

Anti-Inflation Act

effective way in which this legislation, by looking at profits, can control prices.

Another exception is interest rates, one of the chief contributors to inflation. Interest rates and mortgage rates will be allowed to rise. Land prices are exempt from any kind of price controls, and we all know that the price of land is such a major component of the cost of housing today. Windfall gains by companies are also exempt from control. If a company experiences a sudden windfall profit, as the oil companies do when the price of oil rises sharply and they have large quantities of oil in storage, that profit is also exempt.

Energy prices are exempt too. The price of oil will continue to rise. That is the government's admitted policy. The price of natural gas was increased a week or so ago. The price of Canadian oil, which now stands at \$10.50 a barrel, will be allowed to reach \$12 a barrel, and we shall be paying more for gasoline and home heating oil. Utilities are exempt. For example, Ontario Hydro will be allowed its increase of some 25 per cent although, fortunately, with a minority government at Queen's Park the situation is under review. Rent controls are a matter for the provinces. We shall have to wait and see what happens there.

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We have also learned that the legislation is supposed to control the profits of 1,500 companies which come under the guidelines. I have since heard that the department has miscalculated, and only 1,000 companies will come under the guidelines in this legislation. What I am saying is that there are so many loopholes on the price controls side of the legislation that, in effect, there will be no real price controls. Prices will rise, hence the cost of living and inflation will continue to rise. On that side of the ledger we say that the price control mechanism is unfair and unworkable.

The other side of the ledger is wage control. The government is implementing a three year program. The maximum increase allowed in the first year is 10 per cent. We have heard some estimates that in the second and third year the maximum allowed increase will be 8 per cent and 6 per cent, though that has not been verified. In other words, the wage controls will hit organized labour, the ordinary working person, the hardest. It is easy to control wages because they are negotiated under a collective bargaining agreement. They are above board and can be seen.

Built into this 10 per cent limit is a very unfair mechanism. At the low end of the wage ladder, workers are limited to a maximum increase of \$600. It is not their right to get \$600; that is the maximum they can get. You may be lucky enough to negotiate such an increase with your employer if you are earning \$6,000 a year. However, if you are an upper income Canadian earning \$24,000 a year or above, you will not be limited to \$600, as the poor, low income worker is; you can get \$2,400. We say that this kind of spread is basically unfair, that it is the people at the low end of the income ladder who need the greater increase, not those who have been able to make a high wage in the past. We think it would be more logical to reverse the situation and give the low income people a maximum increase of \$2,400 and the high income people a maximum of \$600.

Although you can control wages, Madam Speaker, how are you going to be able to control income from sources

such as rents, dividends, interest, capital gains, and professional fees in the form of extras? If an executive gets through his corporation or big business enterprise an extra expense account, stock options, club memberships, or a free trip to Florida, how will this be taken into account under the terms of this legislation? I suggest it will not. Big companies will be able to find other ways of giving their executives benefits in excess of the \$2,400, but the ordinary worker will be limited to 10 per cent under the guidelines.

Professional fees are controlled under the program, but the income of professionals is not. The doctor, lawyer, accountant, and architect can increase their total income, in the case of doctors and lawyers simply by seeing more clients, and these people will not be touched by the legislation. That is unfair. Upper income Canadians are treated much more leniently than Canadians of low income. A prime example of this is the mandarins in the civil service, the deputy ministers, who received a \$6,000 increase just moments before the Prime Minister announced the new wage and price controls. What I am saying is that those who are not professionals but must bargain with an employer for an increase will have their wages fixed and effectively controlled. This program has obviously been conceived in haste.

There are thousands of workers across the country who have been caught right in the middle of negotiations with their employer. Suddenly the Prime Minister has announced this 10 per cent wage freeze. The Minister of Finance says they should continue bargaining and submit their contracts to the Anti-Inflation Board for final review. But what employer in his right mind will continue to bargain for anything in excess of 10 per cent? No employer will bargain seriously or in good faith because he knows he has the weight of the controls program behind him. Therefore workers who could legitimately show, because of increased productivity or for reasons of catch up, that they deserve an increase of 20 or 30 per cent, are now confronted by employers who say, "No, we have a new ball game, we have to start over. We are not going beyond 10 per cent". The government has thrown a monkey wrench into the conduct of wage negotiations throughout the country.

Let me cite the case of the postal workers as an example. The letter carriers settled for an increase of 36 per cent, I believe it was. Unless they receive exemption the postal workers will be limited to 10 per cent. Fortunately the government has built into the legislation exemptions to permit parallel wage settlements where there are historical relationships.

Let me take another case in point. The majority of the teachers in the province of Ontario have not settled their wage contract. In my riding of Sault Ste. Marie the elementary teachers have settled, the secondary teachers have not. Hence there is a great sense of frustration and inequity among workers caught in this situation. I should like to put on the record a telegram that I have received from the president of district 30 of the OSSTF. It reads as follows:

... should be a chance for public input in committee before it becomes law. Ontario teachers have had five years of provincial education ceilings and deserve appropriate catch up settlements. The federal program must exhibit good faith and equity. No wage controls without effective price controls. Out of 34,000 teachers 14,000 have completed