

*Income Tax Act*

creating the goal of 3 per cent set by the Economic Council of Canada. In fact, it could rightly be said that the government's policies are producing an economic over-kill.

With reference to the second point, a high rate of economic growth, we find the growth rate is slowing down and there is an absurd imbalance of economic priorities aggravated by the government's drastic cuts in needed public services, housing, urban renewal, winter works and pollution control. In fact, the public sector is being sacrificed to the private sector, adding little to individual or community well being. The Economic Council recently stated in one of its reports that fiscal and monetary restraints would raise unemployment, slow down the economy and exercise only marginal effects on the rate of inflation.

● (4:00 p.m.)

With regard to price stability, we have found there has been an increase across the board in prices of food, manufactured products, raw materials and services generally. We have noted sharp increases in the prices of lead, copper, nickel and steel, and the minister most directly concerned has indicated his reaction to these increases. The Minister of Industry, Trade and Commerce (Mr. Pepin) told us that the increase in the price of nickel really did not affect Canadians much because most of the nickel was exported. The hon. member for Waterloo (Mr. Saltsman), suggested we might have a two-price system for nickel and that Canadian manufacturers should be charged the lower price so that they might become more competitive in the export field. But this was not well received by the Minister of Trade and Commerce. When the United Steel Workers of America proposed there should be a public inquiry in connection with increases in steel prices, again the Minister of Consumer and Corporate Affairs (Mr. Basford) rejected the idea.

When we look at the profits made by the banks, as revealed in recent financial statements, we understand why Canada is facing such serious difficulties today. The profits of the banks are exorbitant and interest rates are much too high. The Minister of Industry, Trade and Commerce expects that interest rates will adjust themselves through the ordinary operation of the market mechanism. He ignores the recommendation by members of my party that we should impose a floating exchange rate of the kind which has worked so successfully in many other countries, particularly in West Germany.

[Mr. Gilbert.]

This problem of inflation has confronted Canadians for a long time. Rather than study the matter seriously the government has used various methods to scare the Canadian people. It has used the traditional method of creating unemployment; it has used taxation instead of considering more constructive proposals. One almost feels there is a plot against the trade unions, linking them with inflation.

Inflation today in Canada does not have the serious consequences which many people think it has. When we compare our situation with that of other countries, we find we have stood up fairly well. I am thinking of the rate of increase of inflation here as compared with the rate of increase in other countries, particularly in some of the European countries. It is the tools and the instruments we have used which have created the inflation problem.

I am disturbed by the attitude of the Prime Minister (Mr. Trudeau) toward inflation. He is putting the blame for inflation on the trade unions. In a speech on November 2, he said that because the trade unions had strong bargaining power they were trying to get a bigger slice of the cake and pass on the consequences of their greed to the little people. He said this in a televised speech, part of an elaborately planned campaign to convince the people of Canada that union-won wage increases are the chief cause of inflation. The idea is to brand the unions as selfish, grasping organizations solely concerned with boosting the incomes of their members at the expense of helpless widows, pensioners and the two-thirds of the work force which is unorganized.

This is really not worthy of our Prime Minister. Instead of taking another look at the tools and instruments the government is using to fight inflation, he is attempting to blacken the trade unions. In this connection, I should like to read the comments of the financial editor of the *Toronto Daily Star*:

Labour is right when it says that voluntary price and income restraints will not work; and, if by some miracle they should work, they would be unfair... Voluntary restraints damage those who adopt them, and reward those who reject them.

The reason labour unions rejected the proposal of the Prices and Incomes Commission with regard to restraint in the area of price and wage increases is that the unions would at one have encountered difficulty in the face of increases by professional people, landlords, banks—through higher interest