

Anti-Inflation Act

Costs have also increased most significantly in the past 12 to 18 months as a result of the dramatic increase in the costs of energy in the world, costs resulting from political decisions taken by governments which are under the closest control of those engaged in the petroleum industry. Clearly, we have witnessed real, increased costs which inevitably have affected this community.

As I had occasion to remind hon. members on the other side of the House during today's question period, certain inevitable cost increases arose in the past and certain costs will come forward in future, increases about which we in Canada can do nothing. If we seek to import foreign commodities, if we seek to obtain a supply of energy for the future, we must pay those costs. We must pay increased costs for production in our own country; for example, in agriculture. So we will have to pay more for the things we get. In other words, we will need to allocate our resources to pay for these additional costs.

For these reasons, we think it reasonable—and we thought this at the time of the 1974 election—to give the workman an opportunity, in salary and wage arrangements, to catch up with those real costs which have emerged in our community. We take that position now, and that is why we are coming forward, not with a freeze, as has been suggested on the other side of the House, but with a flexible system which recognizes that we must make adjustments in costs in our community.

On the income side there will need to be adjustments as time goes on. Those adjustments in income are recognized in the basic protection factor and other elements put forward in detail in the guidelines. We are not complaining, Mr. Speaker, because it is too late to complain about past increases. They were involuntary and, as I said, unavoidable. They are a thing of the past. Those increases in costs and catch-up attempts in salary are now behind us.

Some people may say that Canada's price performance as compared with that of OECD countries, on average, is not out of line. Personally, I do not agree. I feel that our cost increases have been greater than our people can bear. But can anyone suggest that in the future we can tolerate increases of 20 per cent, 30 per cent, 40 per cent and more demanded by different groups in the community? For example, in my constituency I found, from a door-to-door survey, that people had those kinds of rent increases pushed on them with the renewal of their leases.

When we have this kind of thing put forward by the people with big clout in the community, can there be any answer when we say that we have to restrain these increases in costs wherever they may occur, and from whatever group they may come in Canada? There can be no doubt about it: if those kinds of increases in our economy become general, they will affect not only incomes and the rate of increase of inflation but in the long run they will affect employment, the general prosperity of Canada and our ability to compete in our own and foreign markets. That is what the program of restraint is all about.

The program is not punishing anybody for the past. It is trying to look forward, to reach into the future and to head off those anticipatory price, salary and income increases which, in our belief, some people are seeking and which are out of line with what is going to happen in the economy. We believe that these should be restrained so

that they do not get out of line in future, because we must bear in mind the economic costs.

Therefore, to reinforce the program and to ensure that the public interest, to which I just alluded, prevails, the bill provides for administrative machinery and for the necessary authority to ensure that the guidelines are complied with by the larger economic forces in our community which are predominant in establishing cost and price patterns.

As we emphasized previously, provincial governments will play a vital role in complementing and supplementing actions proposed by the federal government. I confirm, again, that the Prime Minister (Mr. Trudeau) has proposed to the provincial premiers the holding of a federal-provincial meeting in Ottawa next Wednesday and Thursday in order to discuss the prices and incomes program generally and, in particular, the role the provinces may play in the public sector and in restraining rents and professional fees. The meeting will be attended by ministers of finance, ministers of labour and other provincial ministers responsible for public service compensation.

An hon. Member: What about housing?

Mr. Macdonald (Rosedale): If I may refer in detail to the bill in order to bring attention to some of the measures we feel essential and important, I ought to point out that under clause 3 the governor in council, by order in council, will have responsibility to translate the provisions of the guidelines as set out in the white paper and as modified as may seem advisable by the kind of reaction and advice we are now getting from all sectors of the economy. In other words, it will have responsibility to translate those guidelines and concepts into regulations under the act. For this purpose I draw attention to my remarks of Tuesday last in which I gave notice to parliament, and therefore to the community, that under clause 3(3), as of Tuesday, October 14, those guidelines would be applicable for the purposes of the law.

As I have said, it is obvious that the reactions of provincial governments, the labour movement, business and the professions will give us cause to reflect on the guidelines as set out, and we shall seek to mould the provisions of the guidelines and the regulations to the actual experience of Canadians.

Another problem which has been discussed in the last several days is the treatment of those who were in the process of negotiation before the guidelines came into effect. The policy paper states that special consideration will be given to those cases where contracts have expired and negotiations are under way, where the expired contract was signed prior to the beginning of 1974. Employees and employers in this position who are subject to enforcement should first attempt to reach a settlement, after which they should refer it to the Anti-Inflation Board for its assessment. The board will be expected to give special consideration to the settlement in these circumstances, taking account also of any of the special modifying provisions in the guidelines which may be applicable in deciding whether the settlement is acceptable.

Perhaps I may supplement an answer I gave earlier to the hon. member for Cape Breton-The Sydneys (Mr. Muir) in response to one specific part of his question. The long-