

Anti-Inflation Act

Given these conditions, action to stabilize the economy was clearly required.

That statement is to be found in *Prices and Incomes Policy—The Canadian Experience 1969-72—International Labour Review*, Volume 108 No. 6, December 6, 1973.

There we have it. There was a reason at that time for the government to try to bring in an incomes policy based on the fact that labour was finally succeeding in using its organized power to get a bigger share of the national income pie. However, shortly after that policy was embarked upon unemployment began to rise and the share of the national income which went to the working classes fell from 72.8 per cent in 1970 to 67 per cent in the first half of 1974. From mid-1974, labour's share increased to 69.4 per cent and by the end of 1974 it had risen to 70.8 per cent. Big business profits and interest fell to 21.1 per cent by the end of 1974 and to 20.1 per cent in mid-1975. So it is fairly obvious that the lines were drawn, that what was happening was that finally labour was starting to get a share of the national income pie. This was due largely to the better organization of the trade union movement and to the militancy they were exhibiting in terms of getting a better share of the pie.

● (2010)

The corporations convinced the government that there would have to be a turn around, and that if the corporations could maintain their high profit this would somehow ensure there would be jobs and a very buoyant economy. Largely to protect their own profit margins they convinced the government that it ought to apply some form of wage controls. This was evident when the former minister of finance tried to get a consensus on wage controls.

During the election campaign of 1974 the Prime Minister (Mr. Trudeau) came to my neck of the woods and made a speech near Timmins on June 28. During the course of his speech he said this:

You can't freeze executive salaries and dividends because there are too many loopholes to squeeze through.

Then he went on to say that the Leader of the Opposition (Mr. Stanfield) had already said he would not freeze prices of farm produce and fish, that he could not freeze the prices of U.S. imports and Arab oil, and that he admitted that he would exempt housing prices. So the Prime Minister shouted:

So what's he going to freeze? Your wages. He's going to freeze your wages.

Nothing has changed, Mr. Speaker. The Prime Minister correctly identified the problems with wage controls, or an incomes policy, call it what you will. It is very easy to control wages. As a matter of fact yesterday the Postmaster General (Mr. Mackasey) castigated the unions, saying they were unpatriotic in not supporting the government's wage controls. Are we suddenly to assume that International Nickel, Falconbridge Nickel Mines, and a host of other large corporations in Canada have become very patriotic when they are telling their workers they will give them 10 per cent but not to ask for more? I think it was Samuel Johnson who, in speaking about patriotism, said it is the last refuge of a scoundrel.

Mr. Benjamin: That was Lyndon Johnson.

[Mr. Rodriguez.]

Mr. Rodriguez: In any event, when Falconbridge and International Nickel begin to be patriotic, I begin to worry.

Mr. Darling: You would worry a lot more if they were not in your riding.

Mr. Rodriguez: Falconbridge have just laid off a thousand. They only stay in my riding for what they can get out of it. It is obvious that these controls will very effectively apply to wages. Wages will be limited to 10 per cent—8 per cent plus a further 2 per cent for productivity—but prices will rise under the cover of increased costs, whatever that means. Rather than hold down prices and let wages adjust, the government has found it convenient to hold down wages and hope that prices will adjust.

It is clear that the government has assured the corporations that their real profits will not decline under this policy. The workers will have to buy a pig in a poke. They have to accept a ceiling on their wage increases, hoping and praying that the 8 per cent will be enough to cover any increased costs in their living expenses. In addition, the government is exempting from the controls energy prices, food prices, interest rates, and the cost of land.

Yesterday the Toronto-Dominion Bank, I think it was, said that its profits after taxes were something like 27 per cent. Having heard that report, keep in mind that they hanged Dick Turpin. The banks will just walk away from these controls, yet bank interest rates touch the lives of every Canadian. That is free enterprise.

Mr. Benjamin: The banks never lose.

Mr. Rodriguez: The banks never lose. It seems to me the ability of the government to make even those prices that are to be controlled relate themselves to costs is limited. Wherever workers are engaged in collective bargaining, the negotiations are open. Everyone knows what the collective bargaining process involves. Everybody knows what the postal workers are after; it is open and on the table. They know what the negotiations are going to result in. That strike is all above board. But the pricing decisions and the profit structure of corporations are not open to public scrutiny. The reason for this is, they say, that they do not want their competition to know what their pricing and profit structures are. This is why these negotiations take place behind the closed doors of the boardrooms.

To illustrate how involved is the process upon which the government has embarked, at first the controls were to apply to 1,500 large corporations. I understand this figure has now risen to over 6,000. The government is going to hire 200 bureaucrats to monitor these 6,000 corporations. Regional offices are going to be set up to monitor prices. It is frightening to think that we are now setting up a new bureaucracy, a kind of bureaucracy where corporations which can afford to hire high priced accountants will certainly find ways to escape.

Another avenue of escape, of course, lies with the multinationals. When the Minister of Finance (Mr. Macdonald) was in the committee I asked him about a matter that some of my consumers were reporting to me, namely, that Canadian clams and salmon caught off Canadian coasts were being shipped to Japan for packing and then brought back to the Canadian market for sale. Under the guidelines