

During the war it was necessary to safeguard a fair distribution of a limited amount of production. In the future the total production of the country will be available to satisfy the needs of the people, less whatever contribution we decide to make to the war-stricken areas of Europe. However I think we must be on the watch to see that those contributions do not endanger the efficiency of our productive plant; that is to say, we want to be careful that we do not ship so many goods abroad that we reduce the standard of living in this country and cause discontent which, in turn, could very well reduce our productive efficiency. If the workers become discontented, production is bound to fall; and if your production falls, you will not be able to make as great a contribution to the war-stricken areas as you would if you maintained your production at a high level.

The government's policy of price and wage control is undermined by the fact that the people resent these controls in peace time, and the government should lose no time in removing them as soon as possible. I believe that, generally speaking, the government is removing them as fast as it considers they can be removed. I am not criticizing the government on the ground that it is not removing controls fast enough. There are some controls which it will be necessary to keep in operation and which, in my opinion, should be kept in operation permanently. In that category I place the foreign exchange control board. But there are other controls which unnecessarily interfere with the freedom of the people and which should be removed.

The government emphasized that, in order to prevent inflation, it is necessary to maintain a certain degree of price control; but it seems to me that the policies of the government are to a certain extent creating inflation in this country today and will likely lead to a depression in the near future if that policy is not changed quickly; that is, by discouraging production through price control and by confiscatory taxation discontent is being caused amongst the workers—the farmers and labour—causing a slow-down in production and causing strikes; and then again it is further discouraging production by the over-export of consumer goods abroad. I think our peacetime policy must aim at giving the people the highest standard of living that the country is capable of producing. In order to assure high production, we must assure a steady demand for it by the people; and in order to assure this, we must take steps to maintain the purchasing power of the people at a level sufficiently high to buy the total

production of the country and the imports brought into the country in return for our exports.

I think the various control measures proposed must be viewed in the light of that situation. Our policy must be such as to encourage the full development of the resources of the country and to maintain effective demand against them by the people. One may well ask: Does the government policy of price control tend toward the full development of the resources of the country? I think in many ways it has had the opposite effect. Labour has demanded higher wages. Industry has insisted that if higher wages are paid, higher prices must be paid. Then, when higher prices are charged, the purchasing power of the consumer has been reduced, and you go round and round in that vicious cycle. However we believe that is a solution to that difficulty. In order to expand our production, we believe that it will be necessary to remove price ceilings so that the full cost of production may be recovered out of prices. Then, in order to assure that the people's purchasing power will not be reduced by an increase in prices, the price to the consumer should be adjusted so that the price of goods to the consumer will bear the same relationship to their financial cost as the total national consumption bears to the total national production. In this way prices would be regulated by the actions of the people themselves, instead of in an arbitrary fashion by some board of directors.

I referred to this matter during the debate on the speech from the throne. If, for example, demand was only eighty per cent of supply, then a discount of twenty per cent could be allowed. The retailer would discount the prices of his goods by twenty per cent and would be reimbursed by the state, so that he would not suffer any loss. The question is often asked, what is there to prevent a producer from raising prices sky-high before the discount is applied? I would agree that competition alone is not sufficient to maintain prices at a fair level. Therefore there would be a danger that producers might raise their prices too high. But under our proposals, to obtain the discount business concerns would have to register with the government and agree to maintain their profits at a fair level based upon their turnover. If any industry refused to work on that basis or refused to maintain profits at a fair level, they would not get their discount, and as a result those firms which did cooperate with the government by maintaining profits at a fair level would be able to undersell those who did not, by the amount of the discount, so that in that way industries would be forced to maintain their profits at