

Increased Cost of Living

The Minister of Finance has promised us a mini-budget or baby budget, and recently an Ottawa newspaper forecast a taxation increase of 10 per cent and referred to farm machinery prices increasing by 9 per cent. Where does this leave the primary producer who depends solely on export markets? He has to pay the high domestic prices for goods but must sell in competition with other nations. He sees machinery prices going up by 9 per cent and income tax going up by 10 per cent. He sees inflation spiralling. He sees the price of everything he buys going up and up, and all this leaves him in a desperate position. It also leaves the person who buys his products in a desperate position.

Only a very small percentage of the population has received wage increases of 33 per cent or 36 per cent. This is called the Pearson wage formula and labour leaders across the country are seeking to have it applied to everyone. I do not blame labour leaders. I think they are justified in asking for such an amount because the Prime Minister (Mr. Pearson) adopted this formula which he thinks is justified for workers in certain categories. It may well tie in with the 50 per cent increase in the money supply for which the government is responsible but it creates a false economy for Canada.

Only recently, as I have said, speaking in Rome the governor of the Bank of Canada said such an increase in the money supply creates a popular feeling and tends to tempt people not to ask too many questions about the future. But where does this leave John Joe or John Doe, the average taxpayer? An article in the *Globe and Mail* of September 6, 1966, summed it up this way: "Next 4 Months' Pay Goes For Taxes." That will apply to everybody in Canada.

• (9:40 p.m.)

Does that make the government of the day happy? They have increased taxes and the Minister of Finance tells us that they are now going to go up by another 10 per cent. As this article suggests, the work done by the average Canadian during the next four months will be done to pay the 1966 tax bill. No wonder people across the country are convinced as never before that we have gone far enough and that taxes are as high as they should be. Perhaps we should look for a middle of the road approach.

Recently the premier of Ontario said that Ontario should look for ways to cut back taxes rather than increase them. That is sure-

ly not the attitude of the federal government in power today. According to the members of that party we must increase taxes. Unless we show some degree of sanity in respect of wage increases and unless we show some degree of sanity in taxation, as the president of the C.P.R. has suggested, we will price ourselves out of world markets.

We all know that no government, even the Social Credit government in Alberta, the premier of which now believes in what I say, can go out and print money to bring about a false economy. To conclude my remarks let me quote once again from this letter dated August 5, 1966:

We made a deliberate decision to increase the money supply and we have increased it by over 50 per cent since that time.

That is exactly what has happened. Let every housewife in Canada know what the governor of the Bank of Canada has said to the effect that inflation in its early stages is popular and that one does not attempt to ask too many questions about the future when inflationary pressures are created by the government. Problems do exist in Canada and that is why we have a joint committee studying food prices. That is why the whole country is concerned about the cost of living. That is why every farmer in the country is concerned about the failure of the government to introduce policies allowing the producer to export his product. That is basically what the farmer wants.

I could go on and mention the 11 per cent sales tax which has not been removed. This is another inflationary pressure. The government has done nothing to bring about stability. Let me conclude my remarks with what I said at the beginning. We in this party were world leaders in maintaining price stability, as referred to by President Kennedy in 1962. During that same period of time we had a tremendous increase in our gross national product. We have witnessed a direct reversal of this situation since because of deliberate policies introduced by the present government.

Mr. Richard Cashin (Parliamentary Secretary to Minister of Fisheries): Mr. Speaker, I must congratulate the previous speaker for the unprecedented tone of seriousness in his address this evening. He showed a rare ability in discussing almost simultaneously several conflicting economic theories. Perhaps this was his bid for leadership.

Let me say in reference to the amendment before us that I was somewhat surprised to