

The Budget—Mr. MacInnis

morning. This is the issue for May, 1947. The title is, "Price Increases and Private Enterprise." It begins by making reference to some remarks made by the hon. member for Qu'Appelle (Mrs. Strum) in this house, and continues:

With the end of price controls, management has regained control of the nation's economic machinery.

Not the people of Canada, but management.

Except for the safeguard that the government can reinstate price controls if it believes the public is being fleeced, management has now regained the opportunity, which it has long demanded, to prove that it can make a better world under private enterprise than appears likely under any system of socialistic or communistic operation.

Let us see how, according to the *Monetary Times*, private enterprise is doing that:

If private enterprise is to prove to its detractors that it can be trusted with control of our economic system, it must first of all curb the inflationary spiral that has been set in motion by the more grasping and therefore the less foresighted of its members.

Prices must be brought under control,—

These are the people who were shouting a few months ago for the removal of all controls.

—and manufacturers who are taking advantage of the removal of ceilings to raise prices out of all proportion to values, must be made to realize that as sure as night must follow day, they are fashioning the noose that will hang us all.

Examples are evident in store displays any day of the week which lead the observer to wonder how long the public will stand for it. Bits of twisted iron fashioned into garden furniture for a king's ransom. Poorly made chairs and tables at double the prices and half the quality of pre-war years. Electric and mechanical contrivances with life expectancy of a third, now cost triple, pre-war standards.

That is where all this shouting for the removal of controls has landed us. We have been put in the hands of private individuals who have no responsibility to anyone but themselves. We have been told of the wonderful things that were happening in the United States, to which country the minister referred so often, where controls had been removed. There they are also depending on free enterprise, so-called. The government there surrendered to big business pressure sooner than ours did, and consequently the danger of a depression or a major catastrophe is much closer than it is here. Speaking in Washington a few days before the minister's budget speech was delivered, President Truman appealed to private enterprise to bring down prices and to prevent an "economic cloudburst." He said:

A group saw fit to sabotage price control and represented to the public that prices would come down in a free market. This has not taken

place and, as a consequence, many American families are spending savings, cashing war bonds and postponing medical care and have gone into debt to an amount fifty per cent more than a year ago.

The same thing is happening here in Canada. We are following the pattern closely even to the Minister of Finance urging business to lower prices. Instead of wasting time pleading with big business, the Minister of Finance should profit from the experience which was so effective in achieving high production and maintaining stable prices during the war. Early in his speech the minister mentioned that consumer purchasing was continuing to expand and that there were few signs of an unwillingness or inability on the part of the consumer to buy what was offered in the market. I cannot agree with that and I think the same statistics that are available to me are available to the minister. I have in my hand here the "Monthly Review of Business Statistics", issued by the bureau of statistics, for March 1947; and it states:

Retail and Wholesale Sales

Dollar sales of retail stores in January, 1947, were 13 per cent greater than in the same month of 1946, about the same average gain as was shown throughout the year.

And again:

Though dollar sales have been moving steadily upward, there is evidence that the real volume of goods sold has been levelling off. When the index of retail sales is adjusted for changes in retail prices, it has been in recent months only four per cent above its level of the corresponding month a year ago compared with six to eight per cent several months ago and twelve to thirteen per cent in the spring and early summer of 1946.

At the wholesale level a flattening out even in dollar sales is indicated by sales results for recent months. Compared with the same month of the preceding year, sales in January and December were respectively 9.4 per cent and 13.8 per cent greater in contrast to an average gain of 18.7 per cent for the whole year of 1946. Accompanying this trend, there have been increases in inventories in almost all trades, and at the end of January the dollar level of inventories was 29 per cent greater than a year ago.

There is still another indication that consumer purchasing power is running low. This is to be found in the increase in instalment or credit buying. A news item in the *Toronto Daily Star* of March 22, 1947, points out that as durable goods were coming on the market, consumer purchasing power was beginning to dwindle. The government took cognizance of this fact early in the year, January 15 to be exact, when it lifted the restrictions on consumer credit. A survey of Toronto merchants since that time, in the words of the *Toronto Daily Star* news item, shows that buying on the instalment plan has been scorching right along. More merchandise on

[Mr. MacInnis.]