

Mr. Hellyer: The Canadian Labour Congress said, "Let us have no wage or price controls."

Mr. Deputy Speaker: Order, please. I think the hon. member for Trinity (Mr. Hellyer) should remember that he is really addressing the Chair and the "You" previously referred to would not appear to be the Chair. I realize that he is directing his remarks to the party in the far left corner, but I think he should follow the more traditional method of debate and perhaps we could avoid some of the unfortunate expressions which are getting on the record.

Mr. Woolliams: On a question of privilege, Mr. Speaker, I do not think Your Honour ought to call the hon. member who has the floor to order. It is the hon. member for Skeena (Mr. Howard) who ought to be called to order. Is Your Honour afraid?

Mr. Deputy Speaker: The Chair is not afraid. The Chair heard an unfortunate expression, knew from which direction it came, but did not know from which corner it came.

Mr. Hellyer: Mr. Speaker, I do not wish to argue with you but I had, I thought, paid all the usual respects to the Chair. My remarks to that corner of the House were directed through you, Sir, and if from time to time I seemed to turn my back on the Chair, that was simply inadvertence on my part. I wanted to get as best I could the attention of the NDP who have, I feel, done this country a great disservice in not coming to grips with the basic fundamentals of the problem which apparently concerns them.

That problem is this: So long as wages and prices are rising faster than productivity, you will have inflation. It is difficult to separate at present the proportion of inflation caused by international commodities from that proportion which is caused by the cost-push cycle. If one wanted to make a reasonable guess, one could say that perhaps, of the total inflation in Canada today, about 25 per cent, if you could isolate it, is due to international commodity prices and demand pressures from outside this country. The rest of it, Mr. Speaker, is made in Canada, is made here. Fifty six per cent of our Gross National Product last year was in wages and salaries, including military pay. If that 56 per cent increases at three to four times the average rate of increase of productivity, there is no way that you can avoid inflation. It is just simple arithmetic. If 56 per cent of the GNP goes up at three to four times the average rate of increase of productivity in real terms, you have to print a lot more money to provide any kind of reasonably full employment. If you have to print more and more money in order to provide a reasonably satisfactory level of employment, you will have the kind of inflation which we have today. We must face the facts.

My hon. friends know that these wages and salaries are part of costs. If, for any business in the country, costs go up, the mark-up, which is usually in percentage terms, is applied to the increased costs as well. So, increased costs are reflected in increased prices. Thus one sees the cycle of increased costs leading to increased prices. It is really futile to argue whether increasing prices cause increasing wages or whether increasing wages cause increasing prices, as the two are interrelated. We must accept that fact, or we will continue to experience the kind of infla-

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tion that we are seeing today as far ahead into the future as one can visualize.

The other contributing factor to inflation in Canada is the level of government expenditures. My friends of the NDP—and they are not the only ones who are guilty, as I will be the first to admit—have been pushing for more government expenditures. They have been pushing for new programs, for readjustments of all kinds, and in many cases these are justified. Again, let us return to the facts, Mr. Speaker.

If the average increase in productivity per person in Canada in real terms is of the order of 2 or 3 per cent, and if all governments in Canada increase their take of the Gross National Product by 1 per cent per year each year, as they have been doing for the last seven or eight years, there will be less left for the workers in this country, in real terms, to spend for themselves. Consequently, the wage gains which have been negotiated are less in real terms than they otherwise would have been. So, although in some cases unions of Canada have negotiated wage agreements calling for increases of 7 or 8 per cent, by the time you allow for the increase in governmental expenditures and the graduated income tax, and inflation the total gain is zero in real terms.

My friends to my left keep avoiding the critical issue. They say, "Let us have a review board which will look at prices and even roll back prices." But they will not do the same with wages and salaries. If you are to go through that process with prices, you must also go through the same process with salaries, because wages and salaries constitute a bigger proportion of the Gross National Product than any other single factor. They constitute a far, far greater proportion than profits, for example, and the trend is continuing in that direction. From 1949 to the present the proportion of the Gross National Product which is made up of salaries has been increasing and the proportion which is made up of profits has been decreasing.

So I say to my friends, if you are serious about housing, if you mean what you say, if you want interest rates to come down, do something about it; let that something be supporting an incomes policy along the lines put forward by the Progressive Conservative party.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Hellyer: There is no other solution. You can make all the great speeches you want and "con" some of the people you talk to, because you are so eloquent, and make them believe things that they do not understand, but you are not being honest with them and you are not being honest with yourselves. If you want to reduce the level of inflation in Canada to anything like an acceptable level, you need to have a policy which stops this upward pressure by powerful unions and oligopolies. There is no way of avoiding it.

● (1700)

Recently in the *Edmonton Journal* there were two headlines in the same week, one stating that construction workers had turned down a wage increase of something in the order of 94 cents. I cannot remember the exact figure.