

these things so that we are all certain that the weakest, the poorest in society gets enough income to live in quite normal conditions. Providence gives to man, man processes goods and the government must ensure their distribution. Some may disagree as to the means to be taken, but it is a fact that in the Canadian society the most practical means we have known up to now has been to have enough dollar to meet the requirements of modern life. Again, I want to assure the minister and the government of our fullest cooperation in having those measures passed as soon as possible. Thus, we could prove to the people of Canada that we are responsible members, that we are aware of the situation. By the way, we saw again earlier during the question period how parliamentarians are concerned about the problem of the rise in the cost of living.

We, Cr ditistes, propose as a solution to check the staggering rise in prices and salaries that our suggestion be at least given a trial, namely a compensated discount on Canadian prices, on Canadian production, a discount to be made available to consumers, as the right hon. Prime Minister (Mr. Trudeau) put it so well this afternoon when he explained in his reply to the leader of the Social Credit party of Canada (Mr. Caouette) that the discount should be passed on to the consumers. So there is only one more step to fuller understanding, that the government do not seek the money required to pay that discount through taxes in the pockets of the taxpayers who already do not have too much, but that it make a sensible use of the Bank of the people of Canada, the Bank of Canada, which has the same powers as any other bank to create credit, to create money.

Then, we would be sure of reaching the goal; consumers would be paying less and the levying of taxes would not contribute to price increases. Mr. Speaker, that is the real solution. Therefore, why not try it on a certain commodity, apply it temporarily or permanently, because I am convinced that after applying it to a certain commodity during a definite period, every Canadian will ask that it be continued, contrary to this policy of prices and salaries control which was applied in the United States with such disastrous results.

This is not the solution. The solution we suggest is the one I have just set forth, and I think it makes good sense if we want the Canadian economy to be brought back to health and to serve all Canadians without problem, to serve all families, so that we can live in a prosperous country with all the freedom we may wish for to and, at the same time, with all the security possible.

[English]

Mr. S. Victor Railton (Welland): Mr. Speaker, I welcome the opportunity to speak in this debate, having heard the Minister of National Health and Welfare (Mr. Lalonde) present a package which would bring about changes in two pieces of legislation, and work in escalation of benefits according to the consumer price index. I thought he made a very good case. I realize he had decided that it was about time someone on the government side pointed out the advanced policies that the government had introduced. He also showed the public the practical methods adopted by the government to look after their complaints and to come to their aid.

Old Age Security

I was also in this chamber to hear the screams from the opposition parties. Each in turn claimed that the minister's proposal was its idea originally. And some claimed that the amount provided was too little. I can picture the scene when Gabriel sounds his horn, with St. Peter praising the Prime Minister (Mr. Trudeau) and the Minister of National Health and Welfare for this good bill, and in the background a noisy cacophony hollering, "We thought of it first."

The reason for parliament's recall to deal with the railway strike was quite logical. Everyone accepted without question that as the strike continued its effect grew greater. The distribution system and the economy of the country were sliding into chaos. But the accusations of the opposition that the strike would never have happened if the government had taken steps to control inflation were completely false. They indicated ignorance, or an attempt to mislead the public.

After the debate last week on the railway strike I was glad to note that all parties in the House had expressed some ideas about the legislation, so as to ensure fairness both to the unions and management, preserve job security, and at another time introduce the principle of indexing wages to the consumer price index. I believe that was a very definite gain.

In my opinion this present debate does not have quite the emergency flavour as that on the railway strike, mainly because I believe that restrictive measures taken to control prices often upset the balance of the economy and produce effects that are not visible at the time regulations are enacted.

● (1520)

This innovation of indexing is not new. In this parliament, however, it began with the veterans' pension, then was extended to the railway workers in our suggestions to the mediator, and it crops up again in the minister's bill. It is a fairly sensible attempt to help people on fixed incomes to combat the rise in prices.

One should then look at the inflation rate in Canada and conclude that it is as good as or lower than any other industrial nation in the world. This includes the U.S.A., the U.K. and the European Economic Community. In regard to food price rises, Canada is at least comparable to the U.S.A. and better in many ways; but since the rise is about 5 per cent or more, the government's intervention as outlined will give relief to the fixed income groups and dampen the speed of the rise.

What makes inflation so difficult to control are world shortages of protein foods both for humans and for slaughter animals. Moreover, there has been a big shift and change in diet everywhere. This began in Europe and has now shown up in Japan, China, India, Russia and Africa. Another point in this inflationary cycle is that the U.S.A. has a large domestic market and its proportion of food exports to its domestic market is smaller than Canada's.

There have been many examples in the recent past of the bad effects of freezes and attempted price controls. Mr. J. Kenneth Galbraith enunciated the economic truth that controls would never work if instituted at the time or in the face of shortages. Controls tend to reduce production and increase scarcity. One other factor in all this is that