

However, it is obvious that the practice entails expenses which are not really necessary for the production of goods required by the people.

This is because most people work in the first place to earn their living and also because the efficient production by machinery reduces the number of jobs. There is unfortunately in our economy at the present time an extremely strong tendency to bungle production, to stretch the work as much as possible rather than to complete it in the shortest possible time. All the mechanisms designed to extend employment increase costs which must finally be recovered by the company. In the long run, it is the consumer who pays and prices also increase each time production costs are passed on to the consumer.

An effective guaranteed annual income scheme under which the consumer would obtain a direct income would change the situation completely, because this income would not come from the production system and would not be considered as a production cost. Therefore, it would not have to be added to the prices charged to the consumer.

The problem of distributing an adequate income to the people to enable them to buy all the products they want would be solved. Production efficiency could develop faster than it does presently because instead of trying to maintain jobs at all costs, businessmen would try above all to increase productivity by using machines able to produce much faster than by hand. The result of such a policy would be to reduce production costs and the producers would be able to pass on this saving of labour and material to the consumer through lower prices.

So, the Social Credit Party of Canada urges the government to adopt a modern and simple guaranteed annual income system in order to enable the country to cope with inflation caused by increased production costs. It means that if we distribute a guaranteed annual income to all citizens, we should automatically be creating a very effective means of coping with inflation.

Mr. Speaker, the Social Crediters are not the only ones to stress this fact. During a conference, a world famous economist, Professor John Kenneth Galbraith, warned that the present industrial system "cannot insure that the purchasing power in the economy will be equal or even approximately equal to the products that can be manufactured through present industrial methods".

A universal guaranteed annual income system paid out of new credit would contribute to increase the purchasing power of the people so as to raise it to the level of production. Instead of mortgaging their future incomes, people could buy with today's money the products they need today, which would put an end to the staggering increase in the consumer debt which has quadrupled in less than 10 years.

Mr. Speaker, another economist, an English one this time, Robert Theobald, in his book published in 1967, wrote, and I quote:

The principle of a guaranteed income is based on the basic American belief in the right and capability of the individual to decide what he wants and must do. That is undoubtedly the meaning of the words "private enterprise", that the individual must have the right to obtain enough resources to do what he believes to be important. In the past, the individual could go into business and obtain resources through it.

Guaranteed Income

Today, the facts show that the small businessman and the small company cannot compete with giant corporations. So the ideal on which private enterprise is based can only be preserved through a guaranteed income. In fact, a guaranteed income would bring about the revival of private enterprise.

Mr. Speaker, a guaranteed annual income would also help enormously from another point of view. Let me mention the public debt. We have nothing to hide, we just have to look into the financial statements of our municipalities, of our provinces and of the federal government to see that this debt is increasing every year in a dramatic way. The public debt service also increases every year. The public debt increase undoubtedly proves that our municipal, provincial and federal governments are incapable of fulfilling their obligations and have to go into debts. A guaranteed income, derived from taxes, would certainly not improve the financial status of the country or of the Canadians.

This is why today the hon. member for Champlain (Mr. Matte) has submitted a motion to the effect that this guaranteed annual income be taken from new votes, in order to increase the available purchasing power. Mr. Speaker, I think that this is the only solution that should now be applied by Parliament and I was very happy to associate myself with the preceding speakers on this subject.

● (2110)

[*English*]

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I am pleased to be participating in this debate on the question of a guaranteed annual income, as it affords the House an opportunity to raise fundamental questions about the whole system of social welfare in this country. Let us not be mistaken about it, the very nature of the guaranteed annual income demands that it be comprehensive and that it not be just another partial or stopgap measure to be added to the existing labyrinthian maze of social welfare programs.

To examine the guaranteed annual income, therefore, we must examine it in the context of the aspirations of Canadians for social justice and in the context of the chaotic, inadequate and, yes, even perverse jungle into which our social welfare system has been turned by ten years of Liberal mismanagement. This, of course, is related to the state of our economy and it is the state of our economy that draws attention to the very low incomes, compared with ever escalating costs, that the poor in this country must face. The latest figures released by Statistics Canada indicate a progressively deteriorating situation for the Canadian worker. Average weekly earnings in December, 1973, were only 5.9 per cent higher than those for December, 1972. When compared with a cost of living increase over the same period of time of 9.1 per cent, it is indeed obvious that whatever the working man has managed to get in salary increases has more than been eroded by inflation.

It is interesting to look at the charts for the past year. Average weekly earnings generally increased over the previous year by 7 per cent or 8 per cent. The consumer price index started off in October, 1972, at a rate of 5.3 per cent. The following month it was 5.1 per cent and in December it was also 5.1 per cent. These figures give the increase over the previous year. Then last June there came