

*Anti-Inflation Act*

not restrict the price of exports because that makes it very difficult to make sales abroad—the kind of argument that asks: What should you care what we charge international markets? The government took controls off the exporters; it listened to them and took the controls off. That means the exporters are free to get whatever price the world market will permit and are free to make, whatever profit arises from them. But what about the people employed in the export industry? Is the appeal board going to listen to them and say that they can make a great deal of profit because the government has said that industry is free from all restrictions? Is it going to say that in view of that, they are entitled to take some of the profits that arise from the higher prices exporters are charging?

● (1610)

There is no evidence that the government intends the anti-inflation legislation to deal with questions of that kind. There is no evidence to indicate that an appeal board would have the power to recognize that kind of argument. Therefore, while it to some extent gives an opportunity for another kick at the cat, so to speak, does it offer any meaningful appeal; and on what basis can the appeal be instituted? It talks about this, that and the other, and that is all on which you can appeal. I wish to give an example. If the United Automobile Workers go to the appeal board because they dislike the kind of restriction placed on what they can bargain for, they may say they have an historic relationship with the American Automobile Workers as well as the Canada-U.S. automotive agreement which is supposed to establish the same kind of conditions continentally. Is the appeal board going to listen to that kind of argument? Will it accept the historical relationship of the Canadian autoworkers to the American autoworkers and grant them something in excess of the guidelines, if that is the case? There is no evidence to suggest they would, or that they would even have authority to consider that kind of argument.

While the appeal board provides some kind of emotional outlet against a bookkeeping error or judgment in the arithmetic of a previous decision, I do not see how the appeal procedure will in any way be meaningful, especially if you are trying to appeal what in fact is a political judgment rather something you can argue on economic terms.

I said earlier that the restraint is essentially on wages and not on other forms of income. It might be useful to look at some of those other forms of income to see to what extent, if any, the restraint program applies to them. We know the government has exempted food at the farm gate from controls. They probably had to do that. I do not think there is any way you could restrict the price of food at the farm gate without having a devastating consequence on the future food supply. The government indicated it has no intention of controlling interest rates. Obviously, it cannot do that and might as well admit it. However, interest rates are an important factor in the cost of living and they have a psychological element in a society whose co-operation the government is seeking when instituting a restraint program.

The government would have been far better advised, and this program would have been more widely accepted, had the government been honest with the people of Canada. It

[Mr. Saltsman.]

should have admitted, when it brought in the program, that no incomes policy, no matter how well designed or how well intentioned, can be anything other than the rough justice that the former leader of the Conservative party called it. It is going to be rough justice, and it will be so for a considerable period of time.

Had the government said that, and had it coupled it with an understanding or statement that it was going to move to correct it, perhaps the program would have been accepted on that basis. Instead, the government is trying to persuade us that it does in fact have an incomes policy. In their more frank moments they admit there are problems with the program. Actually, it comes more often from Mr. Pepin than the government that there are problems with the program and that adjustments have to be made. However, nowhere does the government face up to the reality that it is the workingman being called upon to make the sacrifices and that hardly any other group is being asked to do the same.

Recently, the government made a great play with regard to controlling or freezing dividends, as if that makes any difference. If you freeze dividends and say that you cannot pay out more this year than you paid out the previous year, and the profits of a corporation rise or continue at a level that would justify a higher dividend rate, what have you really accomplished? All you have done is capitalized the income the dividend-holder might have received in that year. Instead of giving the dividend-holder cash in the year, you claim to have frozen his dividends. What you have done is allow the stock to rise because of the surplus cash and profit position of the company, and increased the value of that stock. The stockholder may not get it in cash as a form of dividend pay-out, but he gets it in stock appreciation. In fact, there is no control to the effect that the cash flow is going to be somewhat different. Certainly, there is no serious restriction on the amount of money the stockholder has been able to earn or to calculate for the future.

I pointed out in the case of dividends that if you do not get paid this year, that will result in an increased value of the stock and the dividend-holder will receive it at some time. However, the wages that a wage earner does not get in any particular year under this program are lost forever. That wage earner has no way of capitalizing his or her wages; they are gone. That is hardly a fair division of sacrifice between the wage and salary earner, on the one hand, and the person who gets theirs through dividend appreciation or pay-out.

If there is resentment about this program, it should not come as any surprise to anyone, particularly the government which says it cannot understand the opposition of the trade union movement. They point to other countries where in fact the trade union is co-operating. What the government conveniently forgets in the case of other countries—and I think it is almost universal—is that the trade union movement is co-operating with governments to restraint programs because there is an understanding between the trade union movement and the government. What it cannot get for the workingman at the bargaining table because of the limits on bargaining, it can get through the political process. This is true in Sweden, where there is an enormous amount of co-operation. It is