

Sure they froze our salaries, but let's not be bitter ...

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Special Issue

... they froze our wages, too.

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Background to Trudeau's plan

by Bob Bettson

After a near defeat in 1972 Prime Minister Pierre Elliott Trudeau's Liberal government was in danger. It was June and the 1974 election campaign was in full swing. Pollsters cautiously predicted either a Conservative or Liberal minority government. But the Prime Minister would not give up without a fight. Speaking to 25,000 Liberal supporters in the largest rally of the campaign in cavernous Varsity stadium in Toronto, the PM got his loudest applause with a blistering attack on the Tories main campaign plank, a 90 day wage and price freeze followed by controls. What is Bob Stanfield going to do? Well he's going to freeze your wages," shouted Mr. Trudeau. What happened to that declaration is well known. The Liberals were carried to a landslide victory by Canadians who feared the imposition of controls. Yet a scant 15 months later the Prime Minister went on national radio and television on October 13, 1975 to announce the imposition of the heaviest controls program since war time emergency measures. Labor Minister John Munro admitted publicly six months later that controls had been a contingency plan, even during the vehement Liberal campaign against the Conservative controls package in the 1974 election.

One thing is clear. Wage and price controls are not unprecedented in Canada, or other western liberal democracies. Economists are still arguing about the success or failure of the Nixon controls in slowing the rate of inflation in the US in the early 70s. Many economists say other factors were more responsible than controls for slowing inflation in the U.S. The degree of government intervention in the economy which characterizes controls is not unprecedented either. In the depression years the federal government intervened in many areas of provincial jurisdiction, because of the national economic crisis. The most convincing rationale offered by apologists for the present controls program is the national emergency presented by the spectre of galloping inflation, which would erode workers' earnings and cause huge risks for business.

In assessing the background of the present furor over the Canadian Labor Congress national day of protest, it is necessary to review some of the main events since the imposition of controls a year ago. Caught in the midst of a confusing and seemingly inconclusive deluge of viewpoints from the Anti-Inflation Board, government



Morris meets Trudeau

Prime Minister Pierre Trudeau was all smiles last summer as he talked to Joe Morris, president of the Canadian Labor Congress (CLC), following the CLC's annual convention in Quebec City. The reason for Trudeau's mirth? Morris had announced there would be a "national day of protest" against anti-inflation controls.

spokesmen, labor spokesmen, business groups, and the media, the Canadian public has gradually moved from overwhelming support for controls to a mixture of half-hearted support and suspicion.

— **October 13, 1975** — The Prime Minister announces the program. It initially includes the federal government and all its employees, the 1500 largest companies in the country and their employees and all professional people. The act, passed by parliament after committee hearings, includes four parts: controls on prices and profit margins, controls on professional fees and incomes, controls on dividends and finally wage controls. All these would be administered by the Anti-Inflation Board (AIB) under the chairmanship of former Liberal cabinet minister Jean Luc Pepin. Reaction is swift to the announcement. Tory leader Bob Stanfield says he is vindicated by the controls, which he admits are stronger than the program proposed by the Tories in the 1974 election. Newfoundland premier Frank Moores announces Newfoundland will be the first province to endorse the controls. NDP premier Dave Barrett announced an immediate price freeze on many items, vowing to fight the federal program because it doesn't effectively deal with price control.

— **October 22, 1975** — Prime Minister Trudeau follows his national address by going on a nationwide promotional tour for the controls program. In a Saskatchewan speech to the Liberal party faithful he calls on all Canadians to join his "new crusade against inflation." Meanwhile, AIB chairman Jean

Luc Pepin has already engulfed the infant board in controversy with his often repeated comment that Canadians need, and should expect "rough justice" from the board in the fight against inflation.

— **October 31, 1975** — Riding on a groundswell of grassroots opposition to controls by Canadian workers, the Canadian Labor Congress commits \$500,000 to the initial battle against the controls legislation. A fighting statement from CLC president Joe Morris indicates that even the union moderates are up in arms. "This is one law I am prepared to break no matter what the cost," says the boss of two million organized Canadian workers. The Congress announces its alternative program for the Canadian economy which includes a massive home building program, increased pensions and measures to lower unemployment. At this point only the labor movement and the NDP are declared opponents of controls.

— **December 10, 1975** — The AIB announces it will begin monitoring the prices of 200 companies. Previously only the wage controls part of the program had been visible. Mr. Pepin announces controls will be broadened to include more businesses and their workers. Selected companies must notify the AIB 30 days before a price increase.

— **January, 1976** — Prime Minister Trudeau broadens his general crusade in favor of controls. In a year end interview with CTV he starts a national controversy by saying the free market system has failed in Canada, and only massive state intervention can solve our economic problems. His remarks

on the decline of free enterprise draw abuse from the left and the right. Business groups accuse the PM of leading the nation down the road to socialism. The CLC and the NDP attack him from the left saying his policies are leading to an authoritarian capitalist economy, run for the benefit of the rich and powerful.

— **February 16, 1976** — The Alberta government signs an agreement with the federal government clearing the way for controls for Alberta provincial employees. It is the fourth province to do so, joining New-

foundland, Quebec and Manitoba.

— **March, 1976** — The controversy over the AIB, and its implementation of controls, heats up. Government and labor spokesmen tour the country to whip up support for their positions. CLC president Morris says of AIB attempts to get workers to pay back wages paid over an AIB award: "The AIB is trying to intimidate workers." He charged that the government "has openly declared war on the trade union movement by imposing wage controls on all working people, making them scapegoats" for the economic failures of the Trudeau government. Labor minister John Munro lashes back in a bold speech to Canadian steelworkers: "Collective bargaining is still going on." Mr. Munro says the controls do not use labor as a scapegoat because labor stands the most to lose if galloping inflation continues. He defends the process behind the implementation of controls, charging that the CLC has hurt its cause by opposing controls all along the line, and not waiting to see if they are effective. The unions are impatient and 30,000 angry workers parade on parliament hill, on March 22, while inside the CLC presents its annual brief which criticizes the Trudeau government in the strongest terms it has ever used.

— **April 12, 1976** — The government announces new

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Projected million to march Oct. 14

On Thursday Oct. 14 an estimated one million or more Canadians will march in protest of the Trudeau government's anti-inflation program.

In most major centres across the country, the labor movement and other protestors will publicly voice their opposition to what they consider unfair controls and government cutbacks in social services.

Labor leaders say most major industries and services across the country will be shut down for the day.

In Edmonton, protestors will rally at Renfrew Park at 10 a.m.,

march to the legislature for a short rally, then continue down Jasper Avenue to Sir Winston Churchill Square for a noon rally.

Students on campus who wish to demonstrate will gather on the Quad in front of CAB at 10 a.m. for an open air rally, will march across the High Level Bridge and meet the main parade at the legislature.

Speakers at the noon rally in the Square will include Alberta Federation of Labor leader Reg Baskin, alderman David Leadbeater, and Alberta NDP leader Grant Notley.

This is a special issue of *The Gateway* examining the federal government's anti-inflation program and the Oct. 14 day of protest against that program. Regular publication will resume Thurs. Oct. 14.