

of the Bank of Canada, and Doctor Clifford Clark, deputy minister of finance. No one is in a better position than these two gentlemen to explain the causes of our inflationary disease, and no one can tell the committee better why prices have risen.

So far, according to any press dispatches we have seen from the sources alleged to be close to the government, there is to be no examination of the cause of inflation. We are to go immediately into the cause of various price increases of particular industries; and yet, if there is to be any sound background for the committee's work, if the people of Canada are to understand the nature of the price increases we have been subjected to, then we certainly should understand the financial background in which our economy is today operating. Except to blur the record and to find a scapegoat, it is difficult to know why the government wants a committee. The government knows the causes of the rise in the cost of living. The recent rise, to which the committee's endeavours will be confined, is but the virulence and, we hope, the crisis of the underlying malady.

As to profiteering and hoarding, this house has already had set forth the adequate powers under the Wartime Prices and Trade Board Act. Section 8 reads:

No person shall sell or offer for sale or supply any goods or services at a price that is higher than is reasonable and just, or withhold any goods or services from sale or supply for a price that is higher than is reasonable and just.

And under the Combines Investigation Act, we have in the words of the present Prime Minister in 1934:

... a Combines Investigation Act which provides all the machinery necessary for the purpose of making the fullest possible kind of inquiry into any matter preventing or lessening competition or restraining trade.

Never was there a more direct criticism, implied, though it may be, by a prime minister of his own administration.

The government's prodigal spending, which is now more than met by ruinous taxation, is a prime cause of the high cost of living. The only way in which the people of Canada can provide the \$2 billion of taxation, which is the yearly take of the government, is by providing goods and services which they sell, and giving their share of taxation to the government. Obviously the \$2 billion must come out of the cost of these goods and services, and on that account it must be admitted by all that taxation does enter into the cost of production. Most taxes, it is admitted, directly enter into the cost of things we buy, and the income tax reduces the amount we should otherwise have to make ends meet. Before the war, the

federal government alone spent about \$500 million; now it spends \$2 billion, or four times as much. Is it any wonder that living costs have nearly doubled? There is scarcely a group of people, or workers, in Canada today which has the bargaining power to enforce higher wages or incomes which has not exercised that power; and one of the chief causes for asking for greater wage rates or greater salaries is that so much has to go in taxation. These conditions unquestionably have an effect on increasing the cost of all goods and services, and constitute one of the most important reasons that we have today a cost of living which can scarcely be met.

Let us get down to the amount of the tax on each individual Canadian, women and children included. This year the government budgeted to spend \$164 per head of our population; but our revenues are running at such a high rate, nearly a billion dollars more than contemplated, that that additional amount is equal to \$80 per head, man, woman and child. Of course, all that money cannot be saved. We have veterans allowances, old age pensions, interest, family allowances and so forth to pay for; but just imagine what even \$50 per head would do for some of the families who are today having a most difficult time to make ends meet, and yet \$80 per head is the amount of surplus which the government is taking from the taxpayers of this country by direct and indirect taxes over the amount for which it budgeted. If there ever was profiteering surely that term could be levelled at the present government in exacting so much from the Canadian public during the time when they are having difficulties in feeding their children and paying the normal bills of the ordinary Canadian household.

The trouble with the government is that it does not want to reduce taxes. If a department decreases its expenditures it becomes, in its own eyes, less important; and if it does not use its appropriation it finds it difficult to get as large an appropriation in the following year. That is understandable human nature. Whatever the government thinks it needs it just orders and sends you and me the bill. There is no distinction made, as far as the government departments are concerned, between what they desire and what they really need. They just go ahead and order it, because they can make a superficial case out for it, and you and I get the bill. I know of no family in Canada that could operate on that basis, and certainly there is no business in the country that could operate on such a basis. There is no effort to save and the people are left to get along with what