

*Emergency Powers Act*

they chose their assistant well. Later in his speech Mr. Gordon had this to say:

If price controls become necessary, or if there is a universal public clamour for them, which quite properly amounts to about the same thing in a democracy, I would like to see most of the emphasis placed upon the bare essentials of living—food, basic items of clothing and shelter—even if this means subsidies.

Then later he said:

If price controls are introduced, I would like to see them applied first of all at the producers' and manufacturers' levels. It will be argued that this would be bad psychologically because wholesale and retail prices would continue to rise for some time after price control was introduced. And the public, who are only interested in retail prices, would complain that the administrators were not on their jobs.

Then again a little later he said:

I do not mean by this that under these conditions there should be no control whatever over retail prices. Obviously, in times of scarcity or of scarce buying, it would be foolish to control manufacturers' prices and to allow retailers to charge what they liked.

My last quotation from this speech is as follows:

If any system of price and wage control is decided upon, even a more or less flexible system, subsidies will be required sooner or later if the system is to be made to work. Subsidies are costly, as we learned during the war. But this might be a relatively cheap price to pay if it gave all groups in the community, and particularly white collar workers and pensioners, the feeling that they were being fairly dealt with and that those in authority had their interests at heart.

Not to put it forward because they are exponents of the free enterprise system but simply to suggest to some of those who seem to regard the avoidance of controls as the only hall-mark of recognition of the free enterprise system, may I point out that in the United States—which has been regarded by most people in most parts of the world as the great home of free enterprise—the two men who are mainly responsible for price and other controls are two men who, I would imagine, would be generally regarded as the very top-level examples of success under the free enterprise system. I would point out that the two men who have been charged with responsibility, and have accepted it, for exercising controls in the United States are Charles E. Wilson and Eric Johnston. Both of them have wide and extensive experience and both have been lifelong exponents of the free enterprise system. I mention that fact because I am convinced that the free enterprise system is the one that we want to preserve.

I am convinced that freedom applies to enterprise as well as to speech, association, worship and other human activities. But I am convinced right now that at a time that

the government, rightly or wrongly, has removed from the ordinary operation of the free play of a free economy a substantial part of the supplies needed by our people, the only way we are going to preserve our free enterprise is to take those emergency measures which may be necessary to prevent the public suffering from the extreme pressures which will develop in the area that remains.

Let there be no doubt about the fact that there are shortages which are creating those pressures. In yesterday's *Globe and Mail* I find this quotation in a report by a very reliable writer for that newspaper, and I should like to quote his words:

In a limited field, however, notably textiles, the electronics field and the aircraft industry, where allocations are already the order of the day, the climbing prices of raw materials are making it increasingly difficult for the prospective contractor to quote the firm prices on which the government is insisting.

I suggest, Mr. Speaker, that unless some steps are taken to exercise a measure of effective control over those raw materials and supplies which are being forced up by government action, the government itself is going to have the utmost difficulty in making contracts, and the very course it is following is going to be the most inflationary thing of all when it tries to get firm contracts made.

If these people are unwilling to make firm contracts today, the only basis upon which they would make contracts at all would be on a basis which would include a price so far above the present price that they would be safeguarding themselves against changes that might occur. In other words, to use the expression of the Minister of Trade and Commerce (Mr. Howe), they will be sure that they are all set. After all, we must accept that as a reasonable precaution in a legitimate business transaction, as distinguished from any attempt to make exorbitant profits out of a situation of this kind.

I made the suggestion before that the government was primarily responsible for a substantial measure of this inflation. I know the Prime Minister (Mr. St. Laurent) does not agree with me, and that after all is a right shared by hon. members of the government side as well as hon. members on the opposition side. But I was basing that statement upon this fact: Last September when the very loosely worded bill was introduced, which is now known as the Essential Materials (Defence) Act, we sought to point out that any attempt to employ a loosely worded act of that kind as a warning, or as a threat, for the purpose of keeping down prices, and implying at the same time that controls were