

SEP 18 1943

# FEAR OF INFLATION REASON FAMILY ALLOWANCE STUDIED

Labour Group Pressure  
Source of Concern  
to Ottawa

**COST \$180,000,000**

From The Spectator's Ottawa News Bureau, by Charles Bishop

Ottawa, Sept. 18.—Precisely what is to be done about it is still undecided, but for the past fortnight at successive cabinet meetings much of the time has been occupied with the labour question. The pressure has been steady — the demand, at some times clamorous, for wage adjustments upwards. That process beyond question is inflationary. The great objective policy is to avoid inflation. That is the *raison d'être* of all the restrictive controls and of the cost-of-living bonus.

### Hold Controls

What has been under way for some time is consideration of the family allowance as largely an alternative, but with something done as well about wages in the lower scales. The prospects are said to be favourable. The family allowances would cost \$180,000,000 a year on the basis of \$9 per child per month. The amount in ordinary times would be deemed very large, but not so much in time of war when talk and outlays are in billions. The claim is not made that resort to such a system would be immune from inflation but that there would be less of it than by a general rise in wages.

What is sought is a way to deal with wages without neutralizing the benefits of the existing controls as applied with considerable success, on the whole, to salaries, wages and prices. The wish is to hold them.

While this may come about, there are various objections, economic, political and on principle. By some it is likened to a process

of "appeasement" and they would tolerate no departure from the ceiling of prices and wages but adhere to it rigidly.

No such policy would be countenanced by this Government. In all controversies it proceeds with a caution that is customary. At times its opponents charge that its approach to problems is with timidity as well as caution.

The matter anyway is coming to a head in a few days. If the family allowance is not the solution, there will be something else by way of attempt to deal with the problem, including wage adjustments.

The question derives primarily from a labour agitation, months old, which led to the creation of a War Labour Board and a full, wide-open inquiry. The board did not endorse all the demands, but it didn't turn them down either. It told the Government what the demands are, and, putting them forward, implied favour with adjustments in the lower wage brackets. That would lead to differentials higher up.

The report cannot be ignored. It has not been made public. The reason for this is that, when giving it out, the Government wishes to say what they are doing about it and how. That will be said soon.

### Grain Situation

There is little general appreciation of how bad many of the grain crops are in the east after a cool, rainy and largely sunless summer. And this at a time when feed was never more needed because of the abnormal war production called for to fill the bacon agreement and provide meat, dairy and poultry products.

That is why this week the matter has been dealt with as an emergency. Coarse grains have been bonused and extraordinary steps taken to secure their transport. Between now and spring 130,000,000 bushels will have to be moved to meet the need or else there will be less bacon and beef and chicken feed.

In the political field all parties, save the C.C.F., have derived comfort from the Prince Edward Island election, the Liberals because they won two to one and the Progressive Conservatives because they substantially upheld their holdings. The C.C.F., riding high in some parts, weren't able to get a toe-hold in the island. All the candidates they put up lost their deposits.

The whole political situation will be reviewed at the politico-clinical conference of the Liberal Senators and members next Friday and probably Saturday. The National Liberal Federation will be revived and revitalized at a meeting on the following Monday. They will have to choose a new head.

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