

Anti-Inflation Act

During the de-control and post-control period, we shall invite all Canadians to become involved in the shaping-up of the economic decisions upon which our progress will depend.

● (1610)

[English]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, it is probably no surprise that this motion has come before the House at this time. The only surprise might be that, having 15 sitting days before it was necessary to debate it, the government scheduled the motion rather more quickly than we expected. Of course that was provided for in the bill which introduced the controls program.

It should also come as no surprise that it was the official opposition that presented the motion yesterday since only this party has consistently voted against the government's controls program. It is true there were other proposals for controls, but it is this party that consistently said a long-term program of controls would be ineffective in curbing inflation.

It was the Prime Minister (Mr. Trudeau) who said we had wrestled inflation to the ground, and we know what happened to inflation rates after he said that. It was the government and the Prime Minister who said controls per se would not work. It was the official opposition that in 1973 perceived the great concern of Canadians at the rate of inflation that the country was subjected to because of the government's programs. In 1974 it was the official opposition that campaigned honestly on a program of controls, pointing out to the Canadian people where the government was taking them with its profligate spending and lack of restraint.

History has shown that the people were not ready for the program of controls that the then Leader of the Opposition (Mr. Stanfield) proposed. There were areas such as British Columbia, however, where people were willing to listen to the official opposition and take their medicine. They elected a majority of members to the House who explained why controls were necessary and why it was important for the government to take the responsible attitude on controls. But the Liberals said no. Then we had to wait for 14 months after the last election until changes began to manifest themselves.

While we cannot be sure, because it has never been said, we can ask ourselves where the former minister of finance and his leader differed on policy so greatly that the former minister was forced by his conscience to terminate not only his career as a minister but his career as a politician. We can blame him or we can blame the Prime Minister. Certainly we can blame the present government because it has had power in this country for too long. The Prime Minister has been in office for nine years, pulling the strings and trying to lay the blame on others because he has been unable to act.

It was the government that said in 1974 that controls would not work. It pointed to countries around the world and said controls did not work in the United States, the United Kingdom and a few other places. Just yesterday the Minister of Finance (Mr. Macdonald) said controls would be completely ineffective in controlling the price of imports. Certainly his

[Mr. Yanakis.]

kind of controls would be, because they have been ineffective in controlling inflation.

The latest figures, published on the day the petition of the official opposition was filed, show that for 1977 inflation has been running at an annual rate of 10½ per cent. That is a little lower than it was earlier, but still a long way from control of inflation. If we had adopted a short-term freeze in 1974, as the official opposition proposed in order to break the inflationary expectations, then we could have controlled the prices of imports. Importers are businessmen and planners; they do not buy for tomorrow at today's prices. It would have been easy to control the price of imports with a three-month freeze.

It is now a fact that the controls program itself has become inflationary. No longer does labour begin to bargain around a rate of 15 per cent expecting to settle for something below 10 per cent. The floor of labour negotiations is now at least 8 per cent. In the controls legislation 8 per cent was only the base; it could have been 10 per cent in certain circumstances, and even 12 per cent if a historical relationship could be shown.

We never had a freeze so we never had an opportunity to find out what short-term controls would have done. All the government has shown us is that long-term controls have not controlled inflation and have not operated to the benefit of the Canadian economy.

I want to refer to an article which appeared in a recent issue of the magazine *Business Week* regarding the Canadian economy. I shall quote a paragraph or so. Referring to the Canadian dollar and the troubles of the Canadian economy, it says:

● (1620)

Inflation, averaging more than 9 per cent annually in the past four years and still running at a 7.5 per cent annual rate, has pushed Canadian costs above those of the U.S. and other industrial countries. As a result, Canadian products are being priced out of international markets, Canadians are crossing the border to shop in the U.S., and the nation's balance of payments is plunging deeply into deficit . . .

Business investment, meanwhile, is being discouraged by shrinking profits and worries among businessmen about future growth prospects. And business and labour unions alike are chafing under federal wage and price controls.

The article goes on to say that in 1972 Canada ran a trade deficit of \$4.8 billion in manufactured goods, but by last year the deficit had more than doubled, to \$10.2 billion.

What has happened under our controls program? Canada is no longer capable of attracting the investment of Canadians or the investment of foreigners. Many of us can point to instances of Canadians investing in the United States, particularly in housing. Perhaps one cannot blame the Minister of Finance on this score directly. The Minister of State for Urban Affairs (Mr. Ouellet) complains about the lack of housing in Canada, but what does one find? One finds entrepreneurs, who would be willing in normal circumstances to provide housing for Canadians, taking their capital and expertise to the United States, there to build houses for Americans.

The article continues a little further along with these words:

Coiled around these problems—