

Anti-Inflation Act

salary relationship between those who teach at the elementary level and those in secondary schools.

Mr. Broadbent: You have a conflict of interest there.

Mr. Penner: Who does not?

Some hon. Members: Oh, oh!

Mr. Penner: The conflict is more apparent than real, at the moment anyway. I am concerned that this relationship between settlements which elementary school teachers have made already and what secondary school teachers have expected should follow through.

Probably it could be asked, why are we in the federal parliament talking about secondary school teachers, since this is a provincial responsibility and the provinces will have to work that out, being aware of the federal guidelines? However, we know that in the province of Ontario, at any rate, the problem will be thrown squarely upon us because of the current political situation in the Ontario legislature. This is bound to be a political hot potato, but they have decided to throw it our way and let us solve it—or, more properly, the Anti-inflation Review Board must solve the problem.

So, then, here is another group of people who are in a difficult situation, and I do not think we can take a hard-nosed attitude such as that taken by the hon. member for Kingston and the Islands and allow inequities to exist because we want to be tough and because if we do not, the program is bound to fail. I do not take that position at all. I think there are good grounds for certain exceptions to be made in the transition period because, as the white paper says, there are long-established, historic relationships between wages of closely related groups and other special cases of equity. This seems to be a catch-all phrase which means that if the Anti-Inflation Review Board is fair and takes into account the good arguments that can be made by, for example, the pulp and paper workers and by the secondary school teachers in Ontario, then there will be some room in this transition period to remove some of the inequities about which I am concerned.

I will turn now to the principle of Bill C-73 and to my thoughts on controls. I have indicated already that some of my thinking has changed with respect to controls, and I mentioned the arguments of Mr. Ian Macdonald.

Some hon. Members: Oh, oh!

Mr. Broadbent: I hope so.

Mr. Penner: If it is a sin or a crime to be a thinker, then I am guilty.

Mr. Macdonald (Rosedale): Hear, hear!

Mr. Penner: During the summer I read the speeches of the president of York University, a man whose credentials, it seems to me, are good ones. Members of parliament would be well advised to read what he has said. In addition, I read the OECD report on the Canadian economy, which was another factor that influenced my thinking about the need for something drastic to be done with respect to the Canadian economy, some kind of shock

[Mr. Penner.]

therapy that needed to be introduced in order that we could do something about the serious economic situation.

Mr. Broadbent: Shock therapy frequently kills the patient.

Mr. Penner: I will be listening to the leader of the NDP shortly. I am always interested in what he has to say, and I will listen to him carefully. I find it difficult to hear what he is saying now over the sound of my own voice. If he wants to say something, I will pause for a moment so I can hear him, or perhaps he could make his comments later.

The other document that influenced my thinking was the report on Canada of the Organization for Economic Co-operation and Development. This report refers to the decline in real output in Canada during 1975—something that has been talked about a great deal—and the fact that productivity has fallen. I do not know all the reasons for productivity having dropped; how much of it is due to what goes on within the factory or plant and how much has to do with the kind of markets available to Canada. At any rate, there is a decline in real output, and this is serious. The report talks about the likelihood of unemployment rising to over 8 per cent, and of course everyone is concerned about that.

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There is the possibility of a huge trade deficit. The OECD report talks about a deficit that could go as high as \$5 billion or \$6 billion, compared to the \$1.2 billion of 1974. It is futile to lash out at the government for this trade deficit because we are all aware of the factors that have brought it about: those nations which had to spend an increasingly high proportion of their national income on energy have had less money available for the other things that we would have liked to sell them. There is no point in blaming the government for this situation. It is a problem that we have had to live with and it is part of this new economic era that has been referred to which calls now for some kind of radical policy, a shock therapy policy.

Part of this debate on Bill C-73 revolves around the question of whether controls are warranted now, when they were not warranted before. I think the answer to that question is clearly yes, they are warranted now and they were not warranted previously. That is because of the combination that was referred to in the OECD report—a large external deficit, rising unemployment and sluggish economic activity, together with stubbornly high rates of inflation. It is the latter factor that helps complicate the whole situation—overreach and overkill are aggravating all the other negative aspects within the economy and therefore it calls for strong, decisive, determined government action so that the psychology of inflation can be brought to a halt.

Mr. Baker (Grenville-Carleton): Are you not really saying the government was wrong in 1974?

Mr. Penner: You were not listening to my comments.

The Acting Speaker (Mr. Turner (London East)): Order, please. Please address the Chair.