939. Though I would have been somewhat happier if the increase had been less, I feel that a fairly close tab has been kept on the general overhead that has to be provided for in order to take care of the large increase in the nation's business.

What can be done to prevent further inflation? I hope there will not be further inflation. Recently in many of our papers we have seen advertisements of cuts in prices, some of them attributable to the reference in the speech from the throne to the fact that the fixing of resale prices was going to be made illegal. I am informed that there are quite large inventories throughout the country—

**Mr. MacInnis:** Why then are prices going up?

**Mr. St. Laurent:** Because there are people—and I am not suggesting that they include my hon. friend or me—who have money they would rather not keep than get the thing they can obtain at a high price. During the war we had controls; but although prices were controlled, we also had an active patriotic fervour that made people put a great deal of the money they were earning at that time into government bonds. The very fact that the payroll is larger, or has increased at a rate even faster than prices have increased, shows that the money is there. When there is this unbalance between the amount of purchasing

power and the quantity of goods and services that can be purchased, unless it is mopped up by taxation or is put into savings, it puts a pressure on prices. There are many who hold the view that quite a number of those engaged in the distribution of services and supplies are becoming a bit anxious about the inventories they are carrying at the present time. I have no personal knowledge of what those inventories are, but I am told that they are rather abnormally high, and that they will not remain on the shelves even if some of them have to be disposed of at diminishing returns.

The price level cannot be held fixed in a free economy, although it is disturbing to have it move far in either direction. Deflation, when it comes about, is almost as painful as inflation. The ideal state would be a proper balance between purchasing power and supplies; but none of us—except perhaps the hon. member for Lethbridge (Mr. Blackmore)—has the formula by which to maintain that proper balance at all times.

**Mr. Blackmore:** Hear, hear.

**Mr. St. Laurent:** We cannot get away from the fact that while we are building up these combined forces of the free nations to create the kind of force that is apt to deter aggression, we are taking a certain proportion from the annual production and are not diminishing the purchasing power, except through taxation.

The situation we have to face is that this upbuilding of the kind of strength that will deter aggression is a duty for all of us. It is not something that we can leave to the other fellow. It is something we all have to provide and pay for by doing without some of the things which we should like to have and which it would be possible for us to have if we did not feel it to be desirable to devote that portion of our national production to this joint effort to maintain peace in the world.

I have expressed that view in many places in this country. I have said in many places throughout the country that I felt that was what the people of Canada wanted us to do, and that if they did not want us to do that they should make their views known. That would not mean we would change our views, but it would mean that we would make room for somebody else who shared their views to carry on the affairs of the country in our stead. That is the situation; and again I can say that as regards immediate additional measures to curb inflation, while others may develop, the only one we are prepared to submit at this time is the one that will arise out of this report of the combines committee with respect to resale prices.