

*Price Control*

that this is going to happen; indeed, inflation may get worse.

Are we, as members of parliament representing people who are suffering every day, people who are seeing the purchasing power of their dollar drop by 10 per cent and are being sold government bonds at interest rates lower than the increase in the cost of living, and seeing labour—I draw this particularly to the attention of the Minister of Labour (Mr. Munro)—earning incomes that are below the increase in the cost of living, going to sit here and let these things continue? That is an abdication of responsibility. The single most important problem in this country is inflation, and surely that is what we have to deal with; and we cannot deal with the problem in this country without some sort of effective incomes policy.

The members of the NDP are now saying, and I agree with them, that you can do a lot of things domestically to fight inflation. All we need is the will and the energy to do so. Hopefully, supply will increase. We must follow all kinds of supply policies to increase output. But in the transition, until we get more output on the market, surely we have an enormous responsibility to try to protect the Canadian people from the ravages of inflation. I do not believe that our society can stand 10, 12, 14 and 15 per cent inflation. The institutional structures that we have are not designed for this type of erosion in values. A democratic society cannot stand that sort of inflationary cycle. We can do something about it, but only if we accept the realities of the situation.

**The Acting Speaker (Mr. Boulanger):** Order. I regret that the time of the hon. member has expired.

**Mr. Gillies:** May I have just two more minutes?

**The Acting Speaker (Mr. Boulanger):** Is there unanimous consent?

**Some hon. Members:** Agreed.

**Mr. Gillies:** Mr. Speaker, I really hope that I can persuade my hon. friends opposite—I do not know whether I can or not—that selective controls will not work. They are unjust and inequitable. I recommend that they read the remarks of the Secretary of State for External Affairs on this question. It is also clear that the broad fiscal, monetary and exchange rate policies as now used will not work either to stop inflation under the economic structure that we have at the present time. We must choose new directions. I urge the government to have the courage to do so.

**The Acting Speaker (Mr. Boulanger):** The hon. member for Yorkton-Melville (Mr. Nystrom).

**Mr. Grier:** Mr. Speaker, before the hon. member commences his remarks, would the hon. member for Don Valley (Mr. Gillies) permit a further question?

**Mr. Deputy Speaker:** Since the hon. member for Don Valley (Mr. Gillies) was granted extra time, I think this would have to be with the consent of the House. Is it agreed that the hon. member for Toronto-Lakeshore (Mr. Grier) shall have the right to ask a question?

**Some hon. Members:** Agreed.

[Mr. Gillies.]

**Mr. Grier:** I ask the hon. member this question. He said that profit levels this year are too high. Would he say that wage levels this year are too high?

**Mr. Gillies:** Mr. Speaker, I would be pleased to answer that question. I said that there have been some profits reported which I think are way over and beyond those necessary to attract investment in those industries. That is my definition of a profit margin that is too high. In the area of labour negotiations and wage rates, one can say with total accuracy that the demands of labour on the economy have been very moderate, given the enormous inflationary pressures they have had to face, and I would not argue that they have been too high at all. However, if you embark upon an incomes policy of any type—and I endorse the argument for some action that my hon. friend used this morning—you must set a policy that people perceive to be fair, one that crosses the whole economy and involves everyone, because in the national interest all groups must work together to get this problem solved.

**Mr. Lorne Nystrom (Yorkton-Melville):** Mr. Speaker, I always enjoy following the hon. member for Don Valley (Mr. Gillies) because I find many of his arguments very interesting. He seems to be moving more in our direction nowadays, but he always fails to give precise details regarding what he really means by an incomes policy. He said it was easy to control salaries of blue collar workers because they are negotiating in a fishbowl; they do not have any collective agreement, so you can easily control their salaries. But how do you control, the salary of a guy clipping coupons, a lawyer, a doctor, a dentist or a person working in a managerial capacity? What about the guy who is not organized and does not belong to any trade union? Do you put the same ceiling on his salary?

**Mr. Gillies:** He is the guy who is being destroyed by inflation today.

**Mr. Nystrom:** Yes, and he is also being destroyed if you set no rigid ceiling on his salary, whether 6 per cent, as the Heath government tried in Britain, or some other figure such as that used by Nixon in the United States. This is one of the questions that the Conservative Party has not answered in this House, despite the fact they have made an analysis which sounds to me very interesting.

I was also interested to hear the hon. member for Don Valley agree with us by saying that profits this year are too high. I wonder whether the members of his party agree with the analysis which he presented to the House this afternoon. Traditionally, his party has not done so. They talk of high corporate profits being necessary to stimulate investment, which in turn will stimulate the expansion of industry in this country, create jobs, and so on. The hon. member for Don Valley seems to be flying in the face of that traditional Conservative argument which has been put forth in this country for so many years. I suspect, as the hon. member for Toronto-Lakeshore (Mr. Grier) said, that the hon. member for Don Valley may be standing alone trying to articulate a policy that is perhaps more popular to the Canadian people than it is to the Conservative Party.