

Given the way in which the Government has called on ordinary Canadians to lower their expectations and to ask for less, given the lectures that Canadians have heard telling them that they cannot afford the kind of lifestyle they have had in the past and that they cannot expect to get, nor will they be able to get the kind of wage and salary increases they received in earlier years, and given the fact that the Government has used all its powers, moral and otherwise, to get ordinary Canadians to scale down their expectations, it seems to me that it would be at least fair and equitable for the Government to call upon the senior executives of Canadian corporations to show the same kind of restraint. Instead, it lets them run amuck and take whatever the traffic will bear. Often the amount the traffic will bear is not the amount the company can afford. That is what has happened to Dome Petroleum.

These directors take what the traffic will bear despite the fact that the companies have not been profitable and successful and despite the fact that what they are getting is being taken at the expense of ordinary Canadians. I say to the Government that that is not good enough. If the Government really believes that we should expect to get by on less than we have in the past, it should apply that belief to all Canadians and not just to the ordinary Canadians who are trying to live on their wages and salaries.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the available data indicates that in recent years the increase in average incomes for most Canadians exceeded the increase in prices. Although there are a number of comprehensive measures of average wages and salaries and of average incomes, these generally tend to move similarly over a longer period of time but can show different rates of change over a shorter period of time. The same can be said of prices. Consequently, average wages and salaries and average incomes rose less rapidly in 1983 than in preceding years, reflecting both the impact of the recession and slower inflation.

Nevertheless, over the first four years of the 1980s average personal income and average personal disposable income, the most comprehensive measures of income, rose more rapidly than prices, while average wages, salaries and supplemental incomes rose only slightly less and at about the same rate as price increases. The relevant average compound rates of change over the four years from 1980 to 1983 are these. The Consumer Price Index rose by an average of 9.8 per cent; the gross national expenditure deflator rose by 9.4 per cent; the GNE deflator rose by 9.7 per cent; wages, salaries and supple-

mental income per employed rose by 9.5 per cent; personal income per employed person rose by 10.8 per cent and the personal disposable income per employed person rose by 10.3 per cent.

● (1825)

The rates of increase in executive compensation which have been cited are indeed high. If these increases are general and widespread then they are of extreme concern. However, the cited increases must be put in perspective. These increases came from a recent survey which was carried out by the *Financial Times* of Canada. It included only 29 major companies. Moreover, the report did not point out that there were declines at six of the enterprises, and at another five increases were in the 6 per cent range or less. Thus, the reported average increase of 12.5 per cent is based on a very small number of companies. Certainly, we cannot jump to the conclusion that Canadian executive salaries jumped last year by 12.5 per cent. Much more information is needed.

Of course, the fact remains that large pay increases, whether to executives or to workers, which contribute to higher prices and inflation are detrimental to the economic recovery which is under way and the longer term growth and development of the Canadian economy. In general, pay increases in excess of productivity growth cannot be sustained without price increases. It may well be that market forces will at times necessitate higher than average pay increases to attract and/or to maintain first-rate executives and/or high-skilled workers. Equally important in such instances, similar market forces should likewise be operating to restrain any consequent price increases.

In summary, responsible actions by all the major participants in the economy, including management and labour, must continue if the current recovery is to be sustained and the Canadian economy in the longer term is to grow and develop further. Additional jobs and a higher standard of living will result. But, this will not occur if pay increases to either executives or workers are inflationary. In particular, there is the danger that substantial increases in executive compensation will serve as examples to workers as they negotiate new collective agreements. Consequently, responsible action continues to be needed.

[Translation]

Mr. Deputy Speaker: The motion to adjourn now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 2(1).

At 6.27 p.m., the House adjourned.