

*Anti-Inflation Act*

bill, and to review the statutory instruments by which this law will be carried into effect.

**An hon. Member:** What about the guidelines?

**Mr. Macdonald (Rosedale):** If the hon. member will read the bill, he will find that the regulations put the guidelines into effect. Under the provisions of the rules of this House governing consideration of the spending estimates of government bodies, the House will have full opportunity to scrutinize the work of this federal body being established, and of every other government body, and to examine members of the Anti-Inflation Board. There will be full opportunity, as the Leader of the Opposition admitted, under the provisions of the rules governing supply procedures in this House, to debate on opposition days questions which may arise and be of interest as disclosed by reports made available to the House.

Therefore, an alert, able and responsible opposition will have no shortage of information. There will be full opportunity to bring into this House for debate the operations of this particular program, and to subject to scrutiny both myself and the appointed officers who will be charged with carrying it out. The cries concerning difficulties and suggestions that for the first time we are establishing some new kind of tyranny in Canada must be considered in light of the very substantial parliamentary opportunities which will be available even before the end of the 18-month period for the purpose of screening the operation of this program.

Let me turn to the merits of the question. What is the appropriate period for which one should design a program like this? The program we set out in the white paper, together with the proposals we brought forward, is designed to end the deep seated inflationary psychology which had seized all aspects of the Canadian community. Yet we recognize at the same time that Canadians inevitably will need to bear certain costs, no matter how successful the program may be in restricting other costs and other claims in other parts of our community. I mentioned these costs previously.

We shall have to pay higher prices for energy and sustain higher prices for the many thousands of commodities we import every day and which contribute to our standard of living. Indeed, there are at present substantial increases which have been built into the Canadian compensation system which will be passed on and make themselves felt in the form of higher prices for the goods and services we consume. We pointedly set out to make the system flexible in this regard. We wanted to avoid the injustice which would be occasioned by putting the brakes on too sharply, so that those who have not had the opportunity to catch up would not be treated unjustly and so that Canadians who have borne real cost may be recompensed. We wanted to avoid the situation in which the American program found itself. In that program, these kinds of increases were dammed back for a period of time; after that they had the explosion of wage claims and price increases which occurred at the end of the program.

**Mr. Stanfield:** What about conversion?

**Mr. Macdonald (Rosedale):** We have set out to elaborate a means for slowing the impact of inflation on Canada by

deliberate steps, setting as our basic protection factor 8 per cent, hopefully to be achieved at the end of the first year, 6 per cent at the end of the second year, and 4 per cent at the end of the third.

**An hon. Member:** Dreamer.

**Mr. Macdonald (Rosedale):** There will be a slow decline in the rise of the consumer price index for which Canadians, I think, can legitimately look. An hon. member opposite called me a dreamer. Perhaps I am. If achieving this end will be difficult in 36 months, I suggest it would be even more difficult in 18 months, without the heaviest cost. It could not be done in that time without at the same time imposing very great injustices on those who have not had the opportunity to catch up, and without imposing restrictive fiscal and monetary policies which could have no effect but increase to a substantial degree the rate of unemployment in Canada.

I suggest to the hon. member that it is possible, with the application of very strict measures under this program, together with supporting economic policies, to bring about a drastic reduction in the rate of inflation in the country. Yet to do so would not only impose hardship and unfairness on those who have not had the opportunity to catch up, but would bring the risk of very much higher rates of unemployment in Canada. Then, instead of facing an unacceptably high rate of inflation we should face an absolutely intolerable rate of unemployment.

It is for that reason that the program, by design, has been set for a period of three years, with the expectation that although prices may go up, we shall not persist in our present rate of inflation and that we shall bring the rate of increase down slowly. As I said in committee, if after 18 months we find that inflation in Canada has been dramatically reduced, no one would be more delighted than I. But I say that for the sake of justice and to avoid increasing unemployment in this country, we must embark on an elaborately slowed program, one which will bring inflation down by stages over a period of time. We suggest that any other program would bring far more hardship to Canadians and far greater difficulties for the Canadian economy, which is what would happen under the program of the Leader of the Opposition who would try to beat inflation in an 18-month period.

**Mr. Stanfield:** I did not say that.

**Mr. Macdonald (Rosedale):** But that period, after all, is involved in his proposition.

**Mr. Stanfield:** But I did not say that.

**Mr. Macdonald (Rosedale):** The Leader of the Opposition can argue as he likes; but does he, or does he not, mean to beat inflation in 18 months?

**An hon. Member:** No.

**Mr. Macdonald (Rosedale):** He does not mean to beat inflation in 18 months. He would have the program continue for 18 months and then let it go—

**Mr. Stanfield:** I did not say that.

**Some hon. Members:** Oh, oh!