

worth saying again, that the average person when faced with the undesirable factors of rising prices naturally wishes to regulate prices in some way. He sees the price tags on the commodities that he wants, and if he could invoke the powers of government to change the figures on the tags his end would be achieved. But in my submission that is not the most desirable method of procedure. It will be recalled that after the war ended a number of senators, of whom I was one, spoke in this chamber against price controls and demanded that they be discontinued to as great a degree as possible and as soon as possible. Our friends across the aisle agreed with us at the time; I well remember that the leader of the opposition (Hon. Mr. Haig) took the same stand I did. I notice now, however, evidence from the opposition benches of, perhaps, a slight change in thinking. The C.C.F. was always strong for controls. Personally, I am not; I should like to see them disappear. In my hand I have a statement by a very eminent authority on this point of the arbitrary control of prices and the undesirable effects that follow from it. I should like to read a brief passage:

Direct controls, of themselves, do not cure anything; indeed, they may often do more harm than good. At best, direct controls can do little more than contain for a time the pressure of demand. Price control in any form, however, is no substitute for action designed to bring over-all demand into line with over-all supply. It disguises inflation. It does not remove the cause of the trouble. A policy of direct controls of necessity develops an appetite that grows by what it feeds on. Finally, a widespread system of direct controls, no matter how skilfully and honestly administered, requires a huge and burdensome bureaucracy. Under less severe conditions direct controls of prices, wages, production and distribution—and they are inseparable—are incompatible with a free society and a free economy.

The authority for that statement is the present Minister of Finance, and the words were spoken recently. Surely he should know that what he said was right.

Hon. Mr. Vien: Have you given the reference?

Hon. Mr. Roebuck: I quote the minister as authority for the statement, but I do not think it would be proper to give the reference. I believe I am within the rules in taking that course.

Hon. Mr. Vien: I understand.

Hon. Mr. Roebuck: The minister should have a good knowledge of the subject with which he was dealing. He was one of those who took part in the administration of controls during the last war, when we had a very extensive experience with them—and I suppose in similar circumstances the experience would be repeated. I am not criticizing

his position; I am simply mentioning the undesirableness of controls and pointing out that it is better to adopt some other method, if one is available.

Hon. Mr. Vien: Are you suggesting any?

Hon. Mr. Roebuck: Of course I am. That is my thesis. I think that controls have been tolerated often in the past, and I suppose will be in the future, only because of the serious consequences of excessively rising prices to the national economy.

I have tried to lay a foundation for what I have yet to say. I have already mentioned that there are two factors in the problem—commodities, on the one hand; and money on the other. And as the quotations I have given would indicate, it is possible to control money as well as price.

Hon. Mr. Vien: Would the honourable senator allow me? Is there not also an alternative in the production of more goods which are in demand?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Vien: To what degree does this bill encourage additional production of goods which may be in short supply?

Hon. Mr. Roebuck: It does not encourage that at all; that is not the purpose of this bill. No doubt other legislation will provide for what my friend suggests. I understand that there is a measure to come before us on the subject of materials and services. I do not wish to discuss that. What I am discussing is the money approach to this problem of rising prices, not the commodity approach.

I should like to point out here that, for the purposes at all events of this discussion, money is not confined to coins and what some people call folding money. Those things are promises by a government to pay at some future time; they are negotiable, and they constitute money because they have purchasing power. But there are other forms of purchasing power besides coins and folding money. When a banker enters a credit to some individual in his book he places that individual in a position to buy, gives him purchasing power, and that purchasing power in some of its aspects is quite similar to, if not exactly the same as, coins or paper currency. For instance, when a finance corporation gives its paper to a purchaser for use in the purchase of an automobile, it is creating money, because the credit of the corporation is regarded as of value, and the note in its application to the relationship between commodities and money, has the same effect as if the government printed dollar bills.