That seems to me good sense. Of course conditions here are not quite the same as in England; But the general spirit of British policy could have been applied here. However, as you pointed out at Winnipeg, England is not "blessed with such a Government as ours".

The official Ministry of Labour figures on the results of the British policy are interesting. Down to the end of 1941, wage rates had risen between 26 and 27 per cent. since the outbreak of the war. The average increase in weekly earnings was 42 per cent. (in metal engineering 49 per cent., shipbuilding 73 per cent.) During 1941, aggregate increases in wages amounting to more than $9,000,000 a week were granted to about 8,000,000 workers. In the first seven months of 1942, wages increased by about £1,100,000 a week for about 4,500,000 workers. (What our steel workers are asking might run to about $2,000,000 to $3,000,000 a year.) Here was plenty of new purchasing power let loose, apparently; but, though the cost of living rose 25.8 per cent. from August 1939 to December 1940, it has risen only 3.3 per cent. since, and hardly at all since May 1941.

The reason is that rationing has made it next to impossible for English working people to spend much of their increased incomes; and taxation has mopped up what surplus remained after the workers had invested in War Savings Certificates and so forth. We told the Barlow Commission that exactly the same things could be done here.

Professor Plumptre, of the Canadian Legation in Washington (one of Lord Keynes' ablest disciples), in his book, "Mobilizing Canada's resources for War" (September 1941), wrote that in England the theory was "that if all prices and production are rigorously controlled and if the necessaries of life are rigorously rationed, increases of income and purchasing power cannot produce serious inflationary tendencies. People will get more incomes but will be unable to spend them. Thus English economists have viewed with some equanimity the continued rise of wage levels in that country." He goes on to add that it was the absence of any effective price control machinery and rationing which led our Government to adopt a different policy. We contended, before the Barlow Commission, that the subsequent establishment of effective price control and rationing machinery (at least the Government says it's effective, and I think it is at least moderately so) has largely removed the nedessity for our deviation from the British policy.

That, however, was only part of our case on inflation. We also contended that the proper way to mop up surplus purchasing power is by taxation and compulsory saving based on ability to pay. This restricts everybody's spendable income on an equitable basis. Wage freezing may involve gross discrimination, as in fact we think it does in this case. Sweepers in the General Motors plant in Oshawa get 62 cents an hour (though their cost of living bonus is much smaller than the steel workers'); and in the automobile plants at Windsor the rates are even higher. The steel workers are perfectly ready to take their fair share of any necessary restriction of purchasing power; but they can't see why they should be asked to keep their base rate at $43\frac{1}{2}$ or $45\frac{1}{2}$ cents an hour while automobile workers are getting a much higher rate. Let the necessary restrictions be applied all round, on the basis of ability to pay. Steel work, the steel workers contend, is as important as sweeping in the automobile plants,