

Anti-Inflation Act

Apart from the constitutional issues, there are reasons for doubting the effectiveness of the legislation. Before I pass from the constitutional issue, I would say that in a matter of this sort which is seriously in doubt, the government should have referred it—and, indeed, still should—to the Supreme Court of Canada in order to set aside these real doubts as to their powers. They have not done that. They have not drafted the legislation or its preamble in a form to indicate there is a real emergency. That will seriously affect the act as a whole.

There are many other reasons for doubting the effectiveness of the provisions, particularly as they purport to apply to price control. First is the uncontested fact that instead of a direct control over prices, which might be enforceable even though it is not particularly easy, we have some indirect formula of controlling prices through the control of profit margins. In my judgment, that is not the way to control prices: it brings into the equation a lot of highly obscure and difficult accounting questions. Again, it is an opportunity for those who are well organized to get the best accounting advice to escape the provisions of the act.

Mr. Broadbent: Not to mention lawyers.

Mr. Brewin: I did not mention lawyers because in this field the accountant is vastly superior to the lawyer. There may be a few lawyers who are up to accounting standards. I was a little shocked to hear one of my colleagues in the House the other day say that any lawyer worth his salt would know how to falsify the books. Having practised law, I knew quite a few lawyers who were certainly worth their salt, but at no stage of their career did they ever dream of stooping to the practice of falsifying books. However, there is the question of effectiveness by reason of the failure to deal directly with price controls. I know they are mentioned in the bill. However, in the white paper we received it is fairly clear that the present intention of the government is to deal indirectly with prices through the attempt to control profit margins. There are many difficulties involved in that.

In order to initiate any sort of enforcement proceedings, as I understand it there must be an investigation by the Anti-Inflation Board, and I think it will be a miracle if they are not soon swamped with a tremendous backlog of cases. This would be another cause of delay. The individual consumer or citizen, or group of consumers or citizens, has no power whatever to initiate proceedings. The administrator, who is given the main function for enforcement, can act only on advice or on a report by the Anti-Inflation Board or the minister. That is wrong. Even under the old combines investigation acts—although they were not too effective—there were provisions for groups of citizens to initiate proceedings. Experience has shown that to be absolutely necessary. Such a provision should certainly be in this bill. In addition, after the administrator has acted on the advice or report that is made, no doubt after fairly lengthy investigation, he is given certain powers. When his powers have been exercised, they are subject to appeal to an anti-inflation appeal tribunal. Following that procedure, if that is not enough, there is a possible review by the Federal Court.

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All of these weapons are weapons of delay, and they are all available to those with the means and the will to try to disrupt enforcement of the act. The machinery that is provided invites delay and obstruction, and this will lead to the ineffectiveness of the whole scheme. I am not saying that there should not be some form of appeal procedure, but I am saying that the procedure is unduly elaborate, quite unnecessarily so, if you really want effective enforcement.

Unless people have confidence that these measures will effectively control prices, they will not get very much public support. I do not think wage earners will be enthusiastic about supporting the measure when they see inflation creeping on notwithstanding the legislation. There are so many exemptions and potential exemptions in the proposed legislation, some inevitable perhaps, that one has serious doubt whether anyone could honestly say that they believe the legislation could be effective.

First of all, I gather that firms with less than 500 employees are not covered under the mandatory provisions of the bill. Secondly, farm and fisheries products are exempted from the provisions of the bill—and this will affect food prices. That may be inevitable, as it may well be inevitable with the provision exempting imported products. When the government says it cannot, or will not control food prices directly, I am afraid we are getting into a situation where confidence in the measure is almost impossible.

As for energy, my understanding is that the federal government proposes to allow the price of oil to rise toward the international price by reason of the provisions of the Petroleum Administration Act. This is another huge gap in the effectiveness of anti-inflation legislation. For example, Ontario Hydro has asked for and received approval of a 27 per cent increase. I understand that this increase is under review by a committee of the Ontario legislature, but nevertheless there is the real prospect of Ontario Hydro receiving this increase. This is one of the organizations that has great influence on prices. Both industrial and consumer use of energy is vital to the maintenance of stable prices, yet the exemption is provided.

There are other exemptions. One group of teachers is covered, another not, by accident of date when the last agreement was signed. During the first day or so of this part of the session we were told by the Postmaster General (Mr. Mackasey) that the postal workers were not really covered by the act, though I think other members of the government said that they were. In addition, interest rates and financial institutions generally, such as banks, are more or less exempt from the act. A large field of insurance is exempt.

As for rents, I understand the provinces are trying to work out a joint method of controlling rents. The government proposals will allow some flexibility, which perhaps is necessary and right. But if this flexibility varies from province to province, it will just be one more inequity. As for new structures the rents of which have not yet been established, these will be exempt for five years after date of completion; that is, if rent controls last that long.