

*Increased Cost of Living*

and more oriented toward the sectors of actual demand, such as salaries and incomes, then this represents an inflationary pressure. But nevertheless, there remains that those are merely components much less important than the total factors of demand as a whole.

Third, I will say that we cannot, under present circumstances, simply limit ourselves to an analysis of income structures, to ascertain whether inflationary forces are too strong or too weak, but that it is necessary instead to consider budget problems and monetary problems.

Let us take the first point: the present inflationary situation.

Mr. Speaker, the general rise in prices, which affects all sectors of the economy, is the result of an over-all demand in the public sector, at all levels of government, in the private sector of investments or consumption and in the export sector. Those four sectors are the source of that extremely powerful demand that we experienced last year and that we have known in the first six months of the current year.

But the information at our disposal indicates that this over-all demand for consumer or business investments, even as far as our export markets are concerned, will decline or, at least, that its upward trend will ease considerably. That is, therefore, the problem before us, or rather the problem which will soon have to be faced, and the traditional tools of taxation and monetary policies will have to be used to avert, following a period of excessive growth, an economic recession characterized by lower revenues and greater unemployment in the country.

It will be necessary to make adjustments as concerns this situation, and I know very well that the budget which the Minister of Finance will bring down shortly will permit a reassessment of government policies, in view of an economic situation which has changed considerably in the past few months and which might require measures different from those announced in the spring budget.

Mr. Speaker, that is the reason why I think the stand taken by the New Democratic Party regarding inflation is completely devoid of realism.

The second point concerns the relationship between revenue structures and the problem of inflation.

Mr. Speaker, I admit, as stated in the N.D.P. amendment, that there is a moral problem or a problem of equity each time

we see that the national revenue is not equally or more equally distributed among all the participants in the economic activity of the country.

The figures quoted on the very special situation which prevails among farmers are disquieting. I believe that the policies planned by the Minister of Agriculture (Mr. Greene) concerning an increase in the price of farm products, and the policies which will come before us soon, I hope, concerning the production costs to the Canadian farmers, will reach to the core of this problem of disparity between the farmers' income and the income available to the other classes of society.

Consequently, Mr. Speaker, there is a real problem in our economy, and although we do not accept the N.D.P. amendment, certainly this will not mean that we disregard the need for more equity in the distribution of national income in Canada.

What we cannot admit is the disparity or the lack of equity in the distribution of income, which constitutes the very root or the main source of the inflationary situation that we have experienced to now.

As I said a few moments ago, if we wish to relate that problem of disparity of revenues to inflation, the inequality that we find at present indicates a slackening in the effective demand for products—that is a deflationary factor instead of the main inflationary cause about which the members of the New Democratic Party express regrets in their proposed amendment.

● (4:20 p.m.)

Mr. Speaker, the remedies to such a disparity of incomes cannot be easily identified or catalogued. The problem related to the disparity of incomes and the measures capable of reducing the injustice come under government activities as a whole. It is the over-all budget and taxation that can condition that phenomenon of the greatest inequality of incomes. And I fully agree that, as we are all in favour of virtue, we all want Canadians, throughout this whole country, to get more and more incomes that are less dissimilar. But in order to bring this about, there is not just one particular measure, and it is government activities as a whole, concerning both collection of revenues and expenditures, that should be concerned with such a policy. And I contend, Mr. Speaker, that this government always set as one of its objectives, either through its social security measures or its purely budgetary measures, to have lower