

FOOD PRICES—GOVERNMENT ACTION TO REDUCE

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is also directed to the Minister of Finance. It relates to the scandalous increase in food prices during the first part of 1977, now running at a 15.2 per cent annual rate during the last three months. As everyone in this House knows, this can only act as a heavy blow to low income families, old age pensioners and others on fixed income. In spite of everything that has been said by the government, it is clear in the green paper that some further upward impact of price levels in Canada will arise from high energy costs and food prices. Again there will be obvious implications for low income Canadians and Canadians living on fixed incomes who will be prejudiced by government policy and inaction. Notwithstanding the motherhood statement we are about to get on food policy in the House in a few minutes, what immediate action can we anticipate from the government to alleviate this situation, specifically in the area of food prices?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, the hon. member is obviously patently wrong with respect to government policy having adversely affected those at the bottom end of the income scale. The policies of this government have been substantially directed to supporting the incomes of pensioners or recipients of family allowances at the bottom end of the income scale. Whatever effect the application of controls may have had upon the more affluent in our society, it is quite clear that the controls program specifically favoured those in a position least able to protect themselves from inflationary increases.

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FINANCE

PROPOSED CHANGE IN BASIS FOR INDEXATION OF OLD AGE PENSIONS

Mr. Heward Grafftey (Brome-Missisquoi): It is obvious the minister has not talked to low income Canadians and those living on fixed incomes recently. It is now apparent that the prices of basic items are rising far faster than the official rate of inflation. We know that today fuel is up 15.8 per cent, housing 9.7 per cent for the year and food up 15.2 per cent on an annual rate for the last three months. Pension indexing is falling behind the real cost of living for our senior citizens. Will the minister tell the House whether he will tie the indexation of old age security to an index which better reflects the needs of elderly Canadians, especially in view of what we obviously have today?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, as to whether or not I am in touch, I might say I have been in touch with those in the low income group and old age pensioners in the course of the recent Ontario provincial election in the constituency of St. George. If anybody is out of touch with the feelings in that part of Ontario, it is the hon. member and his party, as indicated by last night's vote. If there are changes to be made in the consumer price index or

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the impact of it on the indexing of old age pensions and other escalators, I will of course give full consideration to that with my colleague, the Minister of National Health and Welfare.

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THE CANADIAN ECONOMY

INCREASE IN CONSUMER PRICE INDEX—MINISTER'S POSITION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. I note he is delighted that the Liberals managed to win two seats in all metro Toronto; that is some victory! In an earlier answer he indicated he was happy with the controls program with the exception of its effect on food prices over which, he finally admitted, there was no control at all. Is the minister happy about the fact that fuel and utilities have gone up 15.8 per cent over the last year and the cost of home ownership has gone up 11.3 per cent? Or is he happy simply because under the controls program wages and salaries will be held down to 6 per cent, meaning a decline in real purchasing power of workers right across the country?

Hon. Donald S. Macdonald (Minister of Finance): With regard to the Ontario election, what did please me was that the Ontario leader of the NDP looks the same kind of leader as the hon. member does, namely, that he is going backwards.

Some hon. Members: Oh, oh!

Mr. Macdonald (Rosedale): With regard to important additional costs in the community, the hon. gentleman knows with regard to energy prices, for example, that these are additional costs which we in our community will have to absorb. I would be very much happier if the world trend in fuel prices were toward a decrease rather than an increase, but we live in a world of reality, and the reality is that fuel prices are increasing. If hon. members opposite do not understand basic things like that, we can expect a very interesting debate next week when they attempt to explain how, in the face of the reality of increasing fuel prices, the cost of utilities can go down.

REQUEST THAT NO INCREASE BE ALLOWED IN PRICE OF OIL

Mr. Edward Broadbent (Oshawa-Whitby): The minister has mentioned the one area over which the government does have control, namely, oil prices. A large part of the monumental increase in fuel and utility costs in the past year is the direct result of the government's fuel pricing policy. Would the minister now reconsider the decision to permit a further increase in the price of oil on July 1? May I remind him that if the price of oil goes up by a dollar a barrel it will mean an increase of at least one per cent in the consumer price index and lead directly to the loss of thousands of jobs? Will he assure Canadians that no price increase will be permitted in the price of oil as of July 1?