

*Oral Questions***BANK OF CANADA**

GOVERNOR'S STATEMENT ON WORKERS' WAGES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a short and very specific question for the Minister of Finance. Yesterday Gerald Bouey, the Governor of the Bank of Canada, stated that Canadian workers are partly to blame for high interest rates in this country because their wage increases are higher than in the United States. According to the United States Labour Department figures, the 1983 wages of Canadian workers were only 93 per cent of those of workers in the United States. Does the Minister agree with the Governor of the Bank of Canada that Canadian workers are partly to blame for high interest rates? If not, will he tell Governor Bouey to go take a walk in a storm?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the question is not only in terms of Canadian workers, but all Canadians. Over a period of several years settlements regarding wage and salary increases in various forms, not only of the ordinary worker, but of senior officials and so on, have been more than in the United States. To give my friend some idea, in 1981 non-COLA commercial wage settlements in Canada were 5.1 per cent higher than in the United States; in 1982 they were 3 per cent higher, and in 1983 they were 1.7 per cent higher than in the United States. If we go back before 1981, we find similar figures over a number of years.

When 60 per cent to 70 per cent of our Gross National Product is composed of salaries and wages for all Canadians, it is clear that the wage component is a significant factor in our economy. If our increases in wages, salaries and remuneration generally are larger than in the United States, we will not be able to compete with the United States, which is our main client and one of our main competitors. I am sure the Member knows that. This is a reality that this country has to face. We have to remain competitive.

The only way we will be able to have relatively higher settlements than in the United States and still remain competitive is if we can have a higher rate of productivity in this country than in the United States. My friend knows that in the last few years the rate of productivity in Canada was not as high as in the United States. I am happy that in the last year we have improved our rate of productivity. I hope that all Canadians will ensure that our economy will be even more efficient than in the future.

Mr. Nystrom: Mr. Speaker, the fact remains that the average manufacturing wage in this country is only 93 per cent of that in the United States, \$11.44 an hour compared to \$12.31 an hour.

REQUEST THAT GOVERNOR'S SALARY BE REDUCED

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my supplementary question is directed to the Minister of Finance. I believe he is aware that Governor Bouey's salary last year was \$104,000. His American counterpart, Federal Reserve Board Chairman Paul Volcker, was paid the equivalent of \$85,000 in Canadian funds. If the Minister will not fire Governor Bouey, will he at least take the next logical step and reduce his salary to \$79,000, which would be 93 per cent of the salary of Mr. Volcker?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I remind my hon. friend that the salary of Governor Bouey has not been increased in the last few years. In fact he has turned down an increase in salary to which he would have been entitled under the six and five program.

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PENITENTIARIES

MILLHAVEN—HIRING OF PART-TIME CONTRACT WORKERS

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, my question is for the Solicitor General. Considerable pressure has been building among employees as well as inmates at Millhaven Penitentiary over the recent number of stabbings and murders, a situation worsened by inmates' access to drugs and alcohol. Employees have brought their concerns to the attention of the Commissioner of Correctional Services. In view of this situation, and the decision by your Ministry to hire commissionaires for part-time—

Mr. Speaker: Order. The Hon. Member should address his remarks to the Chair.

Mr. Vankoughnet: Mr. Speaker, is the Solicitor General aware that part-time contract people are being hired for positions in control towers on the inside of these prisons? I wish to refer to comments that have been made that these people are not of a qualified background so that situations which arise, such as that at Archambault—

Mr. Speaker: The Hon. Member is making a representation. He really should ask the question.

Mr. Vankoughnet: Mr. Speaker, is the Minister aware of this situation? If so, what is he prepared to do to address the situation which has been brought to the attention of the Commissioner, especially considering the recent coroner's report in eastern Ontario that drug abuse and alcohol are rampant in that institution?

Hon. Bob Kaplan (Solicitor General of Canada): Mr. Speaker, I met with the union. In fact I meet with them