

That is an example of inflated prices which contribute directly to inflation.

Furthermore, the tax on building materials has inevitably caused inflated prices.

Those are two direct causes of inflation, or rather of inflated prices. If we really wanted to fight inflated prices, we should take measures against what causes them.

Each year, there is a gap of about 20 per cent between the goods available and the purchasing power of Canadians who want to buy those goods, and to buy them, they need wage increases which infallibly result in inflated prices.

Another source of inflation and inflated prices is the fact that Canadians lack purchasing power. The previous speaker suggested establishing minimum wages for all Canadians.

As reported on page 4 of his statement, the Minister of Finance thinks we should establish, and I quote:

—a yardstick against which to measure the reasonableness of price increases in relation to productivity—

This point is important to determine whether prices are at a normal level or whether wage increases will produce a proportional increase in production. Today, the high unemployment rate is still a factor of reduced productivity and therefore, higher retail prices of products.

We do not have enough time to suggest all the remedies to fight inflation. Unfortunately, we note that those applied by the government up to now have been completely ineffective. Indeed, it does not tackle the real causes of inflation.

[English]

EXTERNAL AFFAIRS

REPORT ON ROME MEETING OF NATO FOREIGN MINISTERS AND SUBSEQUENT VISITS BY MINISTER

Hon. Mitchell Sharp (Secretary of State for External Affairs): I should like to report briefly to the House on the recent Rome meeting of NATO foreign ministers which I attended and on the visits I paid after the meeting to Yugoslavia, Roumania and Ireland.

First of all, I should like to table English and French texts of the communiqué and declaration issued by the NATO ministers with the suggestion that they be printed as an appendix to *Hansard*.

Mr. Speaker: Is this agreed?

NATO Foreign Ministers' Meeting

Some hon. Members: Agreed.

[Editor's Note: For text of communiqué and declaration referred to see appendix.]

Mr. Sharp: Discussions are already under way between various NATO members and individual Soviet bloc countries on such important east-west problems as the limitation of strategic arms, Berlin, and the Federal German Republic's relations with its eastern neighbours. At Rome, NATO ministers met to discuss what further steps the alliance and its members should take to promote improvement in east-west relations.

One possibility examined at Rome was the idea of a move in the direction of broader multilateral discussions, either in the form of a large conference or series of conferences, or a standing commission on east-west problems. Canada took the position that the idea of a conference at the right time and in the right circumstances would be most useful. We felt, however, that the actual decision to convene such a meeting should not be taken until an east-west consensus had emerged on the aims of a conference and on the subjects which could usefully be discussed, and until a conference had reasonable prospects of success. Similarly, we saw merit in the idea of setting up a standing commission, although we thought that the time was probably not yet right for it. It is our view that progress in the individual east-west talks which I mentioned a moment ago would be a good yardstick for determining when the time had come to broaden discussions out into a general multilateral forum. We must keep in mind the primary importance of moving ahead on the substance of outstanding issues.

Canada placed emphasis at Rome on the desirability of broadening the range of specific subjects under discussion with the other side. In 1968 and 1969, NATO had already indicated its interest in the possibility of mutual and balanced force reductions in central Europe, but as yet there has been no formal Soviet response. At Rome, Canada urged NATO to go beyond its previous position and make a clear and forthright offer to explore with the members of the Warsaw Pact how to start negotiations on force reductions. To demonstrate the seriousness of NATO's approach, we said that the alliance's offer should include suggested guidelines for the reductions, and a precise procedure for communications with the other side. A forthcoming, explicit offer of this kind would, in our view, have the best chance of obtaining a positive reply.