

Anti-Inflation Act

Mr. Penner: I said quite clearly, Mr. Speaker, that a combination of factors has warranted the action of the government at this moment, when that same action was not warranted previously. If I have not made this argument to the complete satisfaction of the hon. member for Grenville-Carleton (Mr. Baker), I will have to let it go and let other members attempt it.

The OECD report emphasized that while a voluntary period of restraint is clearly preferable—and that is the view that the government took—it may be desirable to use legislation if agreement among the parties could not be reached quickly. That is exactly the situation that occurred: a determined effort, a hardworking effort was made to bring about voluntary restraint, but that did not work so the government took the next logical step, which was to introduce legislation. That is exactly what the OECD report recommended ought to be done in Canada.

The report goes on to say that although there are inevitable difficulties in introducing a prices and incomes policy, the general economic environment should be more conducive to the successful operation of such a policy now than has been the case for a number of years. So the argument can be made, and we can meet it head on, that there are good and justifiable reasons for this kind of economic policy now, when there were not as good and justifiable reasons six months or a year ago. I think there are. The government does have the supporting argument that now is the right time for controls, when such might not have been the case in the past.

It has been pointed out by some that the economy is now on the upturn, that there are some factors which indicate that productivity is up and that the gross product will increase. Then why do we need controls at this time? Is it not the wrong time to bring them in, when there are some signs that we are in an upturn: surely, some have said, it would be better to have a continuing *laissez faire* economic policy with respect to incomes and prices, and the end that we all want to see achieved will come naturally. If I may return to the OECD report, it suggests that increasing economic growth is not at all incompatible with anti-inflationary policies; in other words, they do not work against one another but they can work together. They are compatible and can achieve the same ends, and achieve them more quickly. In fact, the two things together—stronger expansion along with an anti-inflationary program—can work to reduce costs and price pressures, particularly if both are associated with marked improvement in productivity. That is a third element, our rate of productivity must increase along with the upturn and the anti-inflationary program.

To a great extent, the success of the government's anti-inflationary program will depend on what happens to prices in the supermarket and what happens in the housing sector. These are the final two points I wish to mention. I want this program to succeed, naturally. I want it to accomplish what the government hopes it will accomplish to break the inflationary psychology; to bring us to our senses so that we will not continue to take more out of the economy than there is in it. If it is to succeed, if the citizens of the country are to accept it, its success depends to a certain extent upon what happens in the supermarket and in the housing sector.

No one disagrees that our primary producers must be encouraged to continue to produce all the commodities we need for our tables and that they must produce them efficiently. I am quite convinced, however, that the consumers of this country want an assurance that the primary producers of Canada will follow the general principle enunciated in the white paper on the attack on inflation; that is, that their increases will reflect only legitimate costs incurred, and nothing more.

Everyone knows that there has been a good, healthy turn-around in farm income in the last number of years and that farmers who were not getting their fair share of the economic pie in the past have now been doing much better. I suppose it could be debated endlessly whether they are doing well enough. At the present time, however, consumers will not be at all happy if the primary producers expect to get more than their own particular increases in costs. If they pass along more than that, there will be a considerable amount of unhappiness.

The suggestion that the Anti-Inflation Board will look at marketing boards should come as welcome news to all of us.

Mr. Baker (Grenville-Carleton): To everyone except Eugene Whelan.

Mr. Penner: He can make his own arguments.

Mr. Baker (Grenville-Carleton): He did.

Mr. Penner: The operation of marketing boards is a relatively new area in Canada. No one is quite sure to what extent they really benefit the primary producer and to what extent they may simply be subsidizing inefficient operations, or even to what extent the consumer is having to pay for all this. I am pleased that the Anti-Inflation Board is going to look at the question carefully, and I think consumers will demand that much from it.

The second area I mentioned is the housing sector. I was impressed with the recent report of the C. D. Howe Research Institute on housing which seriously questions some of the existing housing programs in Canada.

Mr. Broadbent: I can imagine.

Mr. Penner: When we are talking about housing in Canada, we are talking about a very relative situation. We all know this is still the country with the best housing in the world. I think we realize that we are the best housed people in the world and we should all take justifiable pride in the quality and standard of our housing. If we are not happy about our housing, if we criticize certain aspects of housing, we must criticize it in the context that we have done well in the last few years. This is not to suggest that we cannot do better.

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The C. D. Howe report talks about the futility of encouraging demand when the rate of new supply has been declining. It refers to the encouragement being given to first-time buyers. One thing can be said about federal grants to first-time homeowners: they were directed to people in the greatest need. Other provincial programs were more all-encompassing, and as such were hand-outs