

Anti-Inflation Act

Mr. Stanfield: Might I ask the minister how he expects us to accept his suggestion that there has been a 5 per cent improvement in the position of the working man when there has been a far smaller increase in productivity on a per capita basis? Can he or the Minister of Finance explain how this could be possible?

Mr. Andras: I think it is obvious that if inflation climbs at a faster rate than wages there is constant chase and the reinjection of inflation, but if both taper down and there is a greater gain in wages than the increase in the inflation rate, the worker gains. I agree that the whole question of national productivity is relevant to this aspect but it does not necessarily form part of that calculation.

● (1550)

[Translation]

Mr. Antonio Yanakis (Berthier-Maskinongé): Mr. Speaker, I welcome this opportunity to take part in this three-day debate brought about by the Conservative motion that the anti-inflation controls be ended at the end of June 1977. It is a privilege for me to bring my modest contribution to this debate which is very important for consumers and specially for those who are least able to defend themselves against inflationary pressures, such as the aged, the retired, the non-unionized wage-earners who receive only the minimum wage and others in similar circumstances.

It is difficult for me to understand why the opposition leader introduced such a motion at the present time when statistics show that the anti-inflation program, after 18 months of existence, has proven to be one of the most positive factors to check the price and wage increase rises we have experienced in the years 1974-75. What a strange attitude for the Progressive Conservatives to take by introducing this motion when a recent Gallup poll taken on May 4 last was showing that 70 per cent of Canadians support controls and 60 per cent of independent business concerns are against the removal of salary and price controls in 1977.

Mr. Speaker, it would be interesting to examine the attitude of the opposition these days, since it is neglecting an important legislative program now before the House to tackle a program which has already proved its efficiency and which has received the approval of the Canadian people. Does it want to divert public attention from recent Gallup polls on the popularity of political parties? Do they want us to forget the results of the recent by-elections? It could not be done better. Perhaps they want to forget the two last defections from their party, that is the members for Crowfoot (Mr. Horner) and for Hochelaga (Mr. Lavoie) who have joined the Liberal party. Without trying to be clever, I could add that before long, other members of the Progressive Conservative Party in Quebec and elsewhere will join this side of the House or will leave political life. It is unfortunate that he is not here, but I noted yesterday the hon. member for Joliette (Mr. La Salle) who was not very successful during the recent by-elections when he bit the dust. Fortunately the party held him back, because he too would have resigned—something he is well known for.

Finally, there seem to be various reasons and since the motion must be discussed, let us consider the facts. The Canadian people must not think that the fight against inflation is over, according to Mr. Gerald Bouey, Governor of the Bank of Canada. In the 1976 annual report of the Bank of Canada released last March 21, Mr. Bouey expresses the opinion that 1976 must be considered as the first episode of Canada's fight to get rid of inflationary attitudes and behaviour and to restore the internal economic balance necessary to our future wealth. The report reminds us that the relatively high inflation rate of costs and prices continues to be very dangerous for the health of our economy.

Over the last years, the average nominal income increase of employed people was much higher than in the United States and too high compared to Canada's wealth. Mr. Bouey finds that Canada has become a high production cost country. As long as this situation lasts, he adds, we cannot hope to establish the solid foundations which are essential to the creation of jobs on which our future wealth will rely. On the other hand, the high rate of inflation has seriously affected our competitive position on international markets, which has been reflected in considerable deficits in our foreign trade. As a matter of fact, the average hourly wages for workers in the manufacturing sector of the economy, as of January 1976, were: Canada: \$5.03; U.S.A.: \$4.80; Sweden: \$4.67; West Germany: \$3.72; Japan: \$3.13; Great Britain: \$2.84; and France: \$2.19.

Over the nearly one and a half year the anti-inflation program has been in effect, inflation has regressed in Canada. Although we could argue endlessly about the relative part played by the anti-inflation guidelines and other factors, such as the stagnation of the economy, on the control of price increases up to now, the fact remains that all relevant guidelines indicate that the pressures exerted by wage and price increases have been reduced. One year after the introduction of this program, that is, from October 1975 to October 1976, the rise in the consumer price index was 6.2 per cent, which is clearly lower than the 10.6 per cent for the year before. We were very much encouraged by these results when we compared them with the rise of 8 per cent in CPI which we had forecast for October 1976.

What matters more is the fact that the rate of price increases for goods other than food and energy has clearly started slowing down. However, the last CPI report indicates that prices had increased by 6.7 per cent in February compared with a year ago, for food prices had been greatly affected by adverse weather conditions in southern United States. The anti-inflation program objective for the second year, a 6 per cent increase in the CPI until October 1977, remains a challenge. In 1975, according to Labour Canada, wage settlements have averaged an annual increase of more than 20 per cent during their first year of implementation. During the four quarters of 1976, the increase rate has fallen respectively to 16, 12.8, 13.1 and 9.9 per cent. Because of an even lower rate of increase in the consumer price index, the net income increase for Canadians has kept on.