

Oral Questions

MEASURES TO STOP DECLINE IN REAL WAGE INCOME

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I take it the Minister of Finance intends to do nothing at all to help low and middle-income earners across the country who are facing 12 per cent inflation this year and who receive from the Government of Canada no solace or help at all. May I deal with another problem of economic policy which the government is ignoring. The minister will know that real wages have been steadily declining. He will know that the Economic Council of Canada estimates that there will be a further decline this year. He must know that will lead to serious labour difficulties. Will the minister tell the House of Commons what the government intends to do to stop that decline in real wages and to head off the labour difficulties which are surely going to follow if the government continues to do nothing about the decline in real wages of Canadians across the country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would first like to comment on the allegation of the Leader of the Opposition that the government has done nothing at all to assist consumers in Canada. The first thing we did was to bring in a price regime for energy that was less expensive than the one he supported when he was Prime Minister of Canada. The second thing we did was to provide immediately an increase in pensions for our senior citizens which came into effect in 1980, not like the proposal advocated by the right hon. gentleman which would have come into effect for the first time in the pockets of the people in March, 1982. That is what we did. I think it compares very favourably with the non-action of his government. The right hon. member talked about the decline in real wages which has existed in this country. It is obviously related to another phenomenon in the economy, namely, declining productivity, and the decline in the output per worker in the country which is very persistent.

● (1120)

An hon. Member: What are you going to do about it?

Mr. MacEachen: The right hon. member and hon. members in the Tory party are asking what are we going to do about it. I ask him what is the economy going to do about it because we are not advocates of running the economy.

Some hon. Members: Oh, oh!

Mr. MacEachen: We still believe in the market system which prevails in Canada.

GOVERNMENT STANCE AGAINST INFLATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the only thing the Minister of Finance believes in is abandoning his responsibility to give economic direction to the country. He talked about there being an energy pricing regime brought in and, yes, there has been. That has stopped the development of jobs and heavy oil development and has caused

an increase of 37 cents a gallon in the price of gas, and has caused an increase of 37 per cent in the price of fuel oil for homes. That is what the pricing regime of the Liberal government is doing, and the people cannot stand very much more of that.

Some hon. Members: Hear, hear!

Mr. Clark: Not very long ago when speaking to the IMF—the minister laughs at the burden he imposes upon the people of the country. Not long ago when speaking to the IMF, the Minister of Finance said, and I quote, “a firm stance against inflation must remain a key element in any economic strategy”. Will the Minister of Finance tell us where is his firm stance against inflation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will be glad to give one illustration to the right hon. gentleman illustrating my firm stance against inflation, a firm stance against increasing expenditures which are advocated daily by his supporters in the House. If he believes in taking a stand against inflation he ought to discourage his supporters from getting up in the House every day asking the government to spend more and more, and thereby add to the deficit. That is the firm stance I am talking about.

FORECASTS RESPECTING INFLATION RATES—REQUEST FOR NEW BUDGET

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Minister of Finance whose stance is as firm against inflation as his promises were during the election when he said, “Vote Liberal and the price will stay down.” Now we know heating costs are up 36.8 per cent since last year despite the minister's promise. That is how firm his stance is. In the minister's budget of October 28 he forecast the inflation rate for 1980 at 9.7 per cent, and it was actually 11.2 per cent. For 1981, only three months ago, he forecast inflation to be 10.2 per cent, and it is now 12 per cent.

An hon. Member: Boy, what a record.

Mr. Crosbie: Will the minister tell this House whether he is going to revise and table new projections, or is he going to resign because of this monumental failure? Just what is the explanation for this extraordinary falseness of his projections of just three months ago?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. gentleman should go back and compare the projections which he made in the December, 1979, budget for the annual rate in 1980, and his projection for 1981. I ask him to compare those, and then ask another question.

Mr. Crosbie: Madam Speaker, this minister cannot answer questions; he can only ask them. Well, I have the answer. I forecast an 11 per cent increase for 1980 and an 11.4 per cent increase for 1981. The minister's projections are nowhere near