

*Cost of Living*

were developed he actually foresaw the jump in the bank rate that has taken place this day. If he did, he must have seen the disadvantages that would be created for the slow growth areas of the country and homeowners, and should have taken steps to offset them. Higher interest rates have never been effective in containing inflation. This has been recognized by the International Monetary Fund which just last weekend recommended that governments should consider additional incomes policy measures to supplement the measures traditionally used because the traditional measures have not worked.

I agree that if you create enough employment you can very simply eliminate inflation. But, Sir, our labour force is increasing rapidly and we need rapid growth in the economy to create new jobs for people entering the work force. Surely, we are not going to go through the experience of recent years again when a large rate of unemployment was created through 1969, 1970 and 1971 in order to fight inflation. Since then, we have lived with a high rate of unemployment which has never been overcome despite the boast of successive ministers of finance, particularly with regard to the young and particularly in the disadvantaged parts of the country.

The Minister of Finance is not even prepared to bring in a budget in view of the conditions that now exist. Unemployment stands at 5.5 per cent seasonally adjusted, and it is my recollection that at the time of his budget the minister said that he anticipated unemployment, seasonally adjusted, would fall below 5 per cent by the end of the year. Here it is, Mr. Speaker, at the same rate as it was at the end of March with inflation at a rate well in excess of 8 per cent per year and, in terms of the past months, over 15 per cent. And the minister is saying that he has foreseen all of this.

How long ago did the minister foresee it? Was it at the time of his budget in February? Did he foresee then that inflation was going to reach an annual rate of well over 8 per cent in a year? That budget in any event was a failure as regards inflation. Did he present that foreseeing the conditions that now exist, the present rate of unemployment associated with the current rate of inflation? I find that very difficult to believe. That budget was not effective to deal with conditions as they existed in February, and it certainly is not appropriate to cope with the very different circumstances that exist today.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** I give the minister sufficient credit as a humanitarian not to have foreseen those circumstances. I ask the minister why he comes before this House today, after that budget of February, after an increasing rate of inflation month after month after month and increase after increase in the bank rate, saying that he foresaw it all the time.

**Mr. Turner (Ottawa-Carleton):** Mr. Speaker, a point of order. I think the hon. gentleman wants to quote me correctly. In answer to questions he put to me today, I said that the government foresaw the effect of statistics published today on the cost of living because they showed what had been happening in August. That is all I said.

[Mr. Stanfield.]

**Mr. Stanfield:** Mr. Speaker, I have no inclination to exaggerate what the hon. member said.

**Mr. Speaker:** Order, please. I apologize to the hon. Leader of the Opposition (Mr. Stanfield) and to the Minister of Finance (Mr. Turner). I hope we will not get to the position we were in during the question period when we had interruptions and calls. I suggest to hon. members that perhaps whoever has the floor from time to time should be allowed to make his contribution to the debate to be followed by whoever might want to reply.

**Mr. Stanfield:** Yes, Mr. Speaker, I will give the minister an opportunity to reply to anything I say from time to time. I simply say the minister is now confirming my point. At the time of the budget he did not foresee these conditions. The budget of February and the budget we are now living with are not appropriate to the conditions that exist. It is not for the Minister of Finance to pretend that he has no obligation to come before this House with measures that are appropriate rather than the hodge-podge that he and the Prime Minister produced last week.

● (1610)

There is no greater evidence of the government's lack of concern and lack of understanding of policies than that which is found in the statement which the Prime Minister (Mr. Trudeau) made to a panel of journalists interviewing him on a weekend television program during the election campaign last fall. At that time, the Prime Minister said he did not think it was shocking to see food prices go up. He thought it was good for the farmers. As a matter of fact, as the record shows, the Canadian farmer is just as much a victim of inflation as the retail consumer, the Canadian wage earner, the pensioner or anyone else.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** With regard to the milk arrangement announced by the Minister of Agriculture (Mr. Whelan) today, my party certainly approves of any effort such as this to reduce and hold down the cost of milk. We approve of the use of government funds for this purpose. We made it very clear that we approve of this, but we do not approve of the farmer being stuck with making up the difference, operating under a fixed price and having to absorb the extra costs. We believe it is unfair to apply a price freeze on a particular product without at the same time limiting in any way the farmers' costs. That is what is unfair. The record shows the Canadian farmer as being the prime victim of the policies of this government.

This government talks about the importance of expanding production. Who brought in the Lift Program? Who implemented this disincentive? Who dumped the reserves at firesale prices? Who today cynically bemoans the world situation as a problem of someone else's making? In October 1972, who but the Prime Minister could say that rising food prices were good for the farmer and in September, 1973, announce a policy involving farmers subsidizing other Canadian consumers?

The government is back on the supply kick. The cry is, grow all you can. Has the Canadian farmer been given the advantage of fast write-offs? I direct this question to the Minister of Finance (Mr. Turner). He provided fast write-