

*Anti-Inflation Act*

The interview dealt with wage and price controls, and their effectiveness. Answering a question, the Prime Minister replied that the essence of his position was:

... that controls themselves, whether it be a full freeze of control of prices and incomes, do not solve the underlying malaise of people generally trying to get more out of the economy than they put into it. If controls were a proper and effective device to change that psychology, I would say, well, it's easy, let's put on controls, then, one year down the road, we'll take them off and there will be no more inflation. But I think every experience that I know of, most recently the United States and the British experiences, are to the effect that when you take controls off you begin more or less where you were before.

● (2040)

So there the Prime Minister himself is saying that in the long run controls won't control inflation because once you remove them everybody feels they have the right to catch up.

We have a program we are told is going to last three years, and then the Prime Minister, on a great pilgrimage—crusade, I suppose he calls it—says maybe we will have the controls for only one year, that maybe we won't keep them on for three years. The man is contradicting himself left and right. I think it indicative of the way this policy was introduced, in haste, in confusion, with lack of proper planning and, as we are seeing now, with business, labour, and everyone else having so many questions which remain unanswered.

What is wrong, then with the Liberal wage and price control package? I have tried to demonstrate that, first of all, the guidelines are based on a false premise, that they do not meet the four causes of inflation which I have outlined, that the government is going at it in the wrong way. I think the second thing which is wrong with the wage and price control package is that it is unfair, and the third thing is that it is unworkable. Why do we say it is unfair? We can break it down into how it is supposed to control prices and wages. Take a look at prices first.

We find in the guidelines in the white paper and in the bill before us that there will be no direct investigation of price increases. Companies will not be expected to refer price increases to the Anti-Inflation Board. The board will rely on consumers or other interested groups or individuals to report to it what they think are unjustified price increases. In other words, the board is to rely solely upon the complaint system, and there are only 200 on the staff to handle the complaints which will be coming in. I think this is indicative of how dedicated the government is going to be in investigating unjustified price increases when it only has that many on staff.

We already know that telephone calls are coming in to the Anti-Inflation Board at the rate of some 500 calls a day. Even answering those calls will take months of delay at the rate things are going now. The government, then, is not going to hold the lid on prices by investigating every price increase or requiring companies to submit price increases. It is going to be selective. The government is only going to respond when the complaints come pouring in, if it can ever find its way to sort through all these complaints.

The most damning thing about how it is proposed to control prices is, supposedly, by controlling profits. In other words, the government will look at the profit picture of a given company and, if the profits seem excessive, then

[Mr. Symes.]

it may cause a roll-back in the prices. The problem with that, of course, is that you must wait for the end of the year for the financial report of a company to be available. So if there is a rip-off on a consumer item that rip-off will be allowed to continue throughout the whole year until the board has time to look at the annual report and then, a month or two months later after doing an analysis, makes a decision. Therefore the consumer does not have protection throughout the year.

Let us say, that, at the end of the year, plus time for investigation, it is found there has been injustice done by price increase. Suppose it is on a can of beans in a supermarket. How is the consumer ever to get a refund? Can you imagine that Loblaws or, say, Dominion, will have a store clerk standing beside the beans passing out a one cent refund if you bring in all your labels to prove you had purchased them at that store? It is absolutely ridiculous. In other words, the consumer will never get a refund. If an unjustifiable increase can be proved, any refund will come back to the government. Let us not delude ourselves that consumers are going to see an effective control on prices on a day to day basis. We also know that through accounting procedures, an accountant can manipulate profits shown in an annual report. This is done within the confines of our taxation law.

Fees to parent companies can be charged at a greater cost; transfer payments can be made; companies can put money away for future investment and label it as a cost rather than as a profit, in order to show at the end of the year that profit margins are very narrow. This can be done while at the same time increasing the cost of the various items on sale. One can never tell, just by looking at the profit margins, whether or not there was a justified or unjustified price increase.

We also find as we go through the legislation that the loopholes and exemptions which exist as far as price controls are concerned are numerous. First of all we have the provision that when costs go up prices will be allowed to go up. That, of course, is legitimate. But the point is: how will we know for sure that the actual cost of a product went up? Actual costs can be buried in all kinds of accounting procedures.

We also have the grand assurance of the Minister of Finance that if costs go down during the year prices will be expected to go down correspondingly. Well, I wonder if we can really place any confidence in that statement. Consumers will recall that only a year ago, when the price of sugar rose astronomically, one of the arguments the soft drink companies were using to justify the increase in the price of soft drinks was the increase in the price of sugar. They were even applying it to diet soft drinks which did not contain sugar. But we now know the price of sugar has fallen. Has the price for soft drinks come down accordingly? Not at all. I think that is indicative of the hope one should place in prices coming down should the cost of a product be reduced.

We also find in the legislation another loophole in connection with prices. Provisions are made that a company can exceed the profit guidelines in the legislation if it experiences unusual productivity gains. That is a phrase vague enough for any company to play with and manipulate, to show that its profit is not abnormal. There is no