

Labour Relations

increase in food prices which was brought about by natural and other causes. It was a world-wide situation. In 1974 the major factor was oil prices which tripled and quadrupled in an artificial manner. Another cause was the very high profits in large sectors of the economy, particularly in what Galbraith would call the planning sector of the economy, the sector which can control its own prices through multinational corporations functioning on a world-wide basis.

I will not go into detail, but I think if we were to look at the curves on a graph showing the differences between wages and prices we would notice a considerable lag in the inflationary spiral, with the prices curve well ahead of the wages curve. I think this is extremely important now as we begin to see a decline in the inflation cycle which started four or five months ago. The figures released by Statistics Canada in the last 24 hours show that the wages of Canadian workers increased by 14.8 per cent from the end of February, 1974, to the end of February, 1975. The figures from the end of March, 1974, to the end of March, 1975, show a decline to 14.3 per cent.

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One can see what has been happening. Prices, especially profits, have gone up quickly; this trend is now easing, and wages have risen, to catch up. That pattern is not unusual. What is unusual is the extent of the price rise and the extent by which wages had to rise to catch up. We should not blame labour for attempting to catch up with a price rise which began long ago.

I should like to deal briefly with two basic criticisms levelled against labour in this country. One is that Canada, next to Italy, loses more man-days of production than any other industrialized country; second, that wage settlements in Canada, which have been running at between 14 per cent and 16 per cent, have been higher than wage settlements in the United States, which have been running at 9 per cent. Let us examine the first objection. On careful examination, the figures do not appear to be as bad as one thinks at first. As well, there is a definite relationship between growth and wage settlement, particularly at the end of the cycle. In 1974 Canada, Italy and France—and Italy supposedly was in a worse position than we were—led western nations in growth.

Apparently there is some relationship between economic growth and the number of man-days lost through strikes. When demand for labour is strong, labour is scarce and can bargain effectively. It is apparent, also, that the recession in this country has not been as deep as the recession in other countries, particularly the United States. Italy, oddly enough, is now coming nicely out of its recession.

Exactly how many man-days, in percentage terms, were lost in 1974? According to figures available to me, 46 of 1 per cent of total working time was lost through strikes, or less than one half of 1 per cent. As the Parliamentary Secretary to the Minister of Labour (Mr. MacGuigan) indicated earlier, that is the same figure as applied in 1969. So, although the figure is high, it is not higher than that of previous years. Clearly there is little ground for the sort of frantic concern which suggests that our situation is desperate. It is not. The percentage of man-hours lost in 1974 is the same as the percentage in 1969, and I do not recall a

[Mr. McRae.]

great outcry in 1969. The performance of industries working under the federal labour code was considerably better in 1974 than it was last year.

As the parliamentary secretary said earlier, the number of man-days lost can vary considerably. It takes only one major strike averted in one industry to move this country from second to fifteenth on the list of countries which have lost man-days of work through strikes. I think we have over estimated this particular difficulty. We have every reason to be concerned about inflation but, as Peter Cook wrote in the *Financial Times* last month, Canada is coping with inflation more adequately than most European countries and Japan.

The second point at issue is that Canadian wage settlements have been much higher than comparable United States wage settlements, that our competitive position vis-à-vis the United States has worsened, and that we shall not be able to continue exporting at present rates. We are told that settlements in the United States, in round figures, have been running at slightly under 9 per cent, whereas settlements in Canada have been running at between 14 per cent and 17 per cent. Let us examine these allegations. I am told that one cannot make such simple comparisons between figures as other factors, such as fringe benefits, must also be considered. Don McGillivray, writing in the *Financial Times*, a publication not known for its pro-labour sympathies, has indicated that the real difference between settlements is not much more than 1 per cent.

One should remember, as well, that unit labour costs in Canada in 1974 were 82 per cent of similar unit labour costs in the United States. Clearly we have still retained our competitive advantage, an advantage we must be careful not to lose.

An hon. Member: But we are close to losing it.

Mr. McRae: Also, while it is true that our economy depends to a great extent on exports, we have been able to maintain effective demand within the economy. Reasonable wage increases tend to support the strength of effective demand. We must be careful not to bandy figures around loosely, not to create a sombre mood, because conditions are not nearly as serious as some have tried to indicate.

I now wish to deal with something which the NDP House leader often mentions in the House, namely, that wage settlements in percentage terms are unfair. I submit that the government, including Crown corporations, and industry should examine the whole question of percentage settlements.

Consider what happened when the railway engineers walked out in January. They wanted a wage increase, which they thought should be awarded in January and not in April. I am told the amount suggested was about \$3,000. The point is that many railroaders were given a 15 per cent increase in January. That increase in many cases did not amount to more than \$1,000 or \$1,100. People earning various kinds of income work in the field of transportation, and a 15 per cent increase for someone at the top of the railroad industry may be very substantial, but it does not represent very much for someone earning \$6,000, \$7,000 or \$8,000. That is why I was so pleased to note that Mr.