

Guaranteed Income

inflation. It seems to me that Canadians will not be easily fooled by promises of income policies which we all know would hit hardest the people with whom this motion is so concerned. However, that could be the subject of another debate.

[Translation]

Mr. Roland Godin (Portneuf): Mr. Speaker, I am glad to second the motion moved by the hon. member for Champlain (Mr. Matte), a motion that invites the government to turn aside from the beaten track and implement a measure to recognize the right of the people to live by way of a guaranteed annual income.

It is obviously an advanced measure and I would go so far as to say that it could be considered as a first. I believe that rather than innocently witnessing the collapse of the capitalist system, it is important to hurry up and bring about significant changes.

In every country of the world, people are complaining about inflation. All governments are seeking solutions and are trying to apply various measures to cure their economy of inflation, but such measures are not working properly. Unfortunately, our governments' advisers disagree on the definition of the word inflation. I believe that this is because the advisers often base their opinions on what they have seen in dictionaries, where inflation is defined as "the excessive issue of paper currency", which means that in order to fight inflation, the amount of money in circulation should be reduced, less money should be printed and more should be taken out of circulation through taxes or otherwise.

As financial credit is gradually replacing paper money in business transactions, inflation is therefore imputed to the overly free issue of financial credits by means of bank loans, and a restriction of credit is recommended.

Our governments even order an interest rate increase to discourage borrowers. When these measures prove insufficient to fight inflation, the government calls on the people to practise voluntary restrictions and austerity. The population is asked to hold back spending. In spite of repeated invitations during the past five or six years, nothing is changed by this, while inflation goes on as if our rulers had lost control.

Another definition of inflation, more recent and imaginative than that of the dictionary, has been used lately in magazine articles on economic matters. I quote:

Inflation is too much money running after too few goods.

However, Mr. Speaker, between this definition and the real problems, the link is easily made, but no one can maintain that the inflation prevailing in developed countries results from a shortage of products in the face of excessive buying power. Nonetheless, 90 per cent of Canadians are aware that such is not the case in this country. Most wage earners, as well as all retired people, needy mothers and unemployed know too well that inflation, the high cost of living, is not due to the fact that they have too much money in their wallets.

● (2100)

Inflation is due to the current financial system which is not attuned to the reality of production and consumption. The accounts of the system are false. Honest accounts are

[Mr. Caccia.]

the only means to counter inflation without prejudice to anybody's legitimate interests. Honest monetary accounts and accounts corresponding to real facts are objectives we would reach through the application of the financial data given by engineer and economist C. H. Douglas half a century ago.

The one and only fact of price increases proves the inefficiency of the system. If it were attuned to the real facts, there would be no inflationary prices but, to the contrary, a gradual reduction of prices as technology would increase and facilitate production.

And, Mr. Speaker, the guaranteed annual income plan suggested by the hon. member for Champlain (Mr. Matte) today is a step that should be taken as soon as possible.

It is true that people who object to this plan believe that increasing the spending power of the public would succeed only in aggravating inflation.

They claim that producers and distributors would bump their prices, knowing that people have the means to pay more. Facts prove, however, that this argument is not realistic. In fact, we tend to believe that the opposite would be true. More purchasing power in the hands of consumers is not necessarily the same thing as excessive purchasing power. Some economists now admit that inflation can as well be induced by increased pressure from the industrial costs as it can be when there is too much money to buy too few products.

It is generally recognized today that the problem of increasingly rising costs generated the rampant inflation we are now experiencing.

There can be no doubt that some industries are pocketing inordinate profits, but numerous surveys on the causes of mounting prices could not show convincingly that all producers had taken advantage of the situation.

The findings of the Food Prices Review Board are but one example among many others. Even if this board has once in a while drawn attention to certain abusive practices in the field of prices, it has failed to prove up to now that consumers are in general fleeced by producers and dealers.

On the contrary, what emerges from business conditions in Canada is that distributors and producers themselves are squeezed between costs and prices; they are desperately trying to hold out in face of inflation. In other words, the present inflation problem is not solely due to market conditions at the dealer level.

The pressure of costs in industry is also a determining factor in the rise of prices. The Social Credit proposal regarding a guaranteed annual income would really make it possible to reduce the pressure of costs which increases every day.

So, far from contributing to inflation our program is really offering guarantees that such a situation caused by increases in the production costs may be improved and even controlled.

Our reasons for believing in such a solution are as follows: First, the revenue is now distributed among the people, provided they work. This procedure for the distribution of revenue is at least followed as strictly as possible.