

on the better land and, with better weather and other conditions to help, the smaller acreage actually gave more wheat.

I come now to the question of restrictions and controls. The speech from the throne indicates that the government is planning to remove certain controls but to continue certain others in order, as it says, to prevent inflation. For the purposes of war this government established a system of price and wage and other controls. The nation was behind it in this principle, if not in all the details of its application. These price controls were applied in war time for the purpose, among other things, of discouraging the use of labour in the production of unessential goods where more essential things were required for winning the war. The war is now over, but the controls in considerable degree still remain. The government's policy of decontrol is so slow and so lacking in skill and foresightedness that the dangers of inflation increase. This danger threatens because of one or both of two causes—too much purchasing power, or too little goods.

I do not need to tell this house about the vastly increased purchasing power now in the hands of the Canadian people. The Royal Bank of Canada states in its monthly letter of February of this year, that bank deposits in currency alone totalled \$458 per capita compared with \$224 per capita in 1939. In 1939 the average monthly deposits amounted to \$2.6 billion; in October, 1945, this had increased to \$5.6 billion. Notes in the hands of the public increased between 1939 and October of last year from \$216 million to \$999 million. Eleven victory loans were floated, in which twenty-three million individual applications were made. The total bonds purchased amounted to some \$12 billion. Additional surplus purchasing power was invested in \$170 million of war savings certificates and war savings stamps, and \$225 millions of compulsory income tax savings. A great deal of this surplus purchasing power cannot avoid being released over the next few years, and thus increase the danger of inflation.

The second danger arises from a continuing shortage of goods. A measure of control on some things is necessary; but what the government seems to forget is that by its policy it is perpetrating the very conditions that it seeks to correct, namely, the shortage of goods. The people of Canada want goods, and they want work. They do not want to see machines lying idle while those who can operate them go without work, while those with the money to purchase goods have to go without them.

[Mr. Bracken.]

The government seems not yet to have learned that price controls in peace time are laws against production. What is required more than anything else to-day to head off threatened inflation is increased production. With all respect I suggest to the government that in perpetuating unnecessary controls they are defeating the very objectives they seek to reach and are postponing the early restoration of normal peace-time conditions. I do not urge the government to engage in rash efforts of decontrol, but I do urge the government to prepare and make public, now that the war is over, a planned programme to relax wage controls on low-wage people and to free the productive processes of the country by relaxing those price control laws against production, which were made necessary in war but which in times of peace discourage what is most essential to the production of needed goods.

The speech from the throne indicates that the government is going to ask the house to approve the loan to Britain. A few days ago the government announced that it had negotiated a loan to Britain in the amount of \$1,250 million, interest free for five years, and had made certain other adjustments in British-Canadian financial relations.

From the point of view of the selfish interests of Canada, the loan is amply justified. On grounds of simple justice to an ally and senior member of the commonwealth, which had suffered more severely than any other in this war, as well as on the grounds of reestablishment of good will and faith and peace in the world, no reasonable alternative is open to us. Britain sacrificed not only the blood of her sons but a quarter of her material wealth. Now, having done perhaps more per capita than any other people in the world, they find themselves having to pay tribute to other nations because they have to borrow from those nations in order to buy the goods they need. I think we have every justification for supporting this loan; we see justification for it on purely selfish grounds. The money will be spent here to give employment in this country. As a matter of fact, it is an unemployment measure for us as much as anything else. From our point of view we support the loan, not alone on the ground of British and world welfare, but on the ground of our own self-interest.

But we might as well understand what we are doing. The public has been allowed to think of this as a loan of \$1,250 million. The facts are that, apart from the loan, there are several other agreements and transactions having to do with our financial relations with