

*Income Tax Act*

major decisions affecting prices, incomes and costs throughout the economy.

This agency will analyse the nature and probable effect of such decisions and, where necessary, subject them to public review and criticism. It will also discuss price and cost problems with representatives of management, labour and consumers, in order to clarify the issues involved and ensure before major decisions are reached that all concerned are aware of the issues and that in dealing with them the public interest is taken fully into account.

The precise nature and the terms of reference of this review agency will be determined after necessary consultations with interested parties. These include provincial governments, the leading elements in the labour movement and in industry, professional associations and others concerned. We shall also, Mr. Speaker, take carefully into account any views on this proposal expressed in parliament.

Consultation with and the co-operation of the provinces will be of first importance. It is clear, Mr. Speaker, that except for businesses and operations under federal jurisdiction, prices, incomes and costs are matters largely within provincial jurisdiction.

● (4:20 p.m.)

Of course the federal government has responsibility for fiscal and monetary policy. But to avoid any conflict or misunderstanding the agency's legal functions, which we propose, will be limited to inquiry and report and to the focusing of public opinion on the findings it may make, compliance with which will be voluntary.

There are various ways in which such a prices and costs review agency could be established. But it is important that it should be done quickly and I believe this can be done by using the provisions of the Inquiries Act. It is not contemplated, therefore, that additional legislation will be required at this time. In the light of experience, if and when an agency with greater powers and authority is required—and this is the way such a board was handled in the United Kingdom—then the government can submit legislation to parliament for that purpose within the constitutional authority it has. Meanwhile action can be taken under the Inquiries Act at once to set up this machinery with carefully defined powers of investigation and report.

In connection with the role of any review agency it is interesting to look at the course adopted in the United Kingdom and followed by the government of the United Kingdom through the national board for prices and incomes. There the problem is a simpler one constitutionally, of course, than we have in Canada. According to an official United Kingdom statement the policy objective of the government in setting up that board was that "money incomes should rise in line with the long term growth of national output and that a generally stable level of prices should be maintained." The specific role of the board is "to examine and report on any questions relating to prices charged for goods or services; to pay claims or settlements or other matters relating to conditions of service and employment; or to any other form of income." The British board has interpreted its task as having three aims: "First, to bring home to the parties immediately concerned the wider implications of their actions; second, to bring these implications home to others involved in similar situations which are not before the board; third, as promoting a quicker adaptation of out of date practices to new needs through consultation between management, unions and the government." In Canada we will have the advantage of working out the powers of this review agency after studying the experience of the United Kingdom board which has been in operation now since 1965, I think.

In the United States similar responsibilities have been assigned to a cabinet committee on price stability which recently has been established. Many other countries have set up similar agencies or agencies with a similar purpose in mind. The methods adopted in other countries have varied but it is clear that machinery of this kind is found to be essential in many major industrial countries.

As an immediate step to deal with the problem in Canada pending the establishment of the board or agency or commission, a special *ad hoc* committee of cabinet composed of certain ministers who have responsibility in these matters is being established and charged with the responsibility of ensuring that effective action is taken jointly to develop and bring this program into effect. I have sent letters to the premiers of the provinces setting out our concern about the problem, our ideas concerning how we should proceed to deal with it and asking for their co-operation. We are proposing early meetings