

invested in bonds, they will surely have noticed that they have lost practically as much as they have earned. Inflation rates have consistently outpaced interest rates. And that does not take into consideration the fact that they have had to pay interest on their earnings.

Further, if by any chance their investment has increased in value to a level equal to the increase in the cost of living, they are bound eventually to pay a capital gains tax. This is so despite the fact that the increase in value is merely a paper gain.

It is estimated that Canadians lost 10 per cent in investment savings alone last year. Now, there is an alarming situation! Mr. Average Canadian, who has sweated his guts out for 20 years to build up a modest bankroll, is now forced to sit back and watch his life's savings melt away on the pyre of inflation. How long will Canadians have to put up with that? How long must we be forced to watch all we have worked for go up in smoke? And how long can this government continue to refuse to take positive and comprehensive action?

The only measures the government has taken to date have been measures forced upon it by the Opposition. But these increases in welfare payments and selected tax cuts have been purely defensive measures calculated only to lessen the effects of the skyrocketing cost of living. The government has yet to offer us a comprehensive program of anti-inflation measures. I am not talking about palliatives. I am talking about a positive frontal attack upon the roots of inflation.

The government has failed to deal with the root causes of inflation. The money supply continues to inflate. It has doubled since Mr. Trudeau took office. Excessive government spending continues unabated, as has been shown by the tabling of the estimates for the year 1974-75. The total is up 20 per cent in the current year alone. And oppressive rates of taxation are maintained.

The Progressive Conservative Party has enunciated a series of proposals to fight inflation:

(a) It would bring in tax cuts. It would remove the federal tax on building materials and on clothing for everyone. It would also reduce taxes on personal income.

(b) It would make sure that all its policies on economic growth, regional development, foreign investment, international trade, science and technology, were devised with a view to creating a maximum of new jobs. This would be a major consideration.

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(c) It would not shrink, if the cost of living continued to increase, from the responsibility to impose temporary price and wage controls rather than impose yet higher levels of unemployment.

I am aware of all the arguments which have been made against price and wage controls. But the most significant of these, I submit to you, are only valid if you believe that an inflation rate of 10 per cent per annum is merely a temporary phenomenon. There will be nothing temporary about galloping inflation rates as long as we have this kind of administration mismanaging the economy.

I remember a speech by Senator Everett in which he argued that the mere enunciation of a policy of price and

wage controls would provoke immediate increases in prices. I find this argument amusing because I look at the same facts as Senator Everett and come up with a completely different conclusion.

I am firmly convinced that the present government's attitude towards price and wage controls, its utter refusal to even consider the possibility of such a program, is a clearer and more direct invitation to price increases. The producer doesn't feel at all threatened. He knows that he can jack up his prices as much as he wants. The government will simply not intervene. I am convinced that this do-nothing attitude of the government is doing more to fuel inflation than anything else.

Senator Perrault is also against price and wage controls. He points out that in the United States and Great Britain, they have been totally ineffective. I disagree completely. If these measures had not been resorted to in the United States and Great Britain, we, who trade extensively with these nations, would have been worse hit by that part of our inflation which is imported. I want to remind Senator Perrault and the rest of you that in Great Britain, not only the Conservative Party favoured such controls but also the Liberal Party.

Now, let us turn to the Speech from the Throne and see how the government plans to control inflation. The Speech from the Throne says that "... the Government's policy in dealing with inflation will be to step in, as it has done in the past, and take specific measures to increase the supply of certain goods and services." The operative words there are that the government will "step in." That is the story behind this whole sorry economic mess that we have on our hands. This government has stepped in too often to do precisely the wrong thing.

The business community is frightened of this government. It never knows what to expect next. The threat of even greater, more frustrating and stultifying government intervention always looms on the horizon. It is not the sort of atmosphere that you would call encouraging to entrepreneurs.

In the Throne Speech, the government informed us that what was needed to control inflation was a healthy increase in production. For once they are right. But these are the same people speaking who just a few years ago were paying Western farmers not to produce. It is amazing what time and a near-defeat at the polls can bring about.

We have been saying it for years and I repeat it now: one of the best methods of fighting the present inflation, intensified as it is by rising energy costs, is expansion in the ability to produce. Supply is what should preoccupy us, not the demand side of the equation. Production can be most efficiently and most effectively increased by simply assuring the entrepreneurs a rate of return that makes investment in expanded production worthwhile. That's the key. Make it possible for the producer to turn an interesting profit and he will produce all that is required. Production is down today because there is not enough money to be made. Producers are being strangled by taxes, to say nothing of tiresome government interference.

If this government wants to fight inflation by increasing production, why does it not proceed logically and reduce corporate taxes? But, above all, let us have no more hypo-