

*Anti-Inflation Policies*

way United States authorities calculate increases in gross national product, we were down by .08 per cent. They do not calculate the gross national product by taking inflated sale prices and then deducting the percentage that is attributable to increases.

So perhaps our GNP increased by 2 per cent at the most, while wages and costs increased by about 8 per cent. It is all very fine to chastise the government for its lack of policy in this field, but what is the answer? I think one of the first things we must be aware of is that our production per man-hour is very poor. Tax benefits which would enable industry to junk old, antiquated equipment and to buy new equipment would be a correct sort of incentive. Perhaps the International Development Bank could be utilized and our banks could and should be forced to enter the field.

**Some hon. Members:** Hear, hear!

**Mr. Otto:** The banks ought to do what they were originally meant to do. After all, we have given the banks the privilege of setting up a branch banking system and they have an obligation to fulfil. When they were before the committee hon. members will recall that they said, "Give us a free interest rate and we will invest the money in mortgages." Instead, they reduced consumer credit because that brings 38 per cent a year, which is not bad cookies these days. Those are the avenues that should be explored. They could still be included in legislation in order to increase our production capacity.

• (8:40 p.m.)

I now wish to deal with the subject of labour. There is no reason why salaries and wages should not be tied to the increase in production, whether it is industry by industry or nationwide. I am sure that most unions would accept a proposition that in their industry, plant by plant or any other way, if they increased production by 10 per cent they would be allowed to take 8 per cent. There is another factor. You cannot deal with labour off the cuff in this way. We have one of the great evils, the strike. When the hon. member for York South (Mr. Lewis) spoke in Montreal about two years ago, he said it was time to put an end to this type of labour negotiation by stopping work. It was devised 100 years ago in the coal mines and has not been changed since.

Consider what happens when a strike is declared. Work is stopped. The man still has

[Mr. Otto.]

to live. He draws on his savings, union fund and receives unemployment insurance. When the strike is finally settled, it takes three years to make up the amount of money lost in wages. In the meantime, because the plants are closed there is lost production. In legislation dealing with labour-management negotiations, if there is no contract it would not be a bad idea if the government took the profit made during that time. There could be a 100 per cent tax on the profit made during the time there was no contract and should have been a strike. At least the men would be working and drawing wages, and the country would receive the benefit of the production. The same applies to union dues. Surely there must be another incentive than to say to the labour force, "You have to demand what you want and then quit working," because there is a further detrimental effect.

I have been in business over 22 years. I have dealt with employees and employers. I know that when a strike is settled an awful feeling of antagonism remains for months. Because labour has not received all it wanted, it does not feel it has been treated fairly. In addition, when these men look at their bank balance they see their savings are gone. This antagonism persists for months after the strike has been settled. It results in lost production. The employees have no will to return to work. They say, "Why should we produce when those fellows wine and dine it away on credit cards? Besides, they did us dirt." That is even more detrimental than the work stoppage.

We must introduce a system by which labour-management disputes will be solved without work stoppages. Indeed, this is possible under our jurisdiction. The federal government could introduce legislation, and the provinces would follow suit, stating that contracts settling labour-management disputes for an amount more than the increase in productivity would be void. I am sure no one would object to that. It is obvious that if production increases by 2 per cent and salaries increase by 8 per cent, we have 6 per cent unemployment no matter which philosophy you use. These are the things that can and should be done.

There is a need in Canada for managerial cadre. That means setting up schools, university courses and an apprenticeship system to train our young people to make good management decisions. It is acknowledged by people that I have talked to in Canada that there is a lack of training compared with our American