



## STATEMENT BY DONALD GORDON

Chairman, The WARTIME PRICES and TRADE BOARD, to Representatives of Women's National Organizations, Parliament Buildings  
Ottawa, December 15, 1941.

I UNDERSTAND that the ladies gathered here in this meeting to-day represent women's organizations with a membership of nearly 1,000,000. I need scarcely assure you, therefore, that only an emergency of first magnitude could have persuaded a mere man to undertake an appeal for help to such an overwhelming number of the gentler sex! From time immemorial, however, men have turned to their women-folk when in real trouble, and so I approach my task with the same sure confidence every man has when he finds it necessary to seek understanding and comfort from the particular woman whom God has given him for that purpose. It should be possible, I believe, to speak to women collectively on a subject of national interest with the same frankness as one might speak to *the* particular woman in a matter of personal interest.

In order to follow a time-honoured technique, however, I start my talk to you, the women of Canada, by asserting that this difficulty we are in is not our fault. I am not referring to the major difficulty represented by the fact of war. I concede at once that the blunders of men for many years have been responsible for that tragedy, but this is neither the time nor the place to try to apportion blame for that sorry mess, even if I had sufficient knowledge of all the facts to attempt it. For the purpose of my talk I must start with the calamity of war which suddenly overwhelmed the civilized world in the fall of 1939. I shall not go back beyond that date, but ask you to bear with me just for a few minutes while I sketch in roughly the background. The outbreak of war caused overnight a sudden and terrific demand for labour, materials and goods of all kinds.



This demand was primarily a demand by the Government of this country rushing to get an army, a navy and an air force equipped and into action. In addition, urgent requests for war supplies came from the United Kingdom and France. Fortunately, Canada had large resources of labour and materials and the immediate problem was to get them to work. To do so, those responsible for the fiscal and monetary policy of this country embarked upon what might be termed a deliberate expansionist money policy. To put it simply, the Government, by large expenditures, put into the hands of business and individuals a large new purchasing power and in doing so induced everybody quickly to get to work to bring men and materials together so that necessary war supplies could be produced.

I want, particularly, at this point to impress you with this fact—that the business of getting the armed forces equipped, the business of producing tanks, airplanes, ships, and all the other necessary but ghastly paraphernalia of war was at no time impeded because of a lack of money. There may be differences of opinion about whether the expenditure has, in every case, been wise, differences of opinion about whether the organization of our war effort has been as effective as it could be, and differences of opinion about whether the will to provide has been as ruthless as a total war effort demands. But there can be no valid claim that finance has impeded the war effort. Finance recognized at once that in a time of war, at a time of national calamity, financial considerations take second place and no part of Canada's productive war effort has ever been restrained by reason of financial considerations alone. On the contrary, a most courageous wartime finance policy in taxation and borrowing has been followed and the people of Canada have responded without the slightest hesitation to the demands placed upon them in this connection.

Now, you may well ask if Government created purchasing power succeeded in bringing idle men and resources quickly into the war effort, why is that apparently easy course not continued? The answer to that natural inquiry is the reason why you are here to-day, because in it lies the trouble we want to discuss with you. The answer is that after we have got all our idle resources at work, the creation of more and more purchasing power by Government will produce a disastrous inflation. Let us see how it would work.

We are admittedly in a period of full employment—a period where scarcities are being felt on all sides. So fast have we built up a war



machine, so enormous has been Government expenditure to ensure speed and production that it has not been possible to adjust fiscal policies in taxation and borrowing sufficiently rapidly to recapture the excess purchasing power which Government has released. *We are diverting such a large share of our national production to the waste of war that the share left for ordinary civilian consumption is sharply curtailed. If, therefore, people attempt to spend as much as before or, worse still, use new and excess purchasing power in their hands to bid for a reduced available supply of goods, prices are bound to rise.* This pressure will not be an even one—in practice, prices will rise erratically and unevenly and cause serious dislocation and disruptions of established relationships. Moreover, civilian competition for goods will compete against the war effort and we get into a situation where individuals bid against one another—with Government bidding in turn against them. There can be but one end to such a struggle. Prices will continue to rise, the cost of living will increase, labour and farmers will demand increased wages and prices to meet their increased costs, which, in turn, produce higher prices and so the inflation spiral is set in full motion. Bear in mind that inflation is upon us when available purchasing power exceeds our productive resources and money is steadily losing its value in terms of goods. Viewed in relation to war—a situation in which there exists an insatiable demand—we must be careful about our timing. Control of inflation is imperative if complete disaster is to be avoided, but if we close down too soon we fail to use all our idle resources; if too late, we risk losing control altogether. We believe that the time is here *now* and that every citizen in this country must be made to agree so that we can get the kind of public co-operation needed to make a policy of control successful. *Remember, no country which has fought a major war has ever been able to control an inflation.* Inflation, by destroying stability, will seriously undermine our immediate war effort and by destroying any system of security for the future will completely frustrate any plans for recovery post-war.

*The value of insurance policies, annuities, pensions, savings of any kind, in terms of goods, is swept away and people of fixed incomes fall immediate victims to the onslaught of inflation with no means of defending themselves, or providing any means of guarding their dependents.*

Out of inflation has grown most of the evils of our modern civilization and it is, I am convinced, the greatest single reason why war is



such a recurrent tragedy that it threatens to be a more normal stage of our existence than the happy days of *peace*. *That is due to the fact that the settlement of every war carries in it the seeds of the next—namely, the effect of the inflation which has always occurred during the active hostilities.*

Your Government has decided to fight inflation, to ask that the people of this country accept some inconveniences *now* and to make certain necessary adjustments *now*, rather than face later the major disaster of inflation. Convinced that no compromise with this evil is possible, and knowing that *inflation thrives upon halfway measures and hesitant policies*, the Government has enacted the Maximum Prices Regulations and has charged the Wartime Prices and Trade Board with responsibility for implementing that policy. The policy is flatly—that no increase in the retail price of goods, articles or commodities of any kind and of certain services is to be permitted beyond the level of prices ruling between September 15 to October 11. Every citizen in this country is affected by that policy. Every importer, manufacturer, processor, wholesaler and retailer must take part in the necessary adjustments. I shall not go into detail about the process, but will instead deal with one special field where the help and co-operation of women are essential.

Under the Regulations, every retail store has its own ceiling price which is the highest price at which any article was sold in the basic period. There has been a good deal of misunderstanding and confusion about that fact and many people who want to co-operate with us become discouraged about being able to establish what price it is they are expected to abide by. We have given a lot of thought to this part of our program. *It is not possible to have certified lists of prices approved for each store—it is not possible to examine all at once the prices of each article in each store.* There are vexed questions about the price of new goods coming into the store which were not sold in the basic period. There are difficulties about goods of substantially the same design or quality, but not exactly the same goods as sold in the basic period. There is trouble about branded or nationally advertised goods which are supposed to sell at fixed retail prices, but which were in process of change when the price ceiling was established. There are problems about imported goods which cannot be obtained at a cost to sell under our domestic ceiling price—there are **oucries** because the foreign price for certain of our supplies is higher than



our domestic price with a consequent risk that all such supplies will leave the country. And I could go on and on with subsidiary and collateral troubles because I assure you the lot of a Price Controller is not a happy one.

We are going to ask every woman in this country to come to our aid in one vital aspect. Women buy from 80 to 85 per cent of all goods bought in retail stores. Therefore, if women will see to it that retail prices are maintained—a big part of the job is done. If we can be sure that retail prices are held, then I believe the other necessary adjustments can be achieved. Most women do their shopping at a selected group of stores. We believe each woman, when she understands the need, will be glad to co-operate with us by making up her own individual list of basic prices. In a national campaign, which we hope the group here to-day will sponsor, each housewife will be asked to make a list of all the things she buys most frequently and the price of each item. As far as possible the price will be that which ruled in the September 15 to October 11 period, to be obtained from her housekeeping records or old bills. If no such record is available, the housewife will be asked nevertheless to keep a household list and record the current price in order to be sure that she does not pay more in the future. Women's organizations will be asked to help in getting lists of basic prices and in providing them to their members. They will be asked to thoroughly canvass the local situation in each community in order to establish as quickly as possible that each housewife is enrolled in this campaign. Now I want to give one word of warning here. *The Wartime Prices and Trade Board has no reason to believe that retail shops are not co-operating in the price ceiling law—on the contrary, every survey we have indicates that they are doing so loyally. It is not our intention, therefore, that housewives be asked to consider themselves as a monster police force or group investigators. Our idea is that housewives will, themselves, want to become familiar with the prices which are lawful and that there is a direct benefit to the household budget in encouraging them to do so.* The retail shops will, we believe, be glad to co-operate and the campaign should be conducted in a spirit of mutual goodwill. When there is reason to believe that some store is not playing the game it will, of course, be our duty to take the necessary steps to see that the penalties provided are imposed.

We shall wish to talk to you in more detail about this plan and we want you to feel perfectly free to ask any questions on this proposal, as



well as any phase of the policy, that you may wish. I want you to know that we appreciate very much your coming here. This meeting is not called to discuss only this particular part of the work we wish the women of Canada to undertake. The program I have just touched upon is important—it will be a contribution in our battle against inflation, which may well spell the difference between success and failure if it can be properly organized. I am sure you can do it—so that I shall not dwell further upon that phase now.

But more important than this specific job you are being called upon to do is the job of education you can do with the women of Canada. I have always felt that the fight against inflation was really dependent for its success upon an aroused and enlightened public opinion. I believe that women generally have an intuitive understanding of an issue of this kind because it strikes directly at the security of the home and the stability of family life. *Hitler has openly boasted that no democracy will be able to stand against the effects of the terrific inflationary development which any modern war is sure to release, and that, as a consequence, the present conflict is sure to mean the complete collapse of any system of democracy.*

There is, I feel sure, little in Hitler's record of his treatment of the women and children of conquered countries, or in his doctrine of racial purity, which will have any appeal to the women of Canada. *It will be bad news in Germany when we are able to say that inflation can't happen in Canada because the women of Canada have decided that it won't happen.*