

Anti-Inflation Act

the minister took quite a different tone as he attempted to make an argument regarding the rough justice inherent in the bill. On this occasion he said:

—we have set out the guidelines and they could be much tougher, you know. If you were seeking to carry the reduction through guidelines of the inflation rate in 18 months instead of taking a longer period of time they would have to be very much tougher than this.

I remind the House that they are not set out in the bill, of course; they are in the program which the government can change any time it sees fit. One has to wonder in how many ways the minister and the Prime Minister want to have this thing. The Prime Minister toured the country running both hot and cold. One day there were threats of heavier intervention, and the next speculation that we might be finished with a very easy exercise at the end of 18 months. Sometimes he says, as he did at the outset, that the primary purpose of the exercise is to break inflationary expectations and change attitudes. He implies that when this is done, the control will be lifted, and if it does not happen the controls will get larger in scope and longer in duration, with stiffer and stiffer penalties. At other times the Prime Minister and the Minister of Finance talk of reducing the rate of inflation over a defined period of time.

I submit that a short-term exercise aimed at breaking inflationary expectations is quite different from a longer term incomes policy which attempts to contain the rate of inflation through an institutionalized process of government intervention.

Some hon. Members: Hear, hear!

Mr. Stanfield: I do not like to see these two concepts mixed as they are in this program and as they have become in the government explanation of the purpose of this bill. In regard to the originally stated purpose of breaking the inflationary psychology, there can be no question that my party and I endorse a short-term program with this aim. We have said so in the context of an election campaign. I will not ask the House to remember what my friends opposite were saying at that time.

Some hon. Members: Oh, oh!

An hon. Member: They don't want to remember, either.

Mr. Stanfield: I have enough respect for my friends opposite to think they would like to forget what they said then. We are now discussing the bill in the context of 1975, almost into 1976. We said, in the context of an election campaign, what we would do. We would favour a short-term program with the aim of breaking the inflationary expectation. We continue to say so today. We suggest a bill with that stated aim for a period of 18 months. We would support such a bill and be prepared to accept the many imperfections in it, and we would accept our share of responsibility for the rough justice involved in it.

● (1630)

We believe the government should be focusing its attention on this objective. We believe that a bill and a program of this nature limited to 18 months would be less divisive in the country and less susceptible to dogmatic, negative reaction and rejection. We believe these considerations are important. We even believe that the government is smart

[Mr. Stanfield.]

enough to know this, and smart enough to know that if we do not break the psychological aspect of inflation in 18 months we are not likely to make much headway under price and wage controls after that in a further 21-month period, when all the imperfections and problems inherent in controls programs are really coming home to roost and really reinforcing resentments.

In accepting that the government is smart enough to know these things, we get very nervous about the other purpose which the government has been flirting with in its pronouncements—long-term controls to institutionalize a process of ongoing intervention in the Canadian economy. If this form of controls is intended to stay on until it is successful in relation to a stated aim for the rate of inflation, I am afraid we will be into some form of controls as a permanent feature of our country. I know there are members of this House who would like to see this happen, but I also believe there are many hon. members, even on the government side of the House who, like me, do not want to see this happen. I hope they will give this matter serious thought before the vote comes on our amendment.

We are saying that the government approaches the House with two clearly different purposes expressed in relation to this bill. One we buy—the purpose of deflating inflationary expectations through a program of price and income controls for a short term—and we say that our amendment would clarify that this is indeed the sole purpose, and this would be the sole effect of the act. The other aim which the government has in mind we do not buy, that of longer term controls. We cannot support that aim. We do not like wolves in sheep's clothing.

Some hon. Members: Hear, hear!

Mr. Stanfield: We want to make this point of differentiation and emphasize how important it is to the future of our country. We are prepared to vote against the bill on third reading if our amendment is not accepted to demonstrate how important we believe it to be. The Minister of Finance is reported to have stated that terminating the controls program in 18 months would mean unacceptable rates of unemployment because termination of the program in 18 months would involve harsh use of monetary and fiscal policy and harsh use of monetary and fiscal restraints to control inflation.

I agree with the hon. member for Waterloo-Cambridge (Mr. Saltsman) who expressed concern and stressed the importance of the problem of unemployment in our country, but I say, with respect to the Minister of Finance that his statement that the termination of this control program in 18 months would mean unacceptable rates of unemployment is nonsense. First, as of now he does not know what the inflationary pressures in Canada are going to be in 18 months' time. He does not know what the inflationary situation is going to be in 18 months' time. Second, I do not say for a moment that the war against inflation will be over in 18 months. I do say that we have no reason to believe that general price and wage controls would be effective or desirable in our economy beyond an 18-month period.

Third, I say that if the government is going to continue a controls program beyond the point of 18 months, but change substantially the scope and nature of controls from