

*Anti-Inflation Act*

than they do, the people with higher incomes would benefit more.

So I think it is a specious argument to assert that the prime beneficiaries of this program would be the poor. If there is to be any benefit at all—and I think the benefit will be negligible—we will all get it. The government has done nothing on the positive side to benefit the poorer sections of the community, as any kind of incomes policy would have to do in order to get the support of the NDP. I refer to the minister's speech on Friday when, addressing himself to this question of fairness, he stated, "It is one thing to acknowledge this goal; it is another thing to observe it in practice." I agree entirely. The point I am making is that the Liberals have historically acknowledged such a goal; where they have been short is in the practice, and we find this well illustrated in the program they are urging us to accept.

Not only on the ground of equity should there be some redistributing element in this program, though that, of course, is important in itself. I say to the minister that in terms of making the program workable in the community, its provisions should be fair and equitable, because the people will not agree to accept some kind of sacrifice unless they are convinced that a sense of national fairness is built into the whole program.

What about the price control aspect? As was evident from the criticisms which I and others expressed last week, we do not believe the approach taken by the government in dealing with prices is effective. I do not intend to repeat all the arguments I made last week. We do believe that no government which set up a scheme to control prices indirectly through the control of profits could avoid a number of loopholes of which clever accountants or corporation lawyers could take advantage. We do not contend that because of such a possibility no attempt should be made to use this kind of mechanism. Indeed, as the minister pointed out, the NDP has commended this approach as one we would use. Nevertheless, I repeat it is extremely difficult to ensure its effectiveness since we are dealing here with an indirect control over prices. Corporations can hide their profits in all kinds of ways, hiring the best accountants and lawyers money can buy to enable them to make use of legitimate loopholes.

Aside from these considerations, there is in the white paper itself—and the effect will be apparent in the operations of the Anti-Inflation Board—a loophole to end all loopholes. It is expressed at page 19 of the white paper and I will read it because it undermines everything else which has been said about controlling prices through profit control. The last paragraph on page 19 provides for exceptions in the program. Let me read it:

A firm will be regarded as having acted in accordance with the program if its profit per unit of output or percentage net profit margin exceeded the guidelines as a result of unusual productivity gains resulting from the efforts of the firm, or of favourable cost developments which could not reasonably have been anticipated.

In other words, if there are gains through unusual productivity, a firm does not have to obey the profit guidelines. The same applies if there have been favourable cost developments which could not reasonably have been anticipated. The government has been telling us that it has established profit guidelines applicable to most of the corporations which would indirectly benefit the consumer

[Mr. Broadbent.]

since the corporations will be able to work only within a limited profit mark-up range. What they are saying here is that any firm which increases its productivity, or discovers some favourable cost development which could not have been reasonably anticipated, will be exempt from the guidelines.

I will say nothing now about the range of questions which could come before the courts, the disputes which would take months or years to resolve. I ask the minister simply: Will General Motors, will Weston's, will any large corporation in Canada find itself unable to take advantage of these loopholes? Surely, any corporate executive will argue, when any kind of cost benefit has been received, that it had not been anticipated. Who will prove the contrary? Will psychoanalysts be travelling about the country in an attempt to read the minds of directors of these various companies to see if cost benefits had been anticipated? As though the other loopholes were not big enough, they have added this catch-all which I suggest will let every corporation in Canada off the hook.

For these reasons, I repeat that there is no prospect in this legislation of effective price control, and any program of control which limits salaries and wages in the absence of price control is a totally deficient program and one which is unworthy of support by the House of Commons.

I wish to reply briefly to the criticism made of myself and the New Democratic Party in the House on Friday. The minister said there was no one who could speak with less credibility than the NDP in criticizing the government's approach to dealing with inflation. The reason, he said, was that the NDP had itself proposed the establishment of a prices review board. The hon. gentleman quoted some of my speeches as well as speeches made by the former leader of this party, Mr. David Lewis, and he stated, accurately, that in the 1974 election we had advocated the setting up of a prices review board as a major instrument for dealing with inflation. So he says, in a classical non sequitur—quite normal for a Liberal cabinet minister—that because we came up with the original idea, it is rather absurd, or perhaps hypocritical, of us now to criticize what the dear old Liberals are doing with it.

● (1650)

I should like to cite a few more examples of NDP ideas that have been taken over and bastardized by the Liberals—and this gem that they have come up with is a perfect historical example of what they normally do. You may recall, Madam Speaker, that it was the New Democratic Party who originally proposed the Canada Development Corporation. We proposed that it be publicly-owned and controlled, one that would operate independently of the marketplace. I would remind the hon. member that in our founding convention back in 1961, before even dear old Walter Gordon heard of this idea, this corporation was advocated by the New Democratic Party. Then the Liberals took it up and it was made an instrument for selling off at least the successful Crown corporations to the private sector. We do not support that. As originally proposed by us, the idea was a good one. As implemented by the Liberals, it was not.

Then during the minority government days, when the Liberals were under pressure, they set up a national