

Anti-Inflation Act

Having said that, I shall take a look at the aspect of wages proper and especially the imposition of minimum and maximum increases of \$600 and \$2,400 respectively.

Let us start with the easiest part, which is paradoxically the ceiling of \$2,400. At first sight, the figure would seem to be reasonable, in the circumstances, particularly in the light of the table on page 25 of the white paper, and giving the permissible increase for each income level and past wage practices. I would even go as far as saying that after analysis and despite the inevitable arbitrary nature of the figure very few wage earners directly affected by that ceiling will want to complain. And that is where you find a hitch. They will not complain because most often they will know how to go around it. And they will not be short of means.

First there will be a brilliant junior executive of an aggressive business in full expansion who will be promoted by an elegant lateral arabesque to a practically equivalent position but with a big title that will allow him to go around the 12 per cent annual increase. There will be senior executives who, as usual, will find tax artifices to put to even better use an expense account that is yet already well built up. There will be those dear professionals—of which I am, God forgive me—who will be the least affected of all because in most cases try and check the number of hours a lawyer spent writing a factum, an architect spent on his drawing board, a physician—and that is calculated in minutes—spent with each patient, and so on. In any case, the official rates set out by professional corporations are generally flexible enough to allow nice and clean twists.

And they also have an expense account, I had forgotten. But let us be serious; I think it is utopia to think that any form of control can be applied effectively to professionals, and basically that is not more important than necessary I think as they only represent a relatively insignificant percentage of the inflationary factor.

So, to control properly the effectiveness of that ceiling of \$2,400 tight steps will have to be considered for employers, for example by monitoring the wage package and making sure that the average overall increase for employees does not exceed the standards, and by urging the employees themselves to submit to the law in good faith, for example, by taking penal steps against them. Clause 44(1)(d) could be used for that.

So let us take for granted that the upper ceiling of \$2,400 is realistic and enforceable. There remains to see what is happening in the less privileged classes of workers. For them the ceiling is \$600, in the sense that authorized increase percentages apply only above \$600; \$600 mean a 10 per cent increase for a worker with a yearly \$6,000 income. Below that figure, the percentage increases accordingly. It should first be fully realized that a worker at that level has very little freedom of action. His scope of initiative is limited and he probably can expect no promotion. He is taxed at source and can therefore find no fiscal loophole to better his position. For him, the ceiling is a reality. Here again, discretion has its part to play. There had to be a ceiling somewhere, and it was decided that it would be \$600.

Allow me to quote some statistics which will substantiate my argument. The average salary of a Canadian

[Mr. Lachance.]

worker is close to \$9,000. According to Statistics Canada, the poverty line for a family of four amounted to \$5,295 in 1973, which means, with an 18 per cent factor of inflation, approximately \$6,295 at the end of 1975.

Now, the poverty line as determined in the Senate report on poverty, the Croll report, was at \$6,990 in 1973; which would mean, with the same 18 per cent factor, approximately \$8,000 in 1975. I will not elaborate on the reasons which lead me to pick up the index of the Senate report on poverty instead of the Statistics Canada index. Let me just explain the reasons for the noticeable difference between the figures of Statistics Canada and those of the report on poverty.

Poverty line as defined by Statistics Canada is the amount of money needed by a family which has to spend 70 per cent or more of its total income on current necessities: food, housing and clothing. Poverty line in the Senate report is set at 50 per cent of the average family income in Canada, considering inflation and gross national product. The difference between both approaches is quite important and explains the gap between figures. A simple logical operation would in my opinion provide a more liberal, if still arbitrary, way of assessing the minimum amount below which there are no percentages. Because 10 per cent being the recommended increase percentage, if we use the \$8,000 figure referred to in the poverty report, we get an \$800 amount of annual increase.

This is once more an arbitrary way. But if we increase by \$200 the minimum amount, we would help small wage earners to close the revenue gap between haves and have nots. This is a desirable objective. And although controls of any kind inevitably entail inequities, we must minimize this legislation's impact on that segment of our population that is least capable of defending itself and the first to suffer, at least on a short term basis.

I will have an opportunity to explain my views more fully when the bill is referred to committee. But I feel it is my duty to indicate to the government, through the Minister of Finance (Mr. Macdonald), that they should seriously consider increasing from \$600 to \$800 the threshold for the application of controls.

To conclude, I thank the Minister of Finance for the anti-inflationary measures he introduced today. He himself said they would hurt, but in these troubled times of very unsettled world economies, they were required. I therefore urge all Canadians to accept the scheme for what it is, an invitation to restraint and an articulated effort to put the Canadian economy back on its rightful orbit, which is balanced growth and distribution of wealth.

[English]

Hon. Marcel Lambert (Edmonton West): Madam Speaker, on this Friday afternoon we have before us a rather fascinating scenario. It reminds me of the man who watched his barn smoking for an hour, and when the roof was falling in he suddenly decided to call the firemen. In the interval he had been hosing down his house in order to protect it and not the barn.

For seven years the government has been conscious of inflation. In July, 1969, when there was not quite the same need for a dramatic gesture, I was in Sydney on Cape Breton Island and saw the self-same right hon. gentleman,