

*Anti-Inflation Act*

We did make that point indeed and do not deny it, since we had found that in 1973, 1972 and early in 1974, before the opposition signed its death warrant by forcing an election, the two preceding years had been extremely buoyant with regard to corporation profits, while most Canadian workers who are governed by collective bargaining had been outdistanced by the runaway inflation which was then prevailing. At that time, we had deliberately turned down the suggestion of freezing wages and prices, especially wages, because those workers who had been instrumental in increasing production in this country and who had to hear the brunt of an uncontrolled inflation, had not had the opportunity to catch up with it by 1974, which was election year.

That is why even at that time, in 1974, on several occasions when I was in the House, the Opposition asked us whether we were considering that problem. I remember quite well that the hon. member for Ottawa-Carleton (Mr. Turner), who was then Minister of Finance, said:

We are considering that possibility, we are drawing up plans which could be carried out if necessary at a given time.

At no time did we say in 1974 that this solution would never be chosen. We always maintained that such a program would have been disastrous for labour in 1974. That is why we did not act then, because we were aware that a great number of people would be unable to catch up. Thus, in the legislation introduced by the Minister of Finance (Mr. Macdonald) we paid attention to a very important date in the history of inflation in our country: we said that all collective agreements would be covered by the new policy, but that in cases where labour contracts were negotiated before 1974 the guidelines of the finance minister's policy would apply but since those contracts were prior to 1974, the anti-inflation board would be authorized to allow special considerations.

And it is in accordance with that principle about contracts not reopened since 1973 that in the present negotiations with the Post Office workers, which unfortunately failed today, that the Treasury Board had knowingly authorized the Postmaster General (Mr. Mackasey) to offer the employees, commonly designated as the postmen, the equivalent of what they might have obtained in June. It is a question of basic justice, because over the past 2 years, they had no opportunity to catch up with inflation.

Of course, there are people who blame us for having introduced some flexibility, though controlled, with the board chaired by hon. Jean-Luc Pepin, because we want to establish as much social justice between our various social groups as it is possible. Unfortunately, we shall be at fault. And I must commend the Leader of the Opposition for stating a few days ago in similar circumstances that all situations cannot be covered, that there will always be what he called "rough justice", an expression which I cannot translate in French. And I feel that in circumstances such as these, some people will certainly be a little more favoured than others. But, in my opinion, for society as a whole, the Minister of Finance's program shows enough flexibility to allow us to say that there will really not be any glaring injustice.

But what I now deplore, Mr. Speaker, is that public opinion is giving far too much importance to the salary item only. I was glad to hear today the hon. member for

[Mr. Chrétien.]

Edmonton West (Mr. Lambert) asking what effect the guidelines set up by the Minister of Finance would have on profits. I think that this aspect has been completely overlooked and perhaps voluntarily by many—I do not mean members of the House—particularly by the press in general, because they have emphasized a little more the salary aspect.

The other facet of the program is that we are not freezing salaries only. We have also decided to freeze the profits by our guidelines which, in my opinion, are extremely hard on businesses. It is prescribed in the Minister of Finance's guidelines that businesses would not be authorized to raise their prices unless they could prove that the increase is due to higher costs, and this without including any provision for profits. Profits will not be allowed to exceed 95 per cent of the average profits in the last four or five years. That, Mr. Speaker, in view of the current situation, constitute an extremely important element of the program, and too many people would have us believe that it applies only to the workers while in fact we want businesses as well to be governed by the guidelines of the minister.

● (1630)

As President of the Treasury Board, I should like to point out an important element of the program. Some people would have liked it to apply to everyone, but I believed that because of present circumstances it would be wiser to aim at the leaders in our economy, the powerful groups, that is big business or big unions, which exerted considerable influence on the economic growth of our society. We therefore decided to aim at all businesses with more than 500 employees. We are convinced that by dealing with those people, in whom we see the leaders, the market forces are going to intervene so that the smaller firms follow the guidelines; if they fail to do so, they will be put outside the normal competition process in a market economy.

If we want this exercise to be a success, I think, Mr. Speaker, that it is extremely important at this time to explain this aspect of the program to the people to assure them, and I quote the Leader of the Opposition (Mr. Stanfield), that there will be rough justice for all Canadians, but a justice which applies to all groups of society.

[English]

As I have said, it is not very easy for the government to put this program into place. I have been involved in collective bargaining on behalf of the government for 14 or 15 months. I could see the pressure on the economy. The policies of this government have been that we wanted, in our collective negotiations, not to become the leader in society but to give comparable compensation to our civil servants. I think that is only fair.

Of course, in the past year I have been confronted with five strikes because I stuck to the policy of the government. I was not too happy about that; nobody is very happy when he has to take a strike, especially in circumstances like ours, because it would have been easy for us to solve all our problems. The people should know that only 1.4 per cent of the budget of the federal government goes to provide for the salaries of our civil servants. So even if we had acted, during the last year, a bit irresponsibly and had given the civil servants a bit more than we