

quences. During the discussion on the Foreign Exchange Control Bill we were told that this would likely happen, but the development has been at a more accelerated pace than was anticipated. Of course, there is not the slightest doubt that extraordinary conditions in Europe have had a great effect here, but we should not lose sight of the fact that when everything is considered Canada is one of the happiest countries in the world from a governmental and business point of view. It is in a stronger position today than it has ever been before, and the very last thing that we should do is to get panicky and conclude that our present situation is anything but a passing phase. The simple and logical solution is to deal with it in its natural form and to correct an immediate condition.

There have been heavy demands upon Canada's reserve of foreign exchange, particularly in relation to United States dollars. My honourable friend opposite is to a certain extent justified when he asks: "Why did the government bring the dollar back to par at the time it did?" The answer is simple, and it is this: The government brought the dollar back to par because of the probability that, under then existing conditions, it would result in the maximum advantage to the people of Canada. As my friend knows, it was expected for one reason or another that our imports from the United States would be high, and that the placing of the dollar at par would add an extra 10 per cent to the cost of imports, thereby relieving some of the pressure on our price ceilings.

My friend opposite brushes aside with a gesture of his hand the problem of rising prices, and says "So what!" I say that this government regards the rising cost of living as a serious matter. There are features of it which are more or less inevitable; but we have treated it seriously, and as a consequence have often been subjected to criticism and abuse by our honourable friends opposite. We fought to gain control over prices with, I believe, the support of the vast majority of the Canadian people; and if the scheme was not the success it might have been, that was largely due to the unending criticism and sniping that came from the Progressive Conservative party in this country. We are interested in prices and the cost of living, whether my honourable friends opposite are or not.

During the war years we were successful in isolating ourselves in an economical way from the United States. Our surplus farm products were sent overseas, and our imports from the United States were small. The impact of high

prices in the United States had no great effect upon us then; but as we moved into a world of multilateral trading, and raised our price levels, it was our hope that when the obstacles were removed Canada would be able to meet competition in the world markets with little dislocation of her economy. It was entirely unexpected that loss of farm products in the United Kingdom and on the European continent would create such a great demand for agricultural products from the United States and Canada. As a result of an act of God the demand for agricultural products is higher on the American market today than it otherwise would have been. This condition could not have been foreseen.

I am prepared to admit that as we move from the position of having our trade largely channelled to Great Britain, with the maintenance of price levels by reason of contracts with that country, and enter into a condition of multilateral trade which we hope will follow the restoration of the trade routes of the world, it is inevitable that our price levels will ascend to meet world prices. Such a change will cause some unavoidable dislocation, and will require the best brains and judgment in Canada to deal with it.

I say again to the honourable leader opposite that this country is essentially on a sound economic basis. In my opinion it is in a happier position than any other country in the world. I believe that the difficulties with which we are now concerned are transitory in their nature, and in the end may have a beneficial effect upon us.

The reports of huge agricultural production in this country during the past two years, together with full employment and great economic advances, have been at times almost frightening to me. I have asked myself: How is it possible that today, when such suffering and such difficulty is being experienced by the major countries of the world, we should be so prosperous and happy? It may well be that our present troubles and concerns will have the effect of checking us, so that we may avoid excesses which could seriously affect the whole economic life of our country.

My friend was no doubt drawing on his experiences at the United Nations meetings when he pictured the two strong ideologies which exist in the world today, and which cannot live together. The very thought is terrifying, for if the two factions cannot live together it means that war between them is inevitable. I have no way of knowing that such a war is inevitable, but I believe that