

and some of the expectations the hon. member for Don Valley so often talks about. If we had tax reforms to plug the loopholes in some of the extractive industries, in particular, in this country we might also cool down some of our inflationary expectations. We have one of the lowest tax rates in the world in respect of the resource industries. We have depletion allowances and fast write-offs. We have all kinds of tax holidays. If we plugged these gaps we might cool down some of the inflationary psychology we now have.

There are many things we could do. We could control interest rates. Because we have higher interest rates than in the United States, we see the snowballing once again of a new input in the cost of living and in inflation. Someone may say that if you drop interest rates you stimulate the economy and create more inflation, and so on. I do not buy that argument. I think that if we controlled interest rates at a much lower level we would decrease one of the inputs of inflation. This would decrease the price of houses, of commercial buildings, of farmland and other properties. It would also decrease the profits of many of the banks and financial institutions. I think this should be done. Here I am not merely talking about tinkering with our free enterprise system. I am talking about getting at the very root of the system and controlling it on behalf of the people of this country so that the system works for the people, does not take advantage of them and does not try to profit at the expense of the ordinary citizen.

The last point I want to make, because my time is quickly running out, is in answer at least in part to the question the Conservative Party asks about wages. They say, "Well, what about wages?" First of all, the hon. member for Don Valley said that wages have fallen behind other inputs into the gross national product. If that is the case, I for one am not too excited about putting any clamp on wages. I represent a party and a riding that is interested in promoting the welfare and general good of farmers, workers and the average guy in our society. We do not wish to put a ceiling or a clamp on this. I suggest that if we had a program of selective price controls, the result of that program would be to dampen some of the more excessive wage demands we might have in our system.

If the price of basic commodities was to come down or was controlled to a certain degree so that the increases would go up less quickly, then the need for higher wages would diminish and there would be a cooling of the inflationary psychology in that sector of the economy. I suggest that perhaps all we can do in this country is through a program of selective controls on some of our basic commodities, and selective roll-backs on some of prices and commodities that are really hurting the Canadian people. I urge the government to consider this motion very seriously and to contemplate it as one of the solutions to the cost of living and the inflation problem that is rampant not only in this country but in the whole world.

● (1600)

Mr. Reynolds: I rise on a point of order, Mr. Speaker. Could I ask the hon. member a question?

Mr. Deputy Speaker: The hon. member's time having expired, there would have to be unanimous consent to enable the question to be asked. Is this agreed?

Price Control

Some hon. Members: Agreed.

Mr. Reynolds: I ask the hon. member what he considers to be excess profits.

Mr. Nystrom: I do not know whether I can put my hand into a hat and draw out a figure. I do not consider profits which increased by 37 per cent last year over the previous year to be right and just. I think they are much too high; they are excessive. I do not consider profits in the mining industry, which have gone up by several hundred per cent, to be moderate. I think that a profit rate in the neighbourhood of 7 per cent or 8 per cent might be justified.

I am not saying this as the spokesman for my party; I drew the figure out of the air. When you have profit rates of 50 per cent or 60 per cent, such as is the case in many industries, I consider them to be totally unjust and unfair. Profits should be just high enough to keep the economy going; they should not be excessive. That is precisely why we need a prices review board or some agency that has the power to investigate such matters and to take action to correct them.

Mr. S. Victor Railton (Welland): Mr. Speaker, I hope you and the members of the House will forgive this impromptu address. I am taking part in the debate because I am very interested in this subject and this morning I saw on television the hon. member for St. John's East (Mr. McGrath) debating this very question with a York University professor. Far be it from me to say who had the better of the argument, although I would have voted for the professor. What is certain is that the hon. member for St. John's East took a great deal more time, and sometimes volume against quality does win.

Anyway, the hon. member said nothing new: he used the arguments that have been presented by the Leader of the Opposition (Mr. Stanfield), the recurring refrain calling for a 90-day freeze on wages and prices, and following this a discussion on ways and means of trying to battle inflation. It seems to me this is a very odd way to go about it. In other words, you must have a three-month freeze before you can start on a solution. The opposition has had almost a year and a half to come up with ideas which might help in reaching a solution but never have they mentioned any new proposals or policy. If they were in power, they think they would be able to start right away and conquer inflation within two weeks—unless they spent all their time talking.

This morning in the television program the question arose whether inflation was entirely intramural or was somewhat extramural. No one on the opposition side ever puts any blame on world conditions; they blame the government entirely for the inflation which exists in Canada. This simply betokens a myopic approach to the subject of inflation and world conditions generally. There is no doubt that Canada is a big country which stands alone and, we hope, stands well; but we cannot get along in the world without comparisons with other countries. I should like to know just where in the world inflation is under control. No one has ever told us this. I wish opposition members would pick out one democratic country where economic conditions are better than they are in Canada. That is an important point.