

THE PRICE OF PRICE CONTROL

Like all happy bonanzas, the myth of unblemished and painless price and wage control must come to an end.

Not that these controls have failed to protect the Canadian wage earner's dollar. They have held and can still hold a sensible clamp on inflation, during the present semi-emergency period. For not until production is enormously expanded and the free play of an open competitive market can adjust prices of goods in the only really valid "system" of price control that has ever or will ever be achieved, can all regulations be tossed overboard without inviting a Roman holiday and a subsequent national headache.

Yet it would be absurd to gloss over the serious flaws in price and wage control, because they may bear heavily on political trends ahead of us, and because political demagoguery will try its best to bury them in a mass of standard hallelujahs to state control. Whereas anyone coolly looking at what has been happening lately will sense that Canadians are as allergic to all forms of Government regulation or control as any people could be. Briefly, they are sick to death of them. And paradoxical as it might seem, the most consistent emotion through the whole piece has been a bitter revolt against official interference and dictate. Already socialism, as far as Canada goes, has been blown sky-high in its preview.

The utter fallacy of "Government" - or perhaps it would be better to say of politicians who make up the current administration - adequately steering a complex modern economy has been so spectacularly exposed as to kill all doubts about the sound and well-proven adage that the least government is the best government.

Unless, of course, there is a surrender to complete state autocracy - Communism or Fascism or any other totalitarian doctrine - by which prices and wages and a lot of other things are simply and comfortably solved by bullets. Inevitably tortuous and painful attempts of democratic states to compromise too heavily and too long with this sort of thing have been nowhere better shown than in the United States and Canada.

We give, in this country, full credit where it belongs for price controls - in fact the obstacles and loopholes in the way of their efficient prosecution increases, rather than lessens our admiration for the job that has been done for the Canadian wage earner. But we have paid a heavy price for it. Apart from some instances of reduced production, all sorts of rackets have developed which - as is always the case in Government attempts to control the play of economic forces - penalize the law-abiding in favour of the unscrupulous.

Some of the black market transactions that are not too obvious - the payment of cash "rewards" that are neither marked in the seller's account nor in the buyer's book - have been notably widespread. In less conspicuous spot light the undoubtedly enormous benefits of rent control have been matched by well-disguised but predatory rackets, and by an utterly artificial inflation in the price of houses purchased by desperate buyers.

In wage controls there has been an even more serious cross-current. The tendency of Government labour boards to ignore temper or delay wage increase proposals unless backed by the "big stick" - ironically confirmed by Labour Minister in his famous admission that the woodworkers' strike in British Columbia brought extra taffy to the union because it "held a gun" to the nation's head - has been perhaps the worst flaw in the set-up. It has penalized the "legal" approach, and glorified the approach of threatened force. It has made a bad situation worse. It has distorted the genuine Canadian way of arriving at proper solutions in individual labour-management disputes.

Admittedly the present crisis of under-production has made it essential to hold on to these controls for a time. It has, however, made clear to everyone that "Government" can only so long display to the electorate a cake that can be both had and eaten. Nothing is more adept at chasing its own tail than bureaucracy. And is it not a classic irony that to-day farmers are ready to strike because the price of what they buy from the city industries is claimed to be too high, while industrial strikes take their main cue from the rise in the cost of food!

"Government" can't settle these things forever. That in our country it has had to do it in the post-war months, until enough goods, and enough houses, and enough of anything else come on to the market to let the wage earner feel prices ease through the healthy play of competition, is perhaps a consolation. We know now that free enterprise means a lot of things, and that "Government" is conspicuous by its fundamental incapacity to make things work that work out better by themselves.

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