The report on the first year of the Anti-Inflation Board, published in October 1976, pointed out in its survey of remuneration indicators that the transitional problems faced during the first months of the program had been dealt with and that the program was achieving its objective. The objective is to slow down the rate of wage increases while allowing for a real purchasing power increase for the average employee. Now, in the middle of the program's second year of operation, new progress has been realized to attain that objective.

Since the first months of operation of the program, the wage settlements submitted to the board came progressively nearer anti-inflation indicators, which shows public acceptance and compliance with them. It is obvious that the largest gap in relation to the indicators was found in the remuneration systems which have been substituted for those that came to an end before the implementation of the program on October 14, 1975, but were still under negotiation on that date.

The progress made so far through the AIB's income program are encouraging. The program's real rate of wage increases takes into account both the increases in line with the directives and automatically approved—

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I think you will find that there have been discussions and that there would be agreement to suspending private members' hour today so that this debate can continue until five o'clock.

Mr. Kaplan: That is agreed, Mr. Speaker.

Mr. Baker (Grenville-Carleton): There is agreement on our side, Mr. Speaker.

The Acting Speaker (Mr. Ethier): There is a suggestion that private members' hour be waived and that we continue the discussion on the present motion. Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is so ordered.

[*Translation*]

Mr. Yanakis: Thank you, Mr. Speaker, I resume: —automatically approved by the AIB staff and the increases reflecting the decisions of the board as regard increases exceeding the directives. Those real increase rates, which started at an average of 13.4 per cent for cases settled before the program, then went down to 9.4 per cent during the first year of the program, and to 7 and 5.8 per cent for cases considered up to now during the second and third years of the program. As we are preparing to eliminate the controls and as we are getting closer to the 1980's, it is essential to assess our situation and our economic prospects.

As all other industrialized countries, Canada recently had to face the combined problems of inflation, unemployment and low growth. However we must not forget that Canadians did benefit from a significant increase, up to 5 per cent certain years, in their real per capita income. This increase was more rapid than that of any major accidental industrialized countries, and twice the average annual increase in the productivity per employee. That period witnessed a number of factors which were exceptionally favourable to Canada. First of all, while external influences added to our inflation problems, Canadians benefitted from a considerable improvement in the foreign exchange situation, the average price of their exports increasing much more rapidly than that of their imports. Secondly, Canada, over the whole period, was a major net exporter of energy, conditions being relatively favourable. Thirdly, thanks to a swifter increase in employment as compared with the population growth, and therefore a much higher proportion of Canadian families receiving two or three or even more pay cheques, the real income per capita increased significantly. Canada created employment for the major part of the labour force at an increasing rate, because of the considerable growth both in the population and the proportion of new workers.

Those favourable conditions could not last. There are limits to the amounts we can borrow abroad to sustain our present level of consumption. Since the international exchange profile is changing and developing countries keep on asking for a better distribution of the world wealth, we might have some problems to maintain favourable exchange conditions. Canada is definitively an importer of oil and in the short term may find itself in the same situation on the whole energy market. In order to realize our potential, we will have to adapt our economic structure. We should not expect too much from the economy either. Inflation is still a major impediment to the achievement of our collective and individual objectives.

Statistics show beyond any doubt that most Canadian workers are reasonably well off after the first year of the program. In spite of a definite slowdown, salaries and wages went up 10 per cent on average. At the same time, the consumer index increase was maintained below 6¼ per cent. The unprecedented low level of food prices, the positive effect of prices of the Canadian currency which did resist during most of 1976 and margin benefits being exceptionally low due to the net decline in commercial activities in Canada and in the world, have allowed for a real increase in family income, salaries and wages of some 3½ to 4½ per cent, which is much above the 2 per cent of the labour productivity increase.

● (1600)

Mr. Speaker, the first duty of the government is to create an atmosphere which will enable private industry to develop in all confidence and to create lasting and satisfactory employment for workers. The present policy tries to establish this atmosphere. The government knows also that specific action is necessary in some areas and among certain categories because of unemployment rates. Therefore they changed their priorities in a federal policy providing for budgetary restrictions in an endeavour to increase support to direct employment programs.

There are signs in the present situation and in the economic prospects in Canada that the next twelve months or so should be a proper time for decontrol. First, given the present underuse of material and human resources in Canada, and in