

*Supplementary Estimates*

year by year, the government tried another tactic; it appointed the Prices and Incomes Commission to control inflation. The program of the Prices and Incomes Commission to control inflation is now, and will be in the future, no more successful than the other measures the government has adopted.

There are three reasons that the program of the Prices and Incomes Commission is failing and will fail. First of all, the commission brought management together and persuaded management to agree not to raise prices by more than their increases in cost. But this was a gentleman's agreement. No penalties were to be imposed on those who did not conform to this agreement. Anyone who has been a businessman and who has had experience with businessmen knows that in business there is no such thing as a gentleman's agreement. That does not mean there are not a great many gentlemen engaged in business. Of course there are, but if an agreement is to work everyone must live up to his commitment. All it takes is one rotten apple in the barrel to make all the apples go bad. As soon as someone does not live up to the commitment, everybody else decides that since the commitment is not being lived up to they will not live up to it. No penalties are provided in respect of those who do not live up to the agreement management made with the Prices and Incomes Commission, and through that commission with the government, a few weeks ago.

Second, as was demonstrated yesterday, the leaders of organized labour have said clearly that they do not intend to limit their wage demands in any way. They say they will not do so for a very good reason. They say the government's program is doing two things; it is causing inflation to rise to record levels and at the same time is causing unemployment to go up to the highest level it has reached in six years. They say they will have no part of a program that is doing what they consider to be the wrong thing. So, they have made very clear to the Prime Minister and the cabinet that they will not co-operate and will not restrain wage demands.

The third reason the Prices and Incomes Commission program will not work is that management is permitted by government to increase prices by the amount of its increased costs. Its increased labour cost is a perfectly logical and fair increase in cost and therefore labour is quite free, so far as the government is concerned, to increase its demands by just as much as it wishes or as much as manage-

ment will agree to, and management will add these labour cost increases to its other increases in cost and will be justified in raising prices by that amount.

These are the reasons the cost of living last month, as disclosed as recently as last week, went up by a record amount. The cost of living has gone up 5 per cent over a year ago. Every indication is that it will continue to go up at an equally accelerated pace in the future. This is because the approach of the Prices and Incomes Commission is a simply unworkable approach; it is an impractical approach; it is an approach which any businessman, had he been asked about it, could have told this government is an impractical approach. Once again this government is making itself a laughing stock. People are losing respect for the government. Any businessman would ask how in the world this government thinks it will be able to control prices in the way in which it is trying to do it.

• (4:30 p.m.)

This latest plan of the government which will increase unemployment is a harsh, cruel program which has been used for hundreds of years. Why it should be used by this so-called modern government is something any person with decent feelings would find difficult to understand. It is difficult to understand the willingness of this government to go ahead with a program of this kind. But to the Prime Minister it seems that unemployment is not misery, hardship and despair. This is apparent when he is asked questions about what the government intends to do to stop the rising rate of unemployment. He greets your questions with a wisecrack and a sly smile. The closest the Prime Minister has come to poverty was a year or so ago when he was taken down to see a housing development in Montreal. He spent a few minutes there. The people who gathered to see him asked him a few rather difficult questions that he found very hard to answer. He did not like the atmosphere. He turned on his heel and left. That was his only appearance in anything approaching an area where poverty exists.

A few days ago the Prime Minister returned from a six day trip to the Arctic. He enjoyed himself very much. He had a firsthand look at the living conditions of our Eskimos and our Indians. Today, I asked him if he intended using the same period of time to visit, as soon as possible, the slums of our larger cities to ascertain firsthand the conditions of those living below the poverty level.

[Mr. Hees.]