

Cost of Living

Mr. Reid: I think hon. members would be interested to know the logic behind the official opposition's strategy.

An hon. Member: Sure, tell us.

Mr. Speaker: Order, please. Perhaps the hon. member might be allowed to make his speech.

Mr. Reid: Mr. Speaker, I am going to quote from the bottom of page 3 of this study. Dr. Smith goes on to say the following:

An occasional use of incomes policy has been a politically attractive way of demonstrating that the government is trying to do something about inflation as well as about an advancement in standards of living and a fairer distribution of income. A cycle of popular support for incomes policy can be observed with pressures mounting for it, a reaction against it after it has been in force for a while, a lull as memories dim of the last experiment, and then a phase of renewed enthusiasm for a new form of the policy.

The Leader of the Opposition (Mr. Stanfield) sees that we have a problem in Canada and he wants to find a solution to it. What he suggests as a solution is that we do something that is not going to do anything, because it looks politically attractive. That is the economic policy of the Leader of the Opposition and his followers. If that leader could impose that policy upon his followers he would have a point, but today when the Minister of Agriculture (Mr. Whelan) announced a subsidy on milk and gave the amounts, an official spokesman for that party got up and said, "No good. We don't want it; we are against it".

Shortly after that statement, another member of that party got up and asked; "Why don't you give more?" Who really speaks for that party over there? Is it the hon. member for Don Valley (Mr. Gillies); is it the hon. member for Calgary North (Mr. Woolliams); is it the Leader of the Opposition; or is it the hon. member for Edmonton West (Mr. Lambert)? Who speaks for the opposition on financial policy?

Mr. Turner (Ottawa-Carleton): Will the real financial critic stand up?

Mr. Reid: In most other areas one can say who speaks for the opposition. One knows that the member who speaks on transportation is the hon. member for Vegreville (Mr. Mazankowski). We all know this. We know that the member who speaks on regional economic expansion is the hon. member for Central Nova (Mr. MacKay). But when it comes to financial matters we have a whole host of members who speak for the Conservative Party, all of whom make such a confused mess of it that nobody can understand, not even members on that side, exactly what is their policy.

I do not like to use outside examples to show the effects which a wage and price control program would have in Canada, but we know from experience what has happened in the United States. Dr. Smith has done an excellent job of showing what the results have been in Great Britain. I should now like to draw the attention of hon. members to an article which appeared in today's *Globe and Mail*, headed "Economists reject commission suggestion, claim wage, price controls serious mistake". This is the result of a study by two senior economists of the Royal Bank of Canada who in turn studied the official report of the

[Mr. Reid.]

prices and incomes commission. I want to emphasize to hon. members, particularly those in the official opposition, that no economist who comes from an organization that has the word "Royal" in its title could possibly be a friend of ours; therefore this is a neutral opinion. They said this:

"It has been repeatedly demonstrated that controls are ineffective in an over-heated economy and the recent American experience with the price freeze, especially insofar as it applies to food prices, has shown the futility of such attempts.

"With regard to the job of restraining demand, fiscal monetary policy still remains the best bet, whereas with the problem of supply shortages, a general price freeze is ineffective."

We heard the impassioned appeal by the hon. member for Don Valley in which he said there must be a better way. I really think he must have seen the movie called "The Candidate", because that is the scenario he was following. I suggest the hon. member is importing his political philosophy from the United States.

An hon. Member: Yes, and that candidate won.

Mr. Reid: In economic matters, the real problem lies in deciding which economist you want to believe. It seems to me that the economists the Conservative party have trained and trotted out once in a while, have run the full cycle of economic policy. These policies can be answered by any other economist in Canada.

My suggestion to hon. members is that the solutions advanced by the Conservative party, that is having a freeze or price and wage controls of some kind in co-operation with the provinces is completely unrealistic. I would refer hon. members to the experience of a former Minister of Finance, Mr. Benson, who attempted at one time to impose a voluntary wage restraint of 6 per cent. He went to a conference with the provincial premiers in Manitoba at which they all agreed to do everything they possibly could to restrain wage increases to 6 per cent. The business community was going to put the lid on price increases. What actually happened? When the crunch came the provincial premiers scattered like quail. They were not prepared to face the requirements and put up a tough front. The whole policy disintegrated and dissolved because the provincial premiers were not prepared to play their role. It seems to me that anyone who makes a suggestion that provincial premiers will allow themselves to be sucked in by members of the official opposition, putting their political lives in their hands, is completely out of his mind and is not aware of the situation in Canada.

The western industrialized world went through an unfortunate recession in the period 1969-70.

An hon. Member: Oh, come off it.

Mr. Reid: As the hon. member for Verdun (Mr. Mackasey) has indicated, the people who suffered from that were the working poor and those who did not have enough fiscal strength to protect themselves. The position the government has taken at this time is that most people are in a position to protect themselves from the worst of inflation, and, therefore, it is going to provide a series of measures to protect those who cannot protect themselves.

An hon. Member: You don't believe that.