

Anti-Inflation Act

proceeds, it has in fact just stumbled into the Mackenzie Valley money. I do not know.

I notice with some cynicism that we on this side of the House should welcome this legislation with open arms because if ever an albatross has been hung around the neck of the government, it is this bill. This bird will shake around that neck, and ministers can move up and down, but no government in the western industrialized world has survived this kind of legislation, nor can this government survive it in the next election. I do not think it can, for the simple reason that it has opened Pandora's box. The government cannot put it all back together again now.

This reminds me of the story of the sorcerer's apprentice who finally discovered from the sorcerer the magic words. Once he said the magic words, a broom came to life and carried water in a bucket. This was amazing because when the apprentice did not have to work any more, he solved the problem of supplying water with the magic broom. But he forgot to learn the word that shut it off. What the government has done is to find the magic word on inflation—that is “controls”—but how will it shut the controls down in this allegedly free market? The government has opened Pandora's box but it will not be able to close that box.

I have no doubt that at the moment this program is superficially popular. I think there are people in the country who have not examined the program carefully and who are saying, “Thank God something is being done about inflation”. Those of us who have looked at it can examine the bill and see that nothing is being done about inflation. If there is any effect at all, it will be extremely marginal if anything.

Some 75 per cent of our inflation is in three areas—rents, food, and energy. Controlling wages in these three sectors will not contribute whatsoever to the savings. First, in the energy area the wage factor is almost insignificant. In the rent area it is the cost of land that is driving rents high—the cost of labour is immaterial. A study was done recently regarding the cost of housing. A house in one end of the country and a similar house in the other end, belonging to people in the same wage bracket, were taken as an example, the first one in British Columbia and the second in Quebec. A house selling for \$36,000 in Quebec sells for \$55,000 in B.C. for one reason only, the value or the cost of the land. So the government has not tackled inflation in the rental area; it has not tackled inflation in the food area, and it has not tackled it in the energy area. By saying, as it does now, that it is the people who work in those fields who are contributing to major inflation it continues to duck the problem.

What we are going to have is a program which will in fact reduce our real national income and reinforce the misallocation of resources already distorted by a system founded on competition and greed. Controls will continue to contribute to massive unemployment and a massive recession.

I have a feeling that perhaps the government may have known what it is doing. We have speculated about the Mackenzie Valley pipeline. Perhaps out of a feeling of frustration it said, “We have to do something to reverse the frustration and rancour building up in working Canadians as a result of many governments' ineptitude in

dealing with serious difficulties in the economy.” If this is the result of that famous contingency plan, if this is the result of hard research, I really wonder what we can expect from the program.

It was stated in the white paper that there would be 1,500 firms with at least 500 or more employees which would come within the ambit of the guidelines. In fact there are around 1,000 which come within the guidelines. There was a 30 per cent error in the research in the white paper when they named the major companies that would come under the controls. If that is an indication of the kind of research on which the government relies, it is a good indication of the effectiveness of the bill and of the way in which the government will carry out the program. There was a 30 per cent error in trying to identify the number of companies. It is quite ridiculous.

I think that the Conservative party can be forgiven for not having completed its homework when it rushed into the last election with an incomes policy. The Conservative party felt it was necessary, but being in opposition it lacked the human resources to articulate anything more than the bare outlines of the program. It covered itself, to its credit, by proposing an across the board freeze for a short duration which would be time enough for its members to get their hands on the expertise they had been led to believe would be found among the ministers and their deputies. They argued that a freeze would be brutal but rough justice. As their leader has since pointed out, it would pave the way for a more comprehensive program subsequently.

● (2130)

The government had no such excuse. Shortly after the last election it announced it already had a contingency plan, and it was poised to act at the right time. So the anti-inflation bill we are looking at is that plan, and I suppose that according to the wisdom of the government this is the right time, but some of us in this party are agonizing about whether the bill should be amended, improved, tinkered with, or whether we should try to plug holes here and there.

It is my view that the bill is not amendable because it deals with the fundamental principle of wage control without price control. No matter how much rhetoric we hear from the Minister of Labour (Mr. Munro), it clearly places the blame for inflation on the working sector of the economy.

I wish to point out some of the clear inequities and some of the mechanics of the bill which would simply render it useless in terms of the price sector. The Minister of Consumer and Corporate Affairs (Mr. Ouellet) was in the House a few moments ago, but I see that he has gone. I believe it was in 1973 that his predecessor, the hon. member for Windsor West (Mr. Gray), introduced an anti excess profits bill which this party looked at with a rather jaundiced eye. Frankly, I did not think it was a bad piece of legislation, and I still do not. I think it may have been one of the more original approaches to excessive profits we have seen in this country, and I commend the former minister for bringing forward what I thought was a fairly interesting approach of selecting companies, examining them, and dealing with profits.