

middle of a business-labour wage war created in part by its non-existent anti-inflation policy, has the audacity to propose 50 per cent salary increases which have made a farce of its voluntary restraint program and public service negotiations. This government seems unable to comprehend its responsibility as the ultimate arbitrator and pace-setter in fighting inflation.

If that is the position of the Progressive Conservative Association of Canada, as stated by its national president, Mr. Michael Meighen, I suggest that position ought to be stated in this House by the Leader of the Opposition, by the hon. member for Don Valley (Mr. Gillies), by the hon. member for York-Simcoe (Mr. Stevens) and others who purport to speak for the Progressive Conservatives of this country with regard to economic matters. I agree with Mr. Meighen that it is an audacious act for the government, in this time of economic trouble and crisis, to come in with this kind of proposal.

I deplore the fact we are not hearing from the Prime Minister. I am equally disturbed that we are not hearing from the Leader of the Opposition or other spokesmen for the Progressive Conservative party. It is not only the Progressive Conservative party that has taken this view through its national president. The Minister of Finance is running around the country preaching restraint. The government is constantly telling labour groups that they are asking for too much. Only a few days ago we put one group back to work by legislation.

There may be a good case for all of this, but the case would be a lot stronger if we showed we were paying some attention to the preachments that are uttered in this House of Commons. Therefore I urge that any thought of this bill being put through tonight be forgotten. Surely that is the least I can urge.

● (2030)

An hon. Member: Okay, baby!

Mr. Knowles (Winnipeg North Centre): If the hon. member over there would like to make a speech I hope he will do so. This is an important debate. The least the House should do is allow this issue to be under debate for a few days, not just for one day so that it slips out of the news before the people have heard about it. Debate should continue until the people of the country are persuaded that the House of Commons is treating this issue as the serious one some of us believe it to be.

Having said these things about the general nature of the proposition before us I want to express misgivings about some of the details in the bill as it is now presented. Incidentally, the general impression, as a result of what the President of the Privy Council (Mr. Sharp) said on the Wednesday of the week before Christmas, is that when the bill gets to committee certain amendments will be made to it. The hon. member for Windsor-Walkerville, although he is not in a position to speak for the government, confirmed that understanding this afternoon. Nevertheless, what is before us as far as any vote is concerned is not an amended bill—it is the bill which was introduced last December, one which provides for a 50 per cent increase in both the indemnity and the expense allowance, and declares that such an increase is to be retroactive to July 8, 1974. This leads me to say immediately that I do not think there is

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any justification for making whatever increase parliament decides on to be retroactive to the date of the last election.

The hon. member for Davenport has just argued that any increase voted by parliament should not come into effect until after the next election. Yet here we are being asked to make it law that we should get a substantial increase retroactive to the date of the 1974 election.

There is a point concerning which feelings are so strong and arguments are so sharp that maybe we will never be able to settle it. That is the question as to how long a period the increase voted in 1971 was intended to cover. I know there is nothing in *Hansard* about what was understood at that time. However, I have been here for five of these battles and it was certainly my understanding, my grasp of the situation, that the reason the boost was so high in 1971 was that it would be several years before there would be another. Some hon. members do not accept that argument, but as far as I am concerned, it is a valid point. Even if hon. members do not accept it I still do not see how anyone can justify asking for an increase to be retroactive to the day on which members of this House were elected.

When we ran in the election which culminated on July 8, 1974, we knew what the pay and allowances attached to this job would be. We knew that if we were fortunate enough to get here it would be \$18,000 taxable plus \$8,000 by way of a tax-free allowance. I submit that if there is a case for an increase now because of the higher cost of living since July 8, 1974, any such increase should come into effect only now, and not be made retroactive to July 8, 1974. A retroactive payment of the kind suggested would mean we would each get a cheque for a retroactive amount which would be greater than the amount most people make in an entire year. I submit this is not justified in all conscience, and I urge that, if this bill does get second reading and move into committee, the effective date be changed.

Another point which bothers me has to do with the indexing which is now proposed. I said a few moments ago that all we are voting upon is Bill C-44 in the form in which it is before us. But we do know, from what was said by the President of the Privy Council on the Wednesday before Christmas, and from what the hon. member for Windsor-Walkerville said this afternoon, that there are proposals to provide for an escalation of the salary and allowance, starting in 1976, which would be based on the industrial composite index or, as the hon. member for Windsor-Walkerville called it, the ICI, as opposed to the CPI, or the consumer price index. I find this proposal as offensive as any I have seen brought before the House of Commons.

Some of us have for years fought hard for the principle that pensions should be escalated not just by the rise in the cost of living, which only keeps people where they were upon retirement, but that they should be indexed in accordance with the rise in the standard of living. We have suggested that the gross national product should be used as a base; we have suggested that the wage index be used as a base. We have never been able to get the government to accept this principle. This point was made very clearly in a report issued a few months ago by the National Council on Welfare, a body which operates under the aegis