

*Anti-Inflation Program*

gaining power, and in most cases have even less market power than in the past because of very high unemployment created by the policies of the Liberal government? In fact we have on an average, the highest unemployment which has existed since about the time of the last war.

I should like to say more on the serious matter of the level and composition of the unemployed as to region, marital status, sex, and age, but time does not permit. However, too many commentators are too ready to dismiss the seriousness of this problem for the individuals concerned and for the national economy.

Likewise I should have liked to take some time to discuss the failure of the government to place a surtax on the income of professionals, because that is symbolic of why we consider this program inequitable and unworkable.

The whole restraint program on control of pricing by means of control of profits has, as the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) said on another occasion, more holes than Swiss cheese.

● (1540)

The Prime Minister has said that the New Democratic Party has long advocated selective price controls and now rejects them. That is not true. We would willingly support price controls which would control the price of key commodities in the consumer retail field, and intermediate goods, if the corporate sector of the economy could justify the price increases. Our method would be to have them justify the price increases before allowing them to proceed. This would be more equitable for everybody. Under those considerations we would not hesitate to demand the same justification for selective wage increases in these sectors if they were obviously against the public interest—just as Premier Barrett did in British Columbia. But in no case would we ask the wage and salary sector, and the ordinary working people, to make sacrifices that others could easily avoid, as is obvious in this present program.

The government insists on calling this not only an anti-inflation program but an incomes policy. But, Madam Speaker, the objective of an incomes policy is not just the control of inflation but increased productivity, less industrial strife, and a fairer distribution of incomes in the economy. The danger in this program is that while the government gives the appearance of having a decisive anti-inflation program, it may not only fail to halt inflation but may at the same time produce more unemployment and under employment. What we need is government action to create jobs, especially in the high unemployment areas of Quebec and the Atlantic region, and sections of it like hard pressed Cape Breton—not destroy them; action to build houses—not raise interest rates; action to improve the lot of those on low and fixed incomes—not penalize them, and action to help lower prices and not play a losing game with profit margins.

What the government needs to do is to begin to study in earnest the policies of certain western European countries such as the Netherlands, Norway, West Germany, Austria, Sweden, and Switzerland which have managed to keep inflation at manageable levels, unemployment at low levels compared to North America, the rate of productivity growth reasonably high in spite of the international crises, and a minimum of industrial strife.

[Mr. Hogan.]

**Mr. Paul E. McRae (Parliamentary Secretary to Postmaster General):** Madam Speaker, I have a great deal of difficulty understanding the complete opposition of the New Democratic Party to the anti-inflation program. It seems to me there are many things in the guidelines and in the anti-inflation program that that party should find easy to support, and I should like to look at some of them.

I think we should look back at a statement which was made many times, that we are accepting the policy introduced by the Conservative party and that it should have been introduced at least a year ago when they felt they could become the government. I think there are reasons why it was not introduced then, and good reason why it should have been introduced at this time.

The nature of inflation in the first half of 1974 could be termed demand inflation with rising prices being caused by shortage of goods. The shift to a cost plus inflation occurred subsequently, and is much more prone to limitation by controls.

At the time of the election in July, 1974, labour was definitely behind. Inflation had caused steep price increases, while wages had not risen comparably. Labour has had a successful year, but I argued early last summer that labour's gains were only catch-up gains and labour should not be blamed for inflation. Because a large part of the labour movement has been able to catch up, however, I think there is justification at this point for going into some kind of wage controls. I want to qualify this by saying there is also a great deal of inequity because significant segments of the trade union movements, of the working people of Canada, have not as yet caught up.

If the wage side of the controls is going to be successful, it will occur when there is equity. We cannot say to the person who got his settlement on October 15 that he cannot have as much as the person who got his on October 13. There has to be equity. The New Democratic Party would be better arguing for equity than for condemnation of controls.

I think we should look at the manner in which controls were brought about. I have heard the members of the NDP talk about those segments of our economy which basically create inflation, citing the Galbraithian theory, which I think is accepted by many other groups, that inflation is basically caused by that segment of the economy which can administer its own prices, while in the market segment there is a fair amount of competition and prices therefore tend to be regulated by the market itself. There is a fair segment of the economy which is self controlled, what Galbraith calls the planning sector. It was this planning sector which the guidelines were formed to control, those 500 large firms, many of which are able to accept increases in costs and pass them on as increased prices.

The government has been selective in saying that we will deal with these 500 companies in the so-called planning sector of the economy, those that can control their own costs and their own prices.

This, with respect, is precisely what the New Democratic Party has talked about ever since I came to this House—multinational corporations, etc. Here is a serious attempt to control that part of our economy which has not been