Canadian Economy

As far as the rate of inflation in 1980 is concerned, in Canada it was 10.1 per cent, compared with 13.5 per cent in the United States, 18 per cent in Great Britain, 13.6 per cent in France, 5.5 per cent—I agree—in the German Democratic Republic, and 21.2 per cent in Italy. It seems to me that these figures speak for themselves Mr. Speaker. I suggest that in this international context, our level of inflation is high. We are suffering as a result of high interest rates, but we are not the only ones.

We cannot cure all ills in this House. Even the economy of the German Democratic Republic is no longer as sound as it was when these figures were first published. This is significant of course but what I feel matters even more is what was reported in the April 1981 issue of the *Economic Review* about the money supply and what the hon. member for York-Peel failed to mention. That is of paramount importance. In short, we know that inflation is due to a mass printing of dollars which exceeds our level of production, and that the best way to wrestle unemployment to the ground is to reduce considerably, if not entirely, our dollar printing activity. There are various ways to achieve that. We could do as Great Britain has done and wait until the interest rates reach 18 or 20 per cent, and then stun the whole country with a major reduction of the money supply. When we look at the figures, we realize that Great Britain went from 20.3 to 4.2 per cent. Mr. Speaker, I have been to Great Britain and I have seen with my own eyes the impact of such a policy. There is no doubt in my mind that this is the policy we ought to follow, because when such high rates are reached, there is no choice. They had to take stringent steps, but the situation was different in Canada. And that is why the money supply must be gradually reduced. And when it is reduced, Mr. Speaker, it is like a drug addict who keeps increasing his daily fix. When he is weaned off drugs, he finds it painful, but he is told: In the end, you will be free, you will be healthy. Then I think he is willing to be treated. This is precisely what is happening in Canada. A gradual reduction of the money supply has, of course, an impact on the inflation rate, because the value of the dollar and the inflation rate cannot both increase at the same time Mr. Speaker. If interest rates are allowed to drop, the dollar will depreciate and then the inflation rate will increase. So we have to make a choice. I approve that choice, Mr. Speaker, because it is a necessary choice, which is to reduce the money supply. Where we may disagree, it is on how far that reduction should go.

As far as I am concerned, I am one of the haves, I am not a businessman, I am here in this House without the advantage of having been in private business as the former minister of state for small businesses. He stressed I was not a businessman. This is true, I was a lawyer in private industry, I have been for a while with Power Corporation, so I have just the same some idea of business. He reminded me I had never had to meet a payroll, to feel the pressures exerted on a businessman. He is right, of course, but I say to him that, to my knowledge, the effect of inflation on my constituents is precisely the effect it has on have-nots. And I think we have no choice. We must act, and act now.

If there is one thing I can blame the opposition for, it is their criticism that we have nothing constructive, nothing positive, and I hope the hon. member who will speak after me—I understand it is the hon. member for Capilano (Mr. Huntington)—will give us specific suggestions. Because, Mr. Speaker, I submit that the victims of inflation are the have-nots, and on the very short term I do not know what we can do to ease their burden, to improve their standard of living. But if I were to make recommendations to the Minister of Finance, as I did last week, simple and practical ones that in my view would improve the lot of have-nots, I would tell him first and foremost that people should forget once and for all about granting wage increases on a percentage basis. It is my view that we should arrive at an index of essential goods. We should establish a minimum amount equivalent to the cost of essential items. We know that food is essential, that housing is essential, that transportation costs must be met. We know that current expenses add up. Therefore, it is the total, the cost of all those essential items that should determine our salaries. A low-income person should never get a raise short of that amount because it is obvious that the person who earns $40,000 a year can more easily bear the brunt of inflation than the one who earns $10,000 and that at 10 per cent raise for the person earning $40,000 does not have the same impact as a 10 per cent raise for the one earning $10,000.

Mr. Speaker, I suggest to this house as I suggested to the minister who is surely going to give it some thought, that we should consider the possibility, a minimum not in terms of percentage but in terms of dollars and that instead of granting raises on a percentage basis which do not compensate for the ravages of inflation, we should set a minimum set first on the cost of the basic necessities of life and going upwards. This means that those people with higher incomes, the well-to-do, the high-rollers, and there are still many of them in our society, in my own district in Brossard, I can assure you that houses sell well and at high prices, just as in Vancouver they sell well and at high prices. This means that people do not necessarily mind inflation rate or interest rates; they simply look at the monthly payment to be made. If they can afford to pay such an amount at the end of the month they will buy. It is bad policy but that is the way they act. So I tell you, Mr. Speaker, that we must change our way of thinking. People must be made to understand where they are going, and if we manage to get that, if we can understand what is the actual consumer price index, if we can manage to set new wage bases we will then be able to achieve a new economic policy in this country.

Today, I do not intend to dwell on fiscal policy because my time is running short. Obviously, Mr. Speaker, economic policy in a country has as its components fiscal policy and