

THE CANADIAN ECONOMY

REASON FOR ALLEGED CHANGE IN GOVERNMENT'S ATTITUDE TOWARDS PRICE AND WAGE CONTROLS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Prime Minister. I would like to ask if the Minister of Finance, in his memorable speech yesterday, was stating government policy when he said, "at least now there is an intellectual argument for controls." If this is so, when did the new dawn break? This time a year ago was the Prime Minister, as the leader of a party in an election campaign, just intellectually dishonest or just plain economically stupid?

Mr. Speaker: There is a good deal of merit to the question, although one might have noticed a slight argumentative note at the end. The question basically seems relevant.

Mr. Nowlan: I will take some of the argumentative nature out of the question. I certainly would not want to argue with the Prime Minister on such a beautiful Friday on May 16, when just a year ago we were all arguing in another forum. Does the Prime Minister accept as government policy that, as the Minister of Finance said yesterday, "at least now there is an intellectual argument for controls," and if so when did this new dawn break?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know when the dawn will ever break over the hon. member's mind.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: Perhaps if he is given time he will understand that at different times in the economic cycle inflation can be either cost-push or influenced by external events over which controls would have had no effect.

Mr. Nowlan: Mr. Speaker, I am not really worried about the dawn breaking over my head. After all, we have the Prime Minister and God to worry about us and to get us out of all these problems. But seriously, does the Prime Minister feel that there have been that many fundamental changes in the economic picture within the last year to make controls intellectually acceptable now, but not intellectually acceptable during the campaign?

Mr. Clark (Rocky Mountain): When did Turner start speaking for the intellectuals?

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, to observers there obviously is a difference, in that inflation is now more of a cost-push nature than it was when it was an international phenomenon caused by the high prices of energy and essentially caused by shortages of world commodities, so that there is a difference in the economic timing.

The second point is that there is also a difference between a thing which is intellectually acceptable and that which is politically and practically—

Some hon. Members: Oh, oh!

Oral Questions

Mr. Trudeau: The House knows, because we have said it many times, that there has been at least for four or five years in the works of the government something called a contingency plan on price and wage controls. This had to be put together, to use the hon. member's words, from an intellectual point of view. The fact is that in the government's judgment neither last year nor this year have we decided to announce any such controls.

Mr. Nowlan: I am not going to discuss the intellectual aspect of this at this time.

Some hon. Members: Oh, oh!

● (1140)

Mr. Nowlan: Taking the first part of the Prime Minister's answer, Mr. Speaker, would the hon. gentleman agree with me that admitting and assuming there have been some changes to the economic pattern, we are now confronted with the fact that there was no action, even though an election campaign was fought on the basis that increased productivity was the only solution, that those factors which have changed have been aggravated by the inactivity of the government which the Prime Minister leads?

Mr. Speaker: The hon. member for Winnipeg North Centre.

Mr. Nowlan: Mr. Speaker, the Prime Minister was on his feet.

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FINANCE

SUGGESTED RECOVERY BY TAXATION OF PORTION OF MEMBERS' PAY INCREASE—POSSIBLE TAXATION OF ALL WAGE INCREASES EXCEEDING TWELVE PER CENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question to the Minister of Finance is also based on his speech in Welland.

Mr. Clark (Rocky Mountain): He was misquoted!

Mr. Knowles (Winnipeg North Centre): In view of the minister's statement that the timing of the pay bill for members of parliament was lousy—I think that is a correct quotation—

Mr. Baker (Grenville-Carleton): Is he going to give back his pay cheque?

Mr. Knowles (Winnipeg North Centre): In his forthcoming budget proposals will the minister consider taxing back the portion of that increase that we should not now be receiving?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I suggest that I also said something that was not reported at the same time, namely, that the 33½ per cent increase, measured over the period since the last increase, was still lower than the rise in the cost of living in the same period and if prorated would be about 5½ per cent per year.