



# Bulletin

Vol. 25, No. 34

August 26, 1970

## PROGRESS IN THE FIGHT AGAINST INFLATION

*The following passages are from a recent address by Mr. John H. Young, Chairman, Prices and Incomes Commission, to the Ottawa South Kiwanis Club:*

A few weeks ago at a federal-provincial conference in Winnipeg the Prices and Incomes Commission proposed a figure of 6 per cent as a reasonable upper limit for annual wage and salary increases granted in present circumstances. The Commission indicated that it did not intend this to be taken as an inflexible rule equally applicable in all situations. Pay increases beyond the 6 per cent figure could be regarded as justified in various types of exceptional cases such as those of relatively low-paid workers, of labour shortages, of special productivity gains due to the elimination of restrictive work practices, of promotions and of extreme instances of catch-up problems. On the other hand, it would also have to be recognized that there might be many cases in which employees would be unable to obtain annual pay increases as large as 6 per cent. In general, the figure proposed by the Commission implied a significant

moderation of the recent annual rate of increase of about 7 to 8 per cent in average weekly wage and salary earnings, and of 8 to 9 per cent in average base rates of pay under major collective agreements.

Now, as you probably know, the Commission itself has no powers to compel anyone to follow its advice or suggestions. In approaching the federal and provincial governments with this proposal the Commission wanted to find out to what extent it could expect governmental support for its efforts to persuade employers and employees of the need to limit the size of wage and salary increases as part of a broader effort to limit increases in prices and money incomes generally. On the whole, the response of the governments represented at the conference has been sympathetic to this initiative, although the degree to which particular governments have felt able to support the Commission's objective in practical terms is not uniform and is subject to qualifications and reservations of various kinds. As might have been expected, the Commission's proposal has been received by most employee groups with something less than enthusiasm, and a good deal of public attention has been given to the numerous instances in which pay increases well in excess of 6 per cent have been granted by employers to their employees.

Many people have concluded from these events that the Commission's attempt to exert a limiting influence on the size of wage and salary increases raises too many practical problems and has attracted too little effective support to achieve meaningful results. This may indeed turn out to be the case, although I myself would regard such a conclusion as decidedly premature. If the size of wage and salary increases should fail to moderate over the next several months, I think people would be forced to conclude that the problem was unlikely to go away automatically, and that we were going to have to think a good deal harder than we have to date about how we are to come to grips with it.

### CONTENTS

Progress in the Fight Against Inflation....	1
Transatlantic Triplet Piglets .....	3
Canadian Band at Edinburgh .....	3
Foreign Trade .....	3
Youth Hostel Task Force .....	4
Lake Named for Pioneering Judge .....	4
NRC Seminars on Measurement .....	4
Support Ship Launched .....	5
Group of Seven Stamp .....	5
Sale of Bankruptcy Assets.....	5
CAE Air-Line Sale .....	6
Monthly Index.....	7