

Increased Cost of Living

respect of prices. He urged very strongly the establishment of a guidelines policy in Canada. He suggested that while one could point to specific instances in the United States where the guidelines policy has been violated and not followed, he was of the firm conviction—I have not had time to find his exact words—that the establishment and enunciation of a guidelines policy in Canada on wages, prices and profits would be very useful. He urged that some prestige organization should be established to study and enunciate an annual set of guidelines in Canada.

● (5:40 p.m.)

I asked whether he thought the Economic Council of Canada was the sort of body that should enunciate such a guide-lines policy, and whether in fact it had the personnel, staff and expertise to do this. Professor Neufeld felt that it was. It was my own personal view, and in the light of the economic council's report I should like to give further consideration to it, that it would be helpful to Canada if we could have enunciated annually by the economic council a guidelines policy on wages, profits and prices.

I take it that my view is also the view of the hon. member for Burnaby-Coquitlam, namely, that this would be very desirable and useful for Canada. The hon. member for Burnaby-Coquitlam has urged that we need a planned economy and should have people making recommendations, but when one is made that we not have a guidelines policy he rises in the house only three hours later and proposes a motion which goes contrary to the recommendation.

Mr. Douglas: Is this an advisory or a mandatory council?

Mr. Basford: I should like to quote some parts of the third annual review of the Economic Council of Canada. I read first from the section found at page 159 entitled "Incomes Policy in a Canadian Setting: An Appraisal of Possibilities":

Foreign experience generally suggests that incomes policy may in certain circumstances have some beneficial effect, if only a temporary one, on the reconciliation of price and employment goals. However, its institution on a reasonably comprehensive basis—and considerations of equity and public acceptability soon argue for a fair degree of comprehensiveness—involves a number of serious problems.

They go on to say that the Canadian context is not one amenable to a guidelines policy:

It will be seen that by these criteria Canada is very far indeed from being a favourable environment for incomes policy. Not only is its economy

marked by strong regional differences; there are also divisions of jurisdiction between the federal government and the provinces in key legislative areas relating to incomes policy—e.g., in the field of labour relations:

"Industrial-relations public policy in Canada is controlled by both the dominion and provincial governments. Each jurisdiction has, however, its own sphere of operations derived from the British North America Act and court interpretations of that basic constitutional document. These interpretations have assigned the major role in labour relations to the provinces, leaving to the dominion government a limited, although troublesome, segment."

None of us has had the opportunity to study the report of the economic council as we would have wished before speaking on an incomes policy this afternoon. As I read the press summaries of the review and a few pertinent chapters from it, it is quite clear that the economic council feels an incomes policy or a guidelines policy for Canada would not be appropriate for a number of reasons. This is partly because we do not have in one central government the power to translate an incomes or a guidelines policy into effective policy, in that many of the areas that a guidelines policy would cover are within provincial jurisdiction. Therefore, the federal government could enunciate any policy that it wanted, but that policy could very quickly and easily be countered by individual provincial governments operating within their fields of jurisdiction. Therefore, an incomes policy or a guidelines policy would not have any effect.

The other very troublesome matter that must be considered when dealing with an incomes policy for Canada—this is brought to light in the annual review of the economic council—concerns the regional economic differences that exist in this country. When we have an inflationary situation in operation, when we see the business cycle heating up, we see this happening in Montreal and Toronto and then spreading generally west. But at the same time, the Atlantic provinces are not feeling the effects of inflation, are not seeing the business cycle heating up. Therefore, we find in one part of the country inflationary pressures, demand pressures and rising costs, and in other parts of the country there are not these same influences at all.

The economic council wonders how you can establish an incomes policy for Canada when you have these very different economic situations existing at the same time in different regions. My quick reading of parts of the review of the economic council indicates that they would favour much more being done than is the case at the present time in the area of regional economic or development policies. I refer to policies which would be used to