

4. The Necessity of Maintaining the Over-all Stabilization Policy.

The Committee considers it significant that both Reports specifically endorse a stabilization policy embracing both prices and wages. Both cite evidence that organized labour endorses such a policy. The officials of the Department of Labour, who participated in our discussion, and the members of the Committee are unanimously agreed in recommending that the Government boldly reaffirm its broad stabilization policy. To retreat would raise much more difficult problems than to advance. Without such a policy, which virtually all governments in countries at war are striving to establish, stability and equity cannot be achieved in wartime nor can a sound and effective post-war program^{be} carried out. Such a reaffirmation should, however, be accompanied by whatever changes in regulation and administration as will result in more effective, prompt and equitable control.

The Committee has, therefore, examined the various recommendations of the Reports and has endeavoured to weigh them not as independent proposals but as components of a stabilization policy.

5. The Proposed Floor to Wage Control

Both Reports endorse the proposal put forward by organized labour that wage rates of less than 50 cents an hour should be free of control and determined by collective bargaining or by the War Labour Board unrestricted by any limitation.

The recommendation has a specious attraction. It would seem to give the lower-wage worker a larger chance to raise his standard. It would reduce somewhat the strongest underlying objection of some labour organizations to the system of wage-control, viz., that it removed from the rival union organizers one of the most powerful inducements to organize. It would offer an opportunity to wipe out or reduce differentials which have existed between different regions of the country.

The Committee has reached the conclusion that this recommendation is impractical and misleading -

a) One cannot speak accurately of bargaining collective or otherwise, unless the employing firm is bargaining with its own money. The Excess Profits Tax and the Corporation Tax mean that most employers pay at the highest 60 cents and at the lowest 20 cents out of each dollar of wage increase. If wage increases . . . a)