

*Cost of Living*

[English]

**THE CANADIAN ECONOMY****STATEMENT BY PRIME MINISTER ON MEASURES TO DEAL WITH COST OF LIVING**

**Right Hon. P. E. Trudeau (Prime Minister):** Mr. Speaker, parliament has achieved the first purpose for which it was recalled into emergency session. It has legislated an end to the national rail strike and hon. members know that today the trains and ferries are running again. The Minister of Labour (Mr. Munro) will soon announce the appointment of an arbitrator for the dispute, one whose terms of reference are to bring about a prompt and fair settlement. Getting the trains running again was an urgent national economic necessity, as is the second purpose for which hon. members are here. That is the problem of rising prices, especially food prices, which the government wishes parliament to deal with now.

The government wishes to benefit from parliamentary discussion of inflation and the economy; it wishes to seek the approval of parliament for immediate legislative action that it proposes; it wishes to report on non-legislative actions that it has taken and will take. I will briefly describe the government's legislative proposals and non-legislative actions in this statement.

● (1610)

[Translation]

Mr. Speaker, Canadian prices for consumer goods have, indeed, gone up rapidly, although our situation is better than that of most other industrialized countries. In fact, our economy is dynamic and expanding quickly; the expected rate of growth this year is 7 per cent of the GNP in real terms. Such rate of growth is seldom achieved, here or elsewhere. Jobs are being created at a faster rate than in any other developed country: when we compare the first seven months of this year with the corresponding period last year, we see that the rate of new jobs has gone up by 5 per cent and that 411,000 more Canadians have jobs, that is an unprecedented rate of growth namely 4.3 per cent of the labour force. And so, despite the swift increase in the labour force, unemployment has gone down to 5.2 per cent whereas last September it reached its peak at 6.9 per cent.

Workers income and corporation benefits have by far exceeded the global rate of inflation in Canada. During the first quarter this year, the real income of individuals, after income tax, went up by an average 6.2 per cent compared with the same period in 1972. If Canadians have a net increase in income, it is due to a large extent to the fact that the financial budgetary reductions of last February have borne fruit.

Higher costs of food products and others result from world shortages, the effects of which an importing and exporting country such as ours cannot escape. In the face of higher world prices, our action is limited. Nevertheless, Parliament has in effect accepted the important proposals put forward by the government to slow down inflation through tariff and tax reductions that will alleviate the burden of higher prices on Canadians. Parliament has

[Mr. Speaker.]

agreed to greatly reduce personal income taxes and sales tax, to increase tax exemptions, to provide as of January 1974 for the escalation of personal income tax, to increase sensibly old age security pensions, to remove federal sales taxes on children's clothing, to cut tariffs on a wide range of consumer goods.

[English]

Any system of prices and incomes controls has thus far been rejected as ineffective in coping with a phenomenon that is worldwide and because controls risk aggravating the real problem—the problem of supply—should farmers and other producers restrict production in the face of controls. That is what has happened elsewhere. A Food Prices Review Board was established to monitor prices, to investigate price rises, to train the spotlight of publicity on those increases considered to be unwarranted.

● (1610)

The government also announced its intention to nearly triple family allowances.

This package to restrain inflation and to mitigate the effects of inflation was directed at Canadians generally, but especially at those who are least able to protect themselves, those on low and/or fixed incomes. As the world inflationary forces continued, I announced on August 13 further steps extending this comprehensive approach under three sets of measures. These were: measures to conserve and increase the supply of food while protecting farm incomes; measures to protect the consumer against unwarranted price increases; measures to mitigate the effect of rising prices, especially on those who suffer most.

I would like to discuss legislative proposals for parliamentary and non-legislative actions taken or to be taken, under these three headings. I shall discuss, first, measures to conserve and increase the supply of food. The government, on June 29 last, placed soya, rape and flax seeds and their by-products under the control of the Export and Import Permits Act to protect our protein feed situation after the United States imposed their export embargo. Similarly temporary export controls on beef and pork were imposed on August 13 to safeguard meat supplies for Canadians against a rush of Canadian exports to the United States caused by trading and price distortions brought on by price controls in that country. A good supply of meat continues to be available in Canadian towns and cities and prices have dropped substantially following the government action because of increased marketings—

**Some hon. Members:** Hear, hear!**Some hon. Members:** Oh, oh!**Mr. Hees:** This has been a startling statement thus far.

**Mr. Trudeau:**—coupled with some consumer resistance. The conclusion of the rail strike will further serve to reduce pricing anomalies. Export controls will last only as long as they are necessary—

**An hon. Member:** Not in western Canada.**Mr. Diefenbaker:** They are hurting the farmer.**Mr. Trudeau:** Is there anything else?