

*Government Administrative Policies*

and procedures for ensuring that the spirit of these undertakings is observed in practice.

Although the economic environment has changed considerably since the commission was established, the approach which it has been following, with the full support of this government, is just as relevant today as it was one year ago. The business community and governments, provincial and federal, are co-operating with the commission in seeking to hold price increases below cost increases. But more effective steps to contain cost pressures in the economy are essential if substantial expansionary moves are not to set prices rising faster than ever before.

It has been alleged in this House that the approach of the Prices and Incomes Commission has no support. It may interest hon. members to know that I had occasion to lead the Canadian delegation at the meeting of the Organization for Economic Co-operation and Development in Paris on May 22, and the policies that we have developed in Canada through the Bank of Canada, the Department of Finance and the Prices and Incomes Commission received very substantial support at that ministerial meeting involving 18 industrialized nations of the world.

• (5:50 p.m.)

There has been mention in the House that the OECD is critical of our policies. I wish to read from a communiqué issued by that conference on May 22. I quote from the first page:

Ministers agreed on the need to persevere in most countries with the restrictive demand management policies already adopted. To achieve stability it will also be desirable to combine these policies with other measures of a structural and more selective nature. According to circumstances, such measures may include manpower policies,—

We are in this fiscal year spending more money on manpower policies than ever before.

—regional and sectoral policies—

We are also spending more money in this area than ever before.

—incomes policies and efforts to increase competition, nationally and internationally.

As I made clear to the House, we are in the process of revising our competitive policy through the Combines Investigation Act. At the OECD conference, speaker after speaker emphasized that a prices and incomes approach and a guidelines approach, in spite of all the difficulties, frustrations and sometimes the disillusiones, are worth pursuing.

They stated that if countries are to control the unacceptable rate of price increases which we have experienced in the western world over the last few years, we must, in spite of all the difficulties of a prices and incomes approach, follow that approach and persist in those policies. I wish the members of the New Democratic Party could have heard the representative of their more successful counterpart in Britain, the Chancellor of the Exchequer, Mr. Jenkins. I wish he would come to Canada. He can certainly teach the New Democratic Party something. If the members of that party spoke with him, they might make more intelligent speeches than they made today and have made over the last 18 months.

The efforts of the government in its anti-inflationary program as a whole, including its support for the commission's price restraint program, have clearly achieved a measure of success in slowing the rate of price increases in Canada. The most recent consumer price index is for May, 1970. We have all listened to the hon. member for Prince Edward-Hastings asking questions every time DBS releases a report. When the price index declined by 0.1 per cent between April and May, we did not hear from the hon. member for Prince Edward-Hastings. This was the first decrease recorded since 1962. Between May, 1969, and May, 1970, the rise in the over-all index was 3.8 per cent, which is still unsatisfactory. However, this was the first year-over-year rise of less than 4 per cent recorded since March, 1969.

We are beginning to see hopeful signs that the fiscal and monetary policies of the government, and the Prices and Incomes Commission, are having an effect on the unsatisfactory rate of price increases that we have had. I thought the members of the NDP, who are always moaning about one thing and another, would have welcomed this sort of development and would have supported the program of the Prices and Incomes Commission. Instead, they have spent the last 18 months trying to destroy and discredit it.

**Some hon. Members:** Hear, hear!

**Mr. Basford:** So far, the reduction in the rate of price increases has been made possible by the squeeze on profits that has occurred with fewer increases in direct taxes rather than a reduction in labour cost increases. Corporate profits in the first quarter of 1970, as pointed out in this House, were 3.9 per cent below the level of the first quarter of 1969,