

*Anti-Inflation Act*

which are important to ordinary families are exempt from controls. That is the basic reason the New Democratic Party opposes wage and price controls. We keep repeating, and the Canadian people should remember, that what this government says on the campaign trail may not necessarily be what we get six months later.

● (1632)

The Prime Minister (Mr. Trudeau) and his party, even this party and the Social Credit party, stood against the then leader of the opposition when he advocated wage and price controls. I have no qualms about that because while this party believed in selective price controls, we could not agree to tying up the economy with wage and price controls. Every country in the western world that had tried this, including the United States, had found it inadequate as a means of controlling prices. We know that in reality wage and price controls are simply a means of controlling wages. The results are there for all to see.

In a year-end interview with journalist Bruce Phillips of CTV, the Prime Minister was asked to defend the economic record of his government. Mr. Phillips pointed out that the cost of living had increased by 9.5 per cent over the last twelve months, but the Prime Minister countered that it was unfair to look at the year-to-year change in the consumer price index—the figures for the latest month available showed it standing at 9.1 per cent—without reference to the over-all trend during controls. Just the other day the Prime Minister referred to the increase in the gross national product for the last three months but he did not mention that in the last three months the consumer price index has been growing at an annual rate of 11 per cent.

In the interview with Mr. Phillips the Prime Minister claimed that by the end of the three-year control period the inflation rate will have been brought down from almost 12 per cent to 6 per cent. A few moments later he said that on the over-all three-year average, we will be on target. Mr. Speaker, the Prime Minister was wrong in his view of recent economic history and he will be proven wrong in his forecast.

The Prime Minister claimed that the inflation rate was almost 12 per cent when the controls program was introduced in 1975 but, according to Statistics Canada, the consumer price index was 10.6 per cent when controls were imposed. The three-year target that the Prime Minister mentioned was not 6 per cent, but was 4 per cent. As for the Prime Minister's forecast of 4 per cent this year, every economist that I know of says this country will be lucky to have an inflation rate of 8 per cent for 1978.

Everybody knows that the national unemployment rate will be at least 8 per cent this year—perhaps 8.5 per cent. This does not allow for the forecast by the Department of Labour of decreased participation by all groups in the work force. This is an important measure of the under utilization of people in the economy.

When Hon. John Turner was minister of finance this party told him and the government that inflation cannot be con-

[Mr. Hogan.]

trolled by deliberately creating more unemployment. The Liberals seemed to believe that expansionary policies would push up the cost of living, but this party regards such thinking as a fundamental error. The results are shown in the one million unemployed and the fact that for the last three months there has been an 11 per cent increase in the cost of living, considered on an annual basis. Things are particularly bad in the Atlantic region and areas like mine where there is low income and unstable employment.

Both Mr. Turner and the hon. member for Rosedale (Mr. Macdonald), when they occupied the finance portfolio, accused this party of not caring about inflation. We responded by accusing them of hurting regions, individuals, and national unity by waging the fight against inflation on the backs of the unemployed. Just recently Mr. Ralph Sultan, chief economist of the Royal Bank of Canada, who is not known as a wild-eyed radical, said that the current thinking is that expansionary policies would be inflationary. That is the thinking of this government which the former minister, Mr. Turner, got from Mr. Simon, who was secretary of the treasury in the United States at one time. Mr. Sultan said that this may be one of our fundamental errors, and we certainly agree with that. He also said that inflation seems to be built into our economy regardless of our growth rate.

The Prime Minister's economic policy for the last three or four years has been based upon this notion, which is prepared to see unemployment rise as a trade-off for less inflation. I suggest that 1977 has shown this policy to be bankrupt, and 1978 will prove that to be the case even more. There will be no double-talk during the next election campaign to fool the Canadian people.

When we look back over this period of wage and price controls introduced by a government which was elected after pushing hard against this type of thing, we see how the Atlantic region, for example, suffered from these small "c" conservative fiscal and monetary policies. It also suffered as a result of a stupid commercial policy that for too long allowed an over-valued exchange rate, as well as a complete failure to co-ordinate the monetary, fiscal, commercial and exchange rate policies in order to bring about a balance between stimulation of the economy and stable prices.

● (1642)

They fell hook, line, and sinker for what the American people were telling them under a very conservative Republican administration. I think this happened to the former minister of finance, Mr. Turner, and the hon. member for Rosedale willy-nilly had to follow. As a result the latter is practically out of politics today, because all he got was an increase from following these policies, an increase of unemployment, and he could see an increase in inflation coming up at the same time.

As I mentioned yesterday in another speech, despite the good intentions of the Prime Minister on national unity through his bilingual policy, and I was never so mean or small to attack that policy except in its implementation but never concerning intention, this government has mismanaged in an