

*Anti-Inflation Program*

in fact obviously a "rush rush" job done in the list of the resignation of the former minister of finance and the then upcoming conference of the Liberal faithful, which just concluded last weekend. Given the circumstances, the Prime Minister (Mr. Trudeau) talked the cabinet into accepting this type of confusing plan. The Prime Minister is obviously a reluctant convert to such a program, and the new Minister of Finance (Mr. Macdonald) has said he finds it all rather frightening.

Little wonder there is so much concern, not only among senior officials in government but also among the people of Canada generally about the Prime Minister's commitment to this legislation. He keeps saying to the Canadian people, "You asked for leadership and now I'm giving it to you." The evident conclusion, of course, is that he admits he was not giving leadership in the management of inflation, or of the economy in general, up until this legislation.

Geoffrey Stevens in his column in the *Globe and Mail* on Friday, October 17, quotes the Premier of Nova Scotia as saying at the meeting of the premiers with the Prime Minister on Thanksgiving Day, after listening to the Prime Minister outline his program, "This raises 50,000 questions". The Prime Minister is quoted as replying, "That's right, that's why we are against wage and price control".

It is obvious since this legislation was introduced that Confusion Square has moved from below Parliament Hill to the halls of government itself, to the Department of Finance and to the officials of the anti-inflation board who have been hired so far. The way so many officials from a variety of departments are being seconded to do this job, one wonders if many of them were not underemployed in their own departments. It is too bad the government does not show a similar concern for the unemployed and the underemployed spread across the various provinces of Canada.

The confusion that exists, and the uncertainties about the guidelines and the regulations, could easily have been allayed if the government, once it decided to go this route, had for at least a period of 30 and possibly 60 days frozen both wages and prices. This would have clearly shown the government's commitment to the program and allowed the anti-inflation board to do a relatively orderly job, first of all of hiring personnel, collecting the multitude of statistics that will be needed, and setting up administrative procedures, including how to deal with the many exceptions that are bound to arise in deciding whether wage changes, price increases, profit margins, and so on are in order. It is true that from a political point of view this would have looked to the Liberals too much like part of the Tories' proposal in the last election. But it seems to me that in proceeding the way it has the government has stacked the deck against itself by creating all the confusion referred to above, and by desperately complicating the anti-inflation board's problems in getting data and so on to deal with the many complexities involved in an on-going dynamic mixed economy such as ours.

I repeat, that once the government decided to go this route there should have been a more orderly adjustment, and time provided for a proper educational program to be put across, rather than the frantic propagandistic shibboleths pronounced by various members of the cabinet rushing back and forth across Canada trying to explain a

[Mr. Hogan.]

program to the people that they do not understand themselves.

The Prime Minister reminds one of a confused, scrambling quarterback who has suddenly changed signals in a hurry at the line with many members of his team not being at all clear what is involved in the carrying out of the new game plan.

There are many people who criticize the Canadian Labour Congress for setting up a fund which, among other things, will test the constitutional efficacy of this anti-inflation legislation. I think that rather than criticizing them we should be complimenting them.

It is not necessary to be a lawyer to understand that the anti-inflation legislation has been introduced by the federal government under its general constitutional power to enact laws for the peace, order, and good government of Canada. Even if the resulting guidelines interfere with the operation of provincial collective bargaining laws, the federal government claims the right to intervene. It has, however, refrained from applying the guidelines to provincial and municipal civil servants and employees of all provincial public bodies such as hydro commissions, school boards, and provincial Crown corporations, unless the appropriate province agrees that the guidelines will apply to them. Some question of the constitutional validity of this delegation of authority exists. The right of a province to give away its jurisdiction, as Ontario seems to have done with its agreement with the federal government, without passing enabling legislation is very much in doubt.

Let us turn to the economic reasons given for this program. One of the major economic pillars underlying the controls is the belief expressed in the budget speech of the former minister of finance on June 23, 1975. The former minister of finance said that inflation threatens to price our goods out of the world market. For weeks on end we heard the then minister of industry, trade and commerce continually using this argument in this House and outside. Since then there have been a number of cabinet ministers who have picked up this refrain. So embedded is this notion that the new deputy chairman of the Anti-Inflation Board, Mrs. Plumtre, at a recent meeting in Vancouver on October 30, 1975, insisted that this was a major reason for setting up the anti-inflation legislation, and I quote her:

● (1530)

Canada's international competitive position and ability to pay its own way in the world is being set back. We are pricing ourselves out of the market.

I underline the word "are". But the figures released by Statistics Canada at about the time Mrs. Plumtre was perpetrating a continuance of this mythology showed that import prices, which are not covered by the government's anti-inflation program, were rising twice as fast as Canadian export prices.

On a year to year basis the rate of increase was 14.5 per cent for import prices but only 7.5 per cent for exported goods. Of course these statistics were pretty damaging evidence against the mythology, for they tended to disprove the government's claim that high wage settlements were making Canada uncompetitive, and as Peter Cook of the *Financial Times* noted, this has been one of the main arguments for selling controls to the labour movement.