

*Anti-Inflation Act*

Mr. Speaker, I hope that by repeating these remarks often enough, we shall instill in government members a more positive attitude, and that we shall also find a way to help Quebec and the other provinces which are faced with this record unemployment, and thus, reach the objectives and fulfill the expectations of all Canadians.

● (2120)

[English]

**Mr. David Orlikow (Winnipeg North):** Mr. Speaker, the official opposition has moved a motion saying that the Anti-Inflation Act should expire at the end of June. I point out that the Liberal government introduced controls for limiting wage and salary increases and, supposedly, profit increases.

Before we are called on to vote on the motion, let us examine the history of this policy. The Conservative party proposed, in 1972, 1973 and 1974 a freezing of wages and prices. It said the government should intervene drastically in the process whereby prices and profits in the economy are established. Our Prime Minister (Mr. Trudeau) rejected those proposals, making the point time and again that much of Canadian inflation resulted from the interplay of international forces over which Canada had no control, and that the wage and price freeze would not work.

In the 1974 election campaign the major issue was whether or not to implement wage and price, or wage and profit controls and limitations. The Conservative opposition advocated those controls, or such a policy, but the Prime Minister travelled from one end of the country to the other telling people that no government he led would ever be involved in such a program, that it would not work, would be unfair, and so on. The Prime Minister succeeded. He won the election. In Ontario, Liberal members were elected, defeating sitting Conservative and NDP candidates. And what happened?

In 1975 the Prime Minister, who had promised not to implement controls, did just that. He implemented wage and profit controls. The hon. member for Davenport (Mr. Caccia) told the House on Friday that the Prime Minister had always said that the Liberal government was ready with an alternate program to deal with inflation, if it became an emergency, and tried to convince members and the people of Canada, as the Liberals have been trying since October, 1975, that indeed an emergency existed. The hon. member said, I think, that although he believes in limited controls, so long as we have unemployment we must have controls. He completely ignored the fact that unemployment has risen dramatically since the government implemented the controls program.

● (2130)

Figures can be used to make a point, even if it is not true. On Friday the Minister of Finance (Mr. Macdonald) used figures to make a point in that way. On Thursday the minister said that when the government implemented its anti-inflation program, the rate of inflation on an annual basis was 10.6 per cent. Lo and behold, the anti-inflation program has been so successful that, according to the minister, the rate of inflation

[Mr. La Salle.]

dropped from 10.6 per cent, the date the program was put into effect, to 6.2 per cent in October, 1976.

Like other members of this House, when I go shopping with my wife I find there is not one item in any supermarket which has not increased substantially in price since October, 1975. When I sign the monthly cheque for heating the house, I see that the cost has gone away up. The cost of oil will probably go up by \$2 a barrel by July 1. That will mean another 1 per cent increase in the cost of living.

I looked at the figures for the first five months of 1977 which were put out by Statistics Canada. I did that because I was flabbergasted by the minister's claim that the rate of inflation had been driven down to 6.2 per cent as a result of the anti-inflation program. I found that in February, 1977, the cost of living increased by 9/10 of 1 per cent. In March it increased by 9/10 of 1 per cent, in April by 1 per cent, in May by 6/10 of one per cent, and in June by 8/10 of 1 per cent. Therefore in the first five months of 1977 the cost of living went up by 4.2 per cent.

Taking into account the \$2 a barrel price increase there will be in July, we are looking at an increase in the cost of living for the year 1977 of between 9 and 10 per cent. Therefore we are right back to where we were when the government first brought in its anti-inflation program.

The Prime Minister was right in the 1974 election campaign when he said that wage and price controls would not keep the cost of living down, that the cost of living had gone up because of external factors over which we had little or no control. As a result of 18 months of wage and price controls we have a situation where, in 1977, the cost of living will go up by almost the same amount as in the year 1975 when the government brought in this program.

We were told that the program would control wages and salaries on one hand and prices on the other. We know what the program has done in terms of wages and salaries. It is as we in the NDP and most economists predicted when the program was first proposed by the Prime Minister.

It is relatively easy to control wages and salaries. People are paid once or twice a month. It is not difficult through legislation to put a limit of 6, 8 or 10 per cent, or whatever some bureaucrat in the Department of Finance who earns over \$60,000 a year believes to be a fair amount. The government has been fairly successful in that regard. The minister pointed out how much lower wage settlements were this year than in 1975. Of course they are lower. Workers and unions know they cannot force their companies to break the law. If the law puts a limit on the amount of increases permitted, the unions and the companies have to live up to that law.

When the minister says that expectations have come down, he is 100 per cent dead wrong. As soon as the controls come off, the workers will ask for wage and salary increases as high as they believe they can get. That will depend on the buoyancy of the economy and the profitability of the company for which they work.

We have been told that the major reason for the anti-inflation program was the exorbitant, unreasonable, pie in the sky