

*Emergency Powers Act*

likely, would only force up prices and create the very evils which it was suggested we should avoid. That has happened. And a very large part of the inflation here has been the result of that uncertainty.

Everyone in this House of Commons knows what the Minister of Trade and Commerce meant when he suggested that adjustments had been made, and indicated the difficulties that there would be in dealing with this subject now because the element of surprise had ended. He meant that those who would be mainly affected had stepped their prices up beyond the point necessary so that, to use his words, they are all set for whatever may happen. I suggest, Mr. Speaker, that this was the inevitable consequence of the course followed by the government. This was the inevitable result of the repeated suggestion that there might be controls, even, that there would be controls, and an attempt to carry on the necessary restraints simply by a threat that if prices went too high something would be done.

It seems to me that is the one way to make sure that prices will go higher than they should go so that if there are any controls there is still going to be a substantial measure of profit left. For these reasons I do suggest, Mr. Speaker, that the government has been largely responsible for inflation. It is no answer to say that there is inflation elsewhere. I admit that there are inflationary pressures throughout the world today that cannot be stemmed completely in any one country, but I am not prepared to accept the proposition that in this sovereign nation of ours it is sufficient for us to say that we are going to rely on Uncle Sam for whatever legislation is necessary to deal with a situation of this kind.

I suggest, as was suggested by Mr. Walter Gordon, that the very existence of these controls in the United States makes these controls inevitable here. If they are inevitable here, and if the public becomes convinced they are inevitable by reading statements of economists of the standing of Mr. Walter Gordon, then the sooner these controls are put in the better it is going to be for all Canadians.

We are sometimes given to believe that because we buy certain raw materials from the United States we cannot expect to control prices too much here. You would almost think that practically the whole cost of the product here was made up of the cost of the raw materials; but very often the total value of the raw material from the United States in the finished article produced here may be only 15 per cent, 20 per cent or 25 per cent at the outside. It is only upon that limited

percentage that the increases in the United States are operating, so that we have it within our power to do much to deal with our own economy as Canadians.

I can only repeat that in everything I have said I believe that we should advance carefully with recognition of the very point made by the Prime Minister, namely, that this may be a very long struggle, it may be one extending over years ahead, and that in the measures we adopt we should retain the greatest possible measure of freedom. Everything I have said has been said in a firm belief that free enterprise, just like other freedoms, is essential. But I also believe that, just as I do not agree with what may be described as a planned economy—it applies to controls in the making—the other doctrinaire point of view is equally dangerous. May I say that in the remarks that have been made in this debate no one has ever suggested an over-all rigid economy so far as I can recall.

There does seem to be some idea abroad that there is a peculiar sanctity about the right of certain businesses to carry on freely no matter what may happen. I am convinced that many of those people who assert that proposition sincerely believe that there should be freedom of that kind. Too often the name of free enterprise is repeated as though it contained some mysterious quality. There are unfortunately those who seek only freedom to gain advantage out of this desperate situation through which we are now passing. I believe in free enterprise, but I believe free enterprise will be preserved most effectively if the people of this country are convinced that no one has been able to take advantage of the desperate plight in which we find ourselves at this hour.

May I in this case borrow from the Minister of Trade and Commerce (Mr. Howe) and say that I should like to think that the public will best respect free enterprise if it is satisfied that no one is all set for whatever may happen. There can only be complete freedom of purchase when there is complete freedom of production. The moment you restrict a part of the economy you create pressures in the other with which I submit we must be prepared to deal. What is the use of talking about the free play of prices when we know perfectly well just how much free play of prices and competitive play of prices there is in regard to many important articles today.

I have placed these views before the house because I believe that we have had inflation, some of which doubtless was part of a general world-wide pressure but a substantial part of which I believe is the direct result of the government's failure to act under the