

Anti-Inflation Act

An hon. Member: We can see the jaws working now.

Mr. Macdonald (Rosedale): The teeth should operate over many sectors of the economy, he said, and the board should have power to roll back inflationary price hikes. I am not surprised that the NDP leader should not have repeated that particular statement here in the House the other day. It must have been transparently obvious, even to him, that he could not at one and the same time call for the establishment of a prices review board with teeth in it and then argue that such a board would be rendered toothless by an army of big business accountants. That, after all, would have made a sham and a mockery of his own proposal put forward just two weeks ago and of the position taken by his party 15 months before. What he was doing, apparently, when he referred to jaws, was enlisting the aid of the shark and then saying it was going to be a rubber shark.

When he spoke in the debate, the leader of the New Democratic Party contended that some measure of control could be established over prices and profits only by creating "an army of bureaucrats". I have never heard it suggested by the hon. member for Oshawa-Whitby or by any of his supporters that a similar army of bureaucrats would be needed to man the prices review board which his party has repeatedly advocated. It is easy to conjure a vision of a phalanx of furtive accountants labouring long into the night to work their deceptions. I might remind the hon. member, though, that over the years a comprehensive and well established system of accounting practices has been developed, particularly in connection with corporate income tax, in order to prevent just such deceptions.

I would remind him, also, that when he suggests it is impracticable to deal with price increases after they have occurred by regulating profits, he further contradicts the position taken by his own party. Mr. Lewis, it may be recalled, proposed to regulate prices by reference to returns of profit on capital.

An hon. Member: Let us talk about the bill.

Mr. Macdonald (Rosedale): It is true it is our intention that the staff of the Anti-Inflation Board should, at least at the outset, be reasonably small and compact. We have no wish to create another army of bureaucrats if it can possibly be avoided; and I think it can. But the board will have power to engage outside services as may be required from time to time to augment its own facilities. In addition, I anticipate that the administrator will also be able to call on existing government services, for example, those of Revenue Canada, to assist him in carrying out his responsibilities under the act.

In this connection, I might advise the House that I have been informed by the chairman of the board, Mr. Pepin, that he is sending letters to all of the larger companies covered by the compliance provisions requesting their assistance and co-operation. The letter indicates the records they will be required to keep in order to comply with the terms of the policy statement and the bill, copies of which are also being sent. The companies are further advised that in some cases they will be required, under the authority of this legislation, to give the board prior notification of proposed price increases once the act comes into

force, a power the board does not now possess under the Inquiries Act. We are calling for at least some prior notification of major price increases. While I cannot pretend that the administrative machinery we are proposing will ensure total effectiveness in the area of prices and profits, I am confident it will play an extremely important role in discouraging price and profit violations.

During the course of his remarks, the hon. member for Oshawa-Whitby referred to certain figures related to price and wage levels in Canada over recent years. I think it is important to reflect on this, because enforcement is the backbone of the whole program. The contention made at that time was that restraint over wages and salaries was unnecessary. I might say this was notwithstanding his suggestion, which I understand the hon. member for Oshawa-Whitby made at a press conference in Vancouver, that a prices review board—the one he referred to—should have authority to investigate sharp wage hikes.

● (1240)

It is, of course, a matter of judgment whether there is reason for concern over the fact that for a period of several months the rate of wages and salary increases in Canada, and more particularly claimed increases, has been rising at twice the pace of that achieved in the United States. I find that his position contrasts rather strongly, however, with that of the three NDP premiers, all of whom expressed concern, in their responsibilities of office, about the impact in their communities of very substantial increases.

On a number of occasions the leader of the New Democratic Party has noted, as he did last Tuesday, that over a three-year period to mid-1975 the consumer price index rose by 33 per cent, while the average industrial wage rose by 36 per cent, which meant that the real increase in the standard of living for working Canadians was at about the level of 1 per cent annually during that period. Therefore, he concluded, Canadian workers had received less than their fair share of the increase in national wealth.

I think it is fair to remind the hon. member that in most of the major industrial countries, the real standard of living of the industrial worker has not increased but in fact has declined significantly. Also during this period the real GNP per worker in Canada declined by 3.2 per cent, notwithstanding the relatively strong expansion of our economy by comparison with other countries, because of lagging productivity growth and the exceptionally large increase which has been taking place in the size of the work force. But the real, personal disposable income that is available per worker—that is to say, what he has in his hands when he takes home his pay—after payment of direct taxes increased by 3.8 per cent in Canada; and one of the major factors accounting for this development is the personal income tax reductions and higher income support programs which this government has espoused.

I should like, Mr. Speaker, to respond to suggestions by the leader of the NDP that the program we have proposed is unfair because the minimum increase provided for under the guidelines of up to \$600 a year for those of moderate income is unreasonably low and, perhaps more importantly, that there is no mandatory requirement that an increase of that amount be provided. There is nothing magical about the \$600 figure that we have proposed as a