

there is no equality. It is a little bit like 50-50; that is, one horse and one rabbit, and most of the workers I know are going to fall in the rabbit category. This procedure of allowing exemptions will, in my opinion, create a nightmare that will be impossible to handle.

Inflation is a very complex thing. I was never too worried about inflation, and I guess most Liberals were not worried about it until very recently. They believed they could handle inflation in a relatively simple way. Many of us have not been particularly concerned as long as our productivity kept up with the inflationary rate. There did not seem to be anything too much wrong as long as that was the case, except you had to have a bigger wallet and carry more money, and the bills got bigger, but then again the amount you were receiving was larger so nothing really had changed. Instead of paying \$1 for something you pay \$2. But as long as you are getting twice as much it does not make any difference.

The difficulty results from the fact that inflation is now running at about 12 per cent per year. It is interesting to note the predictions which are being made as a result of this anti-inflationary legislation on which the government is going to stake its very existence.

What is this legislation going to mean as far as the financial institutions are concerned? They gave an indication in a survey carried out by about 10 of their corporations. They predict that the growth in national product will continue in 1976 at a rate between a low of 1 or 2 per cent to 5.8 per cent. This group of ten includes the Toronto-Dominion Bank, the Royal Bank of Canada, the Bank of Montreal, the Bank of Nova Scotia; in other words, all our banks.

These corporations indicate that the consumer price index is going to increase next year with fully implemented controls in the range of about 9.5 per cent to 12 per cent. There is a low of 8 per cent predicted by the Dominion Securities Corporation.

What do these corporations consider the unemployment rate will be with full controls? The Royal Bank says the unemployment rate for next year will be between 7 per cent and 7½ per cent. The Toronto-Dominion Bank says the unemployment rate will be 7.3 per cent. Wood Gundy says the unemployment rate will be 7.9 per cent. The Bank of Montreal says it will be 7.6 per cent and, the Bank of Nova Scotia predicts 7.8 per cent. So most of these financial institutions feel the unemployment rate is not going to change, because these predictions fall within the range of unemployment at this time.

What do these institutions say about the growth of corporate profits? They indicate the growth will continue in 1976 in the range of from 8 per cent to 15 per cent. It is interesting to note that the Royal Bank considers the growth rate will be 12 per cent, the Toronto-Dominion Bank says 8 per cent, the Bank of Montreal says 13 per cent, the Canadian National Bank says 8 per cent, and the Imperial Bank of Commerce predicts it will be 10 per cent.

It does not appear to me that the government has accepted the advice or the predictions of the heads of some of these financial institutions, yet the minister must discuss the situation with some of these experts on the economy.

Anti-Inflation Act

Let me refer to predictions in respect of housing starts with these full controls. It is in this field that you can influence the social climate because there is a great need for housing in Canada. You can also influence the unemployment rate by building more houses. The Royal Bank predicts 200,000 housing starts for next year. The Toronto-Dominion Bank predicts 225,000. The Bank of Montreal says we can expect 210,000 and the Bank of Nova Scotia says there will be 215,000 housing starts.

The prime interest rate with controls in 1976 is projected to run from a high of 12 per cent to a low of 9.5 per cent. Most of the banks are predicting interest rates of 10¼ per cent to 10½ per cent. Let me just read several comments made by the banks regarding the effects of controls.

Greenshields Inc. says in respect of the effects of the control program in 1976 that the government has to create credibility and acceptance, but there will be slow progress toward price improvement. The Royal Bank of Canada says that controls mean little since prior anticipation has reduced their effects on forecasts. The Toronto-Dominion Bank predicts a slightly lower rate of growth with increased unemployment as the price of controls.

An hon. Member: We are going to roll back prices.

Mr. Peters: You are going to roll them back, but that is not going to be done by this piece of legislation. I am not saying this myself, but rather I am quoting what some of the banks have indicated will be the effect of controls. The Bank of Montreal expects little impact during 1976 but some possible negative effect on growth in 1977 and 1978. The Bank of Nova Scotia says that controls may lower the growth rate to about 4 per cent in 1976 but may be beneficial in the long term. The Banque Canadienne Nationale predicts that the controls will have little effect on inflation but will have a more retarding effect on growth, and will lower consumption and savings.

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If one looks at all the predictions made by our financial institutions it will be seen that they really do not say this program will have any beneficial effect on the economy, but rather, according to most of the predictions, that it will have a detrimental effect on employment. In my opinion there is no machinery that will have any effect on the cost of consumer goods.

It is very easy to do what most people do; they blame labour for their problems. It is a very interesting psychology. I had an opportunity to speak to some workers on a picket line. They had been on strike for a matter of seven or eight weeks. They were interested in talking to me, but rather than speak about their problems or their strike they were interested in talking to me about the terrible state of affairs that would develop if the postal workers went on strike.

One can see that it all depends on where one is sitting, and whether one is having some difficulty. Most of these people who were on strike were not in difficulty but were assuming there would be a difficulty if someone else went on strike. So, it is easy to focus attention on the labour movement and say that everything will be solved if there are cut-backs. It would be very difficult for most unions to get any benefits out of the COLA clauses, which are the