

Anti-Inflation Act

loosened his shirt collar, slid down his tie, and campaigned in his great, vigorous, honest way against wage and price controls. What a "calamitous disaster", to use an old phrase from a different prime minister, would be inflicted upon Canada if we were to have such a system of controls. That is what he said in 1974.

In 1975 the government indicated that things were in a terrible state. Inflation was 9.5 per cent, and it said we needed a system of wage and price controls. Unemployment was 7.2 per cent. The Prime Minister said the two were connected. He said that when you have inflation running at that rate, and when it is due to price pressure generated by excessive wage increases—and, of course, we do not accept that argument—then you have unemployment. That is when he brought in wage and price controls. The bill now before us is supposed to terminate those controls over a period of time.

We now have another reversal. The controls program that has been with us since the fall of 1975 is to be dropped at precisely the time conditions are worse than when those controls were introduced—at precisely the time the statistical data for inflation and unemployment are worse than they were in the fall of 1975. This appears to be insane if you believe in the program at all.

Mr. Collenette: Are you arguing for more controls?

Mr. Broadbent: Mr. Speaker, I heard a voice of wisdom from the back bench over there and I would be glad if the hon. member would give me a question.

Mr. Collenette: Mr. Speaker, it is very good of the hon. member for Oshawa-Whitby (Mr. Broadbent) to give up his time. Are he and his party arguing this afternoon that the controls program should remain? After making speeches in this House and going up and down the country speaking against the program, are they now changing their point of view and arguing for more controls?

Mr. Broadbent: Mr. Speaker, given the quality of that question, the hon. member will be in cabinet in two weeks. It is a gem. He asks if we are now arguing for this system of controls. Of course not. We opposed them in 1975, 1976 and 1977, and we opposed these kinds of controls in the election campaign of 1974. At least we were consistent.

● (1622)

The monumental capacity for hypocrisy of the Liberal party to attack the controls in 1974 was for cynical political reasons. It is worse now, and at a time when it is worse in terms of unemployment and inflation they lift the controls. If you believe in a program—that is the point I was trying to make—particularly for Liberal members of this House, if they believe in the set of controls that we now have, why in God's name take them off now? The rate of inflation, Mr. Speaker, for the last three months has been 11.2 per cent.

An hon. Member: Shame!

[Mr. Broadbent.]

Mr. Broadbent: That is the statistical trend. The figure we got recently was 9.5 per cent year over year. What is important in economics is not a one month figure but a three month trend, and the three month trend is 11.2 per cent. I say to the Liberals, and I say particularly to the female member of the cabinet who is opposite and who is supporting the system of controls—she comes from the province of British Columbia which has concerns about inflation—how can anyone support a policy that was justified at a time when inflation was 10.9 per cent, and now say let's take it off when inflation is running at 11.2 per cent? Only the intellectual culpability of a Liberal can accept that. It just boggles the mind.

The argument made in 1975 was that unemployment which was 7.2 per cent then, was in part generated by the kind of inflation we were experiencing. Unemployment now, as everyone knows except the government, is 8.5 per cent, so it is up too. If they really believe inflation is causing unemployment, and they really believe their controls program matters a damn in terms of efficacy, they should leave it in effect and not take it off.

But of course, Mr. Speaker, every Canadian knows that with the kind of controls program we had, it had no effect on inflation at all, except there has been an impact on one part of the Canadian community. That, of course, is the impact on the wage and salary earner. The program has been reasonably effective in holding down incomes of working Canadians. It has not affected prices. Let me just give you some examples. I gave you the running rate of inflation at 11.2 per cent which means we are back at double digit inflation in Canada. What about some concrete examples? The reality is that where the government could have been effective in controlling prices, they haven't done anything. Not a thing. I will give you some prices that, if the government had been interested, could have produced a real effect on the cost of living in terms of their impact on Canadians.

Consider food prices first of all. I will concede the argument that food prices, which have been a major source of price increases in Canada, have not been subject to any realistic wage controls by a national government when those foods are imported from abroad. I will concede that. One of the reasons for opposing this particular set of controls was that you could not control imported prices. If I remember correctly, the Prime Minister said back in the campaign of 1974 that you could not control import prices. We agree with that. There are other sectors, Mr. Speaker. And I want to stress, in all seriousness that if the government had been concerned about inflation, if it is concerned about inflation now, it could move and it could do something.

With respect to house prices they are up 9 per cent year over year. My party has said "move decisively on mortgages" because if you control mortgage prices you can hold mortgages down. It does not just affect the would-be home owner, it affects the men and women who rent their accommodation, because they pay the cost of mortgages indirectly through their rent levels.

Mr. Hnatyshyn: Aren't those controls?