

their ears and they were kicked out on their own. Some were brought here through the charity of one individual, Lord Selkirk, and when they got here they had to start the fight all over again with the Hudson's Bay company and the Northwest Trading company. That fight is continuing now, on a higher plane.

I should like to quote what Chester Bowles has to say about normalcy, in an article which appeared in *Harper's* magazine for April, 1946:

Full production, Bowles continues, is the only answer. "To achieve it we've got to use our man-power and our resources in peace time as fully as we used them in war. At 1945 levels of farm and factory prices and at present wage levels, that means \$150,000,000,000 worth of purchasing power—and \$150,000,000,000 worth of bathtubs, beefsteaks, refrigerators, and decent schools to spend it on. At that level America would buy 60 per cent more food than we ate in 1940, 72 per cent more clothing, 68 per cent more electrical equipment, 105 per cent more household furniture, 130 per cent more new farm machinery, and three times the number of new homes!"

The fact of the matter is that according to the tables in the budget the physical volume of business is down eighteen per cent or more. In other words, the government had it within its power, when the war finished, to continue organizing society and producing goods for the shortage which was bound to come. We solved the needs of war by organizing through the state, and the needs of peace are just as great; in fact the dangers that face our society and our country may be even greater than they were during the war; who knows? The Prime Minister (Mr. Mackenzie King) came back from Europe and pointed to the danger of revolution over there. If revolution breaks out in one spot it soon spreads all over the world, and we might be faced with that problem. At least we would be affected by it; and unless we solve the problems of production right here on the home front we shall certainly be faced with some disaster or another. After the first great war the government of the day in Great Britain repealed DORA, the defence of the realm act, and threw industry back into the hands of private individuals. By 1926 the great general strike had broken out and machine guns were on the corners of strategic buildings.

By not accepting its responsibilities and producing in and through the state, the government is actually bringing about a state of social disorder in this country. It is not the fault of labour; it is because the government has refused to accept its responsibility of organizing production, especially to deal with the scarcer items in the basic part of the economy. Therefore the government has sponsored inflation. I heard the appeal made here by the Minister of Labour (Mr. Mitchell)

[Mr. Archibald.]

to labour, asking them not to strike and saying that production was the main thing. Yes; production is the main thing; but when the government throws the basic part of the organization into disorder so that it cannot be done, you cannot blame labour. On the other hand, during the war people bought bonds with the idea that later they could purchase at least as much as their money was worth during the war. Yet prices have been allowed to go up, because the government was not producing. In other words, it has not kept faith with the people who were asked and begged to buy bonds.

When we appeal to labour to produce, what is labour facing and what does it know? It knows that if it goes to work to-day it is working itself out of a job to-morrow. We have inflation with us at the moment, but we face deflation in the immediate future. I have a quotation here from *Time* magazine of June 24 of this year, under the heading, "Business and Finance":

Last week Mr. M. E. Coyle, new G.M. executive vice-president, seemed to be voicing the anxiety of all industry, not merely of auto manufacturers, when he said: "We will catch up with the pent-up demand more quickly than many think."

Further on, dealing with the rise in prices in the United States, it says:

No one doubted that prices would go up—certainly for a while. The guesses ranged from 20 per cent to 50 per cent. Businessmen figured that full production in all industry would be reached by next January, and that the end of the seller's market would come in the spring.

These are from reliable sources. When a seller's market ends and a buyer's market begins, it means unemployment. The worker knows there is no incentive to produce. Under this system it is only when profits are being made that he goes to work.

There is another feature in this budget. The taxation of lower incomes is definitely unfair, especially in view of the fact that we face deflation in the immediate future. A national survey of liquid assets was made in the United States by the bureau of agricultural economics. It was found that there was no reserve of purchasing power in the hands of forty per cent of the people in the United States. What reserves did exist were in the hands of the upper sixty per cent. It was found that that upper sixty per cent were not willing to pay more than \$5,020 for a home, and this is in a country where inflation is supposed to be going on wild-eyed. But here in this country, under the veterans department, we are building homes worth anywhere from \$5,000 to \$7,000. Yet people