

committee meet together they will have an opportunity to discuss the whole question fully and to form subcommittees on special items. Then the house will be in a position to make progress with other pieces of legislation and the people of Canada will be happier and better satisfied.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, the symptom of inflation is a rising cost of living. I should have been much better satisfied with the terms of the resolution if it had attempted to go farther than its terms indicate in explaining or seeking to explain why the cost of living had gone up.

The proposed prices committee resolution now before us is first, to examine the causes of the recent rise in prices; second, to see if there has been any profiteering; and third, to see if there has been any undue hoarding.

Everyone knows, without further diagnosis, that the patient has smallpox; but this committee proposes to probe a few pocks, take the patient's temperature—we already know it is high—and see if there are any unnatural stoppages. Of course the committee doctors must not examine the fundamental, long-term causes of the disease, nor must the doctors prescribe. Any surface findings the committee is to report, but it must not go into the root cause of the trouble and make recommendations to cure. No; that is to be left to the government, which already knows why prices have been rising but would very much like to find a scapegoat, to blame someone else for the pock marks of rising prices and forget that its own policies have caused smallpox in the economic blood stream.

I shall endeavour to point out the causes of the present inflation, of which the rise in the cost of living is only the symptom. I hope to indicate how the government's fiscal policies have been responsible; how its prodigal spending and the enormous tax burden have added fuel to the fires; how those taxes have discouraged production, which is the only cure; how the vast increase in the number of government employees has lessened production by taking workers away from industry.

I shall show how the government's foreign exchange policy of embargoes, quotas, and tariffs, has added to the cost of living. I shall offer the government a constructive suggestion on how to reduce the price of vegetables, allow their importation, and still save United States dollars; and, lastly, show how the sales tax has pyramided costs, and give the government an answer to help remedy the dire situation in which it has plunged all our people who now find that their dollar does the work of only sixty cents.

[Mr. Pouliot.]

Even the official Dominion Bureau of Statistics index shows that the cost of living which was 100 in 1939, has risen to 148.3 in January of this year. In February of 1947, that official index was 127. So I hope that the rise between 127 and 148 within a twelve-months period will be considered sufficiently recent to be probed by the committee should it be set up.

To most people, inflation and the cost of living are the same thing; but the disease of our economic system is inflation; the rising costs are but a symptom. During the five years 1942-1946, the government spent \$9,383 million more than it collected in taxation. We paid as we went for about half the cost of the war. Taxation went up from what now appears as insignificant rates to prodigious proportions. The Canadian people did well to stand the pace as well as they did, and our record of taxation compares favourably with that of any other country engaged in the war. Here I can find no criticism of the government.

Our total bank deposits went up from \$2,500 million in 1938 to \$6,000 million in 1946. Someone owns that money today. It may be in the form of bonds, but it is nevertheless available to be spent. Our active note circulation, the money in our pockets, went up from \$205 million in 1938 to \$1,100 million in 1946; over five times as much money in active circulation. At the same time the physical volume of goods about doubled. Obviously with the physical volume of goods only doubled, and five times as much money in our pockets and a great deal more credit available to us, it is easy to see what might easily happen to the cost of living and to the rise in the price of goods if people keep bidding up for them.

In 1946 I said to the house, as reported at page 3297 of *Hansard* for that year:

That is the reason why many people will tell you that we already have inflation, and why the minister should tell the people of Canada how and when is the way out, if he really knows.

What the people want to know today, sir, is how can they manage on their present incomes when the cost of living continues to rise month by month. This committee differs from former committees on prices because we now have a background of inflation. We hope the government will explore that avenue of approach before it goes into the currents and eddies of the inflation tide against which labour, management and capital must all fight for their own preservation.

If the government, with its majority, insists on the passing of this resolution, then the first two witnesses who should be hailed before the committee are Mr. Graham Towers, Governor