

*Emergency Powers Act*

where that very free economy was threatened, unless emergency measures were taken which would check the rising cost of living and the inflationary spiral. I must say that there are those who, in complete sincerity, suggest that there is some mystical power in complete freedom from any control. I find that there are many who insist that the greatest protection the public can have is that free play of prices within a free economy which will make it possible for prices to go down in competition, as well as for prices to go up. On the occasion to which I have already referred, I stated that I believed it was folly to talk of the free play of prices within a free economy once government spending and government direction was segregating a substantial part of the raw materials and supplies from ordinary free competition. I said that, in my opinion, it was essential that some steps be taken to protect the public against the effect of the pressures which must inevitably be exercised upon the remaining supplies within any of those fields.

May I point out that those who have been put forward as strong exponents of the system of free enterprise have expressed similar views. The only question that has been raised is when this should be done. Mr. Donald Gordon—who was the man mainly responsible for price controls during the last war—speaking in Montreal on February 6 last discussed this subject. I should like to quote short extracts from that speech in order to indicate his own views. One of them is as follows:

Runaway inflation is so destructive that any method of stopping it, no matter how difficult and clumsy it may be, is surely the lesser evil.

Later in his speech he said:

In particular, it is plain that there are very powerful inflationary forces at work in this country and whatever the future holds for us we must be careful to chart our course so as to avoid the dangers associated with runaway prices.

Shortly after that he said:

If our unit of currency steadily loses its purchasing power, the burden will fall on the weaker and unorganized elements in our society, and on those who have been prudent and thrifty.

A little later in his speech he uses these significant words, "it may be later than we think." I am satisfied, Mr. Speaker, that it is much later than the government seems to think at this time. I am referring to those statements now in the hope that, in the introduction of this bill and the interpretation of the course which will be followed, which I think should be placed before us, we would have the government's course charted in relation to the real threat with which we are now confronted.

I also want to quote from another speech made by another economist because we are told so often that the economists believe that

[Mr. Drew.]

price controls would be detrimental to our whole economy. This speech was made by another brilliant economist who was associated with the wartime prices and trade board during the war; I refer to Mr. Walter L. Gordon of Toronto. In a speech delivered there on February 12 he made a number of statements which I should like to quote at some length. Referring to the speech from the throne presented to this house he said:

In the speech from the throne the government made it clear that parliament will be asked for whatever emergency powers may be required to introduce controls over prices and wages if and when this becomes necessary and to continue controls over rentals. It would seem almost certain that these powers will be granted. Under these circumstances, I presume it will be desirable to continue the present controls over rentals which would otherwise expire on March 31.

Later in his speech he said:

But this does not mean that in times of stress and turmoil, such as we had during the last war and may have again, some form of price and wage control may not be useful as a stabilizing influence. Even if such measures do no more than slow up the rate of increase, they may be well worth while. And they might very well even cut sharp rises in the prices of particular goods, services or commodities which otherwise might occur.

In any event, no widespread system of price and wage controls should be ordered in Canada until at least a skeleton organization has been built up to administer them and until the basic policies and principles to be followed have been agreed upon by those in authority. Otherwise the controls will not work and their administrators will be discredited in the eyes of the public.

I seek to emphasize that statement, Mr. Speaker, because at the time we are going to consider this bill I would suggest that the government consider the wisdom of setting up at least a skeleton mechanism with which to deal with those measures of control that they propose to employ under the bill that we shall be called upon to consider.

At another point in his speech Mr. Gordon said:

But the fact that there now are controls over prices and wages in the United States, even though they may not as yet be working effectively, will mean increasing demands for similar measures in Canada. I suggest that, regardless of how some people may feel about it, we might as well prepare for what appears to be inevitable.

Without intending to give offence, Mr. Speaker, I say that that is no argument put forward by any member of the C.C.F. party nor is it anything that we have put forward, even though the suggestion has been made that we have climbed into bed with them. It is put forward by a man who is recognized as a brilliant economist, whose main work is associated day by day with those who believe implicitly in what we describe as the free enterprise system and who, I might add, has assisted the government a great deal not only during the last war but since. In this case