Anti-Inflation Act

more than 6 per cent in the coming year, despite the fact that we now have an annual inflation rate of almost 10 per cent. What that means, of course, is that every member of a family who works and is paid in wages or salary will have less funds to meet the actual cost of living because they will be restricted to a 6 per cent increase in their income while the cost of living is going up by almost double that. We said at the beginning when the program was implemented it would be easy for the government to control, at whatever level they wanted, incomes received by people who are paid in wages or salaries, but that it would be almost impossible to control the incomes of self-employed people. In its first year's report the Anti-Inflation Board describes what happened. Figures are given showing how much the incomes of professional people increased. I want to compare those increases, which were permitted by the Anti-Inflation Board, with the increases received by people who are paid wages or salaries. Dentists increased their income in the first year by 19.6 per cent. Their income went from $34,100 to $40,800. Engineers increased their income by 20.2 per cent. Their incomes went from $38,200 to $45,900. Lawyers saw their incomes increase by 14.6 per cent, from $34,900 to $40,000. Those income increases ranged from $5,000 to $7,000 at a time when the government had said that the maximum increase which would be permitted to any person in one year was $2,400. We see that, as we predicted, the government's program has worked in a very unfair way. Wage and salary earners have had their incomes controlled. Their increases this year are limited to 6 per cent, while the self-employed go merrily along.

● (2032)

We predicted that profits would go up, and indeed they have. The Montreal *Gazette* of November 30, 1977 reported that assets and after tax profits of the nine largest Canadian chartered banks rose more quickly in the year ending October 31, 1977 than in the previous year. The *Gazette* reported that the nine banks' balance of revenue, which measures the after tax profit before the deduction of sums to cover anticipated losses on loans still outstanding, rose by 10.4 per cent over-all.

On almost the same day the *Globe and Mail* reported that corporate profits for the first three quarters of 1977 had risen by 16.7 per cent. It was reported that after tax corporate profits grew at a quicker rate in the third quarter than in the two previous quarters, according to a preliminary third quarter survey of profits of publicly owned Canadian corporations. The year over year increase recorded in the latest quarter, 16.7 per cent, was the largest in any quarter since the third quarter of 1974. It is not just profits that have increased; there has been an even larger increase in the assets of Canadian corporations.

Eric Kierans, whom some members of this House will remember, quoted some interesting figures in a speech he made several months ago to the Committee for an Independent Canada. I would like to quote a couple of sentences from that speech because they are interesting. Indeed, I would say they are amazing. He said:

[Mr. Orlikow.]

In 1968, (corporate assets) amounted to $190 billion. Six years later they'd more than doubled, to $427 billion, an average annual compounded growth rate of 17 per cent.

He then said:

Then look at some individual examples like the Royal Bank... In 1970, the Royal's assets were $11.4 billion. In 1976, they were $28.8 billion. With CPR the story is the same. Assets, in 1970, of $2.3 billion. Assets, in 1976, of $6.8 billion.

It is not surprising, therefore, that people are dissatisfied with the anti-inflation program. As I have indicated, in the coming year ordinary citizens in Canada will be subjected to a substantial and very noticeable decrease in their actual standard of living. In most cases organized union workers will probably be able to get the increase which is allowed under this legislation, 6 per cent, but there are more people not organized than organized, and these people are faced with the fact that there are more people looking for jobs today than there have been since the depression years. People who work in unorganized industries will in all likelihood not be able to get the 6 per cent increase which is permitted by this legislation.

We will see a further continuation of the drift we have had for the last two and a half years. There will be more unemployment. As I said, in December there were 911,000 people unemployed. That was on a seasonally adjusted basis. That does not include the tens of thousands of people who are unemployed who are not counted because many of them have given up attempting to find jobs. If you live in Newfoundland where the rate of unemployment is over 15 per cent, there is not much use looking for work. There is not much point looking for work if you live in eastern Quebec or in the interlake area of Manitoba.

There will be more unemployment and more suffering on the part of the bulk of the people of Canada. I began my remarks by saying that we are engaged in an exercise in futility. The anti-inflation program has not worked. It has not kept the cost of living down. It has increased unemployment because, along with the anti-inflation program, the government is involved in a major program of restraint. The government has cut back on programs and has put a freeze on hiring. It has called on provincial and municipal governments to do the same.

The federal government has passed legislation which will reduce the transfer payments it has made in other years to the provinces to help pay the cost of hospitalization, medicare, social security programs and post-secondary education. All those programs were begun and encouraged by the federal government. They are now very expensive, and in the next few years they will not receive the same percentage of their cost that they have received in other years. The provincial governments are being urged to cut back on programs which have already begun. They are being pressured to give up any idea of new programs. Just at the time when the private sector of the economy is not able or willing to find jobs for all the people who want to work, and when the government should be increasing its participation to take up the slack, we find the government cutting back and urging the provinces to cut back