

Anti-Inflation Act
AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[English]

ANTI-INFLATION ACT

PETITION TO END CONTROLS ON JUNE 30, 1977

The House resumed consideration of the motion of Mr. Stevens:

That the Anti-Inflation Act being chapter 75, Statutes of Canada 1974-75-76, as amended by chapter 98, Statutes of Canada, 1974-75-76, shall expire on the 30th day of June, 1977.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, before six o'clock, commenting on the quality of the debate, I praised the hon. member for Rimouski (Mr. Allard) for speaking in human instead of economic and political terms. Now I mention the speech of the hon. member for Eglinton (Mr. Sharp) who delivered a written speech. As he admitted, he has not written one for a long time. It came from the soul, was sincere, and set out the history of the last 40 years from a senior civil servant's point of view. The hon. member sounded soothing, just as senior civil servants do when they do not know what to do. At least the hon. member suggested that controls should come off as quickly as possible, but left it at that.

Before six o'clock I also said something which caught the attention of the Minister of Labour (Mr. Munro). I said that price and wage controls are inflationary, and parliament, by enacting them two years ago, had legislated inflation.

We have heard much talk in this House and across the country these last two years about the rough justice of the controls program, and we have also heard it said that there are distortions in the economy. Such phrases are meaningless unless you understand what they mean in terms of human suffering. I said that in 1976 the farmers of Canada saw a drop in their realized net income of 25 per cent, and it is predicted this year that, because of rising costs, the realized net income of the farmers will drop another 20 per cent. Therefore in two years, under this program, the farmers of Canada, the most efficient people in the whole economy, will lose more than 40 per cent of their realized net income. Their incomes will have declined by that amount.

We heard government spokesmen telling the House today that labour income had gone up some 10 per cent or 13 per cent, that prices had risen only 6.5 per cent, and that labour is ahead of the game. When government spokesmen speak of labour, they mean big labour, not the two thirds of labour which has no powerful union to negotiate a share of the pie.

I am concerned about human values, which is why I speak about the person at the end of the line. How does he feel about inflation? Mr. Speaker, I ask hon. members to think of the plight of those retired on non-indexed pensions. I ask members

[The Acting Speaker (Mr. Turner).]

to think of those who saved their money, those not in a pension plan and seeing the value of their savings dwindle each year. Some sacrificed for a lifetime to secure a pension of \$5,000, \$6,000 or \$7,000 a year. They are the human part of the equation which politicians, economists, and political scientists forget. That is why I praised the remarks of the hon. member for Rimouski. He spoke of what the farmers of Quebec are enduring under price and wage controls. In theory, they are protected by the great minds of this government. In practice, they are being driven out of business. This is the human factor that has to be considered in the decision we are going to make tonight.

● (2010)

I started out by saying that wage and price controls, dividend controls and all the rest, are inflationary. I will give other examples of what I mean. Think of all the labour unions that knew that the profits were declining, that the best they could expect was 2, 3 or 4 per cent of an increase. How did they feel when wage and price controls were brought in saying that, "Because of the economics of your industry, your increases are limited to 10 per cent"? Naturally they all took the 10 per cent.

I mentioned the case of farmers. I could go on to class after class to demonstrate that price and wage controls have only one *raison d'être*, one reason for them, that is, to give a temporary shock to the people of the nation to show that we are running downhill in a great hurry. During that time you can freeze, not 6 per cent or 10 per cent, but really freeze. You should use that time to get at the basic causes. I will leave that for a moment and go to another question.

I want to remind parliament, particularly the government, that what we are going through, inflation and employment at the same time, is not a new phenomenon. As the hon. member for Eglinton said today, they now admit that you can have inflation and employment at the same time. Do you know what that means? An ex-senior civil servant has finally convinced himself there may be some reason for doubt. He does not seem to know that for ten or 15 years voices in the wilderness have been raised all over the world, pointing out that the economic theories our leaders were following were not accurate in the quantitative sense.

After the budget of 1976 the hon. member for Don Valley (Mr. Gillies) and myself made back to back speeches, pointing out alternative theories which explained economics in the sense that you can explain it, with unemployment and inflation at the same time. We put forward constructive proposals, both domestically and internationally, showing how we could cope with it. The press paid no attention to us. It was a new subject. We had been told for years by our leaders, and by that I mean the senior civil servants, that we had to trade off unemployment and inflation. I simply point out that what we are suffering here today is not new.

I do not intend to use all my time giving a history lesson to this House. However, just going back 1,000 years, this is the fourth time we have had this situation. Those who even faintly