

*Labour Relations*

● (1700)

I was quite surprised but pleased to hear the minister refer to the myth that has been propagated, that Canadian wage settlements are double the rate of United States wage settlements. He said he wanted to lay that myth to rest once and for all. I wish he would tell the Minister of Finance (Mr. Turner) about this, because the Minister of Finance has been propagating this notion all across Canada. Every editorial I have read keeps repeating that labour wage settlements are pricing workers out of the market. On more than one occasion the finance minister has said—I have questioned the Minister in the House on this—that the major cause of inflation in Canada is wage settlements achieved by unionized workers. This is why I wish the Minister of Labour would bring the matter to the attention of the Minister of Finance. Certainly, I hope that in his forthcoming budget there will not be a repetition of what the Minister of Labour is now calling a myth that needs to be laid to rest.

In referring to the difficulties presently existing in labour-management relations in Canada, the minister noted that the structure of unions in small bargaining units is something requiring serious consideration. The minister is all for more concentration in bargaining units so as to give, he hopes, union organizations more weight, which will cut down on labour strife. He also mentioned the lack of a code of ethics for the CLC and referred in particular to the construction industry in Quebec. I suggest there is an analogy here, one the minister might have brought out, with what took place in the United States in the 1950s when corruption became such an issue among the unions there that the AFL-CIO started to police themselves by setting up their own code of ethics.

The minister also mentioned the drastic change that is taking place in the pecking order, as he put it, and said workers today want a certain dignity. People in the so-called dirty jobs, like garbage collection, want a higher place in the pecking order. We do not disagree with this, but it strikes me that there was a notable omission in the minister's remarks in reply to the hon. member from the Cr ditiste party who introduced this motion, and the spokesman for the official opposition. I refer to the fact that he failed to mention that inflation was one of the dominant reasons the unions are asking for such high wage settlements and are so disturbed.

I suggest to the minister that if someone in his department researched this question, he would find a very close analogy between today and 1946-47. Incidentally, if I may return to the minister's argument about wage settlements in Canada not being so far out of line with the United States, this very point was made by my parliamentary leader in a debate on May 14 last, as reported at page 5794 of *Hansard*, the fourth paragraph. I am glad to hear that the minister agrees with my parliamentary leader on this subject, but again I ask him to make the situation known to the Minister of Finance.

To return to the question of inflation, recently Dr. Donner, an economist, wrote a comment in the *Globe and Mail* regretting the amount of industrial unrest in Canada today. In his article he makes the same major criticism that I have made of the minister's remarks today. He says:

[Mr. Hogan.]

Unfortunately, the hostility now arising is being directed at particular groups, such as big unions or big government, though rarely is it ever directed at the real culprit in the picture—Canada's high rate of inflation.

I should like to add to that Canada's high rate of unemployment is also causing insecurity among people who are already working. Not only do they fear prices going even higher, so they try not only to catch up but to anticipate future increases, but they fear that the many hundreds of thousands of Canadian workers who have already been laid off will create insecurity in their communities that will flow over into labour-management relations. Dr. Bonner goes on:

Indeed, with the benefit of hindsight, it is clear that it is the gross under-anticipation of the high rate of inflation of the past several years, as well as the efforts to catch up with the lost real earnings by labour, that are now at the centre of the industrial turmoil.

Management was no more perceptive than labour in evaluating the accelerating pace of inflation of the past two years, although management was more quickly able to capitalize on the excess demand pressures of 1973 and early 1974 by increasing prices ahead of rising costs.

We know, of course, that there is a very strong statistical correlation here. When the business cycle moves up, big business can increase their prices and this results in the abnormally high profits that were present in the Canadian economy between 1972 and 1974. It is true that in the first quarter of 1975 the profits of many firms went down, but this is just a phenomenon of the business cycle in a serious recessionary phase. Dr. Donner goes on to say, and it is very important that parliamentarians recognize it:

Labour tended to be locked in by one and two-year contracts, and many of these contracts in the recent past did not have adequate inflation escalation clauses . . .

Moreover, when the ratio of profits to GNP declines sharply, as it did in 1970, and when the labour movement feels that it must catch up with past real income losses, it is not surprising to see the number of man-days lost because of industrial disputes reach high levels. In 1975 we could see the number of man-days lost reach as high as 13 million, 260 per cent above the average for the period 1963 through 1974.

I am making this long quotation from Dr. Donner's editorial because he speaks with wisdom and because the minister failed to deal with this matter in his remarks today. I am happy to see that as a result of high inflation and unemployment, labour and management are getting together. I hope the government will take some of the recommendations flowing from the Woods inquiry and apply them to the labour scene at the end of the 1970s and the beginning of the 1980s.

As far as I am personally concerned, the major cause of industrial unrest in Canada today is, as Dr. Donner points out, our failure to anticipate inflation. I remember during the last election campaign that members on the government side were saying that they could not do anything about inflation. Then we come to this parliament and the Minister of Finance brings in his first budget and says we have a cost-push inflation: then it is a wage-push inflation. The ball game keeps changing every few months. He was still expecting the United States to rescue us from our own problems, which have become worse.

I am not contending that there are any easy solutions to inflation in Canada or anywhere else in the world but I am saying that countries like Germany have done a much better job of managing their economy than we have. We in