

EXCESSIVE WAGE AND COST INCREASES AS MAJOR
CONTRIBUTING FACTOR TO INFLATION—GOVERNMENT
POSITION

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Acting Prime Minister and is supplementary to that asked by the Leader of the Opposition. Is the government taking the position, in its present analysis of the economy, that increases in wages and costs are the major contributing factor to the inflation from which we are suffering at present?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, the Minister of Finance has dealt with this question on a number of occasions. I do not think I would be misconstruing his remarks if I said that he believes that now, in contrast to conditions one year ago, that is the case.

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THE BUDGET

POSSIBLE POSTPONEMENT OF DATE OF PRESENTATION

Mr. James Gillies (Don Valley): Given the fact that the Minister of Finance is away this week, is there a possibility or a probability that the budget is going to be postponed until later in the year than the date that was announced?

Hon. Mitchell Sharp (Acting Prime Minister): No, Mr. Speaker. Preparations are proceeding to have the budget presented on June 23.

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TRADE

EFFECT OF EXCESSIVE WAGE INCREASES—SPECIFIC
SECTORS AFFECTED

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce on the same subject. The Minister of Finance said "there is a real peril down the road" for Canadian trade because of rising levels of Canadian wages and salaries. Will the minister advise, in terms of his responsibility in trade matters, if he shares that view? If so, specifically what sectors in terms of our export trade are rising wages and salaries of concern to him?

Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce): Mr. Speaker, I am very concerned about the rise of wages and unit labour costs in our manufactured exports. It is quite clear that Canadian wages have been rising more rapidly than wages in the United States.

Mr. Broadbent: What specific industries?

Mr. Gillespie: Indeed, at the present moment the average hourly earnings in the manufacturing industries in Canada are higher than the average hourly earnings in the United States. When the hon. member asks me what specific industries do I mean, I mean the total manufacturing industry.

Oral Questions

Mr. Broadbent: Canadian productivity in the past few years has considerably outstripped that of the United States, thereby justifying higher Canadian wage increases for Canadian workers. Keeping that fact in mind, as well as the fact that most of our trade with the United States consists of either automotive products, in which case there has been wage parity for some time, or in raw and processed materials, in which case there is very little that labour costs contribute to the saleability of our product to the United States, can the minister be a little more specific in terms of what areas in manufacturing he thinks we might be suffering with regard to sales because of rising wages?

Mr. Gillespie: Mr. Speaker, the hon. member is only looking at one side of the equation. I am as concerned about exports as he. I think I have made it clear that I believe wage costs in the manufacturing industry are going to damage our opportunities abroad. It is also important for the hon. member to recognize that although Canadian productivity has been higher than the United States, it has started to decline. It may well be there will be a pick-up in United States productivity before there is a pick-up in Canadian productivity. The other side of the equation which the hon. member has not been looking at is the import replacement side.

Mr. Speaker: Order, please. I hesitate to interfere in a dialogue between two such distinguished members, but we seem to be getting into a debate on a rather broad subject as opposed to an exchange of information. We should try to keep it more to that.

ALLEGED FAILURE OF CORPORATE TAX MEASURES TO
STIMULATE GROWTH—ALTERNATIVE PLANS

Mr. Edward Broadbent (Oshawa-Whitby): Considering the total failure of the special tax concessions to manufacturing industries as revealed last week by the Minister of Finance to stimulate growth in the economy, will the minister assure the House that he plans to bring forward some alternative program that will stimulate growth in the Canadian economy in the near future? Related to that, will he also assure the House that before the budget appears, we will have the figures the Minister of Finance referred to on the week-end showing that rising labour costs should be a major concern to Canadians?

Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce): Mr. Speaker, I am sure the Minister of Finance will deal with all of these questions in his budget preparation. However, I remind the hon. member that the measures taken two years ago to stimulate the manufacturing industry not only provided a very large number of jobs, some 73,000 more, but very significant investment. Those measures had a good deal to do with protecting the manufacturing industry against the threat of DISC.