

*Food Prices Committee*

ators, radio and television sets and furniture increased by only 0.6 per cent. That statistic fascinates me, Mr. Speaker, because we have heard it said so often that high labour costs are to blame for advancing prices in this country. The blame is laid so frequently on those who work in the shops and plants whenever we have to pay more in the market place for our goods. Here, we have some good evidence to show that such is not necessarily the case.

Rising food costs, the main concern of the committee that we are about to establish by this motion, are blamed on shortages not in Canada, but throughout the entire world. If, as a result of these shortages, producers of food are receiving more for what they grow and raise, it is hardly compensation enough for the years in which they received far, far too little, especially in relation to the huge investments that food producers have to make in their enterprises and the small returns which they usually enjoyed.

Feelings about inflation are, therefore, confused and ambivalent because really inflation has two opposite faces. Whether we welcome or fear it, depends upon the face at which we are looking; how it seems to affect our personal interests at the moment. Inflation sometimes does have harsh effects on wage earners, on farmers and on businessmen, but the inflation which each of these groups deplores is not the inflation of their own prices, but those of some other group. It is not the prices which they get for their own services which are so distressing but the prices which they have to pay for the goods and services of others. Sometimes it seems, Mr. Speaker, that those who gain the most from inflation are those who cry the loudest against it. Reasonable price stability must certainly be a goal of economic policy. There is no question about that because inflation produces an arbitrary and often capricious redistribution of income, causing hardships for many people. With a general increase in prices, some prices and money rates of return rise faster than others. As a result, persons or groups whose money incomes remain fixed, or rise more slowly than prices rise, lose command over goods and services. In so far as these people are unable to defend themselves against erosion of the real purchasing power of their incomes, inequity and hardship always accompany inflation.

● (1540)

The real evil of inflation, then, is that it redistributes wealth and income in a wanton fashion. Those who gain through inflation, such as land speculators, do so at the expense of others who lose. They cause great hardship to the economically weak. I have even read, Mr. Speaker, that certain prominent politicians have profited from large land deals. I sometimes wonder why provincial governments, especially the government of Ontario, are so slow in taking action to control rapidly rising land costs. Rising food costs are indeed perturbing, but inflated land values also punish families which must, as a result, pay higher rents and higher mortgages and thus do without so many of the other things they would like to have.

It has been said, Mr. Speaker, that inflation is like a twisted magnifying lens through which, if one views, everything is confused, distorted and out of focus, and few are able any more to see realities in their true proportions. Hon. members in this chamber have spoken elo-

[Mr. Penner.]

quently about the alarming rate of inflation, yet few have bothered to mention the significant increase in the weekly earnings of the majority of Canadians. We have just passed through a festive season which saw the biggest outlay of consumer cash and credit in our history. How was this money spent, Mr. Speaker? For the essentials and basic necessities of life? Of course. But it was also spent for an increasingly wide variety of luxury goods. Shoppers scurried about anxiously seeking that special item for the person who has everything.

Not everyone, however, was able to participate in this winter solstice spending splurge. Many pensioners, the unemployed, and large numbers of unorganized workers could do no more than barely meet their daily needs to keep body and soul together. Because this is so, Mr. Speaker, this House ought to move as quickly as possible to bring about measures which will alleviate this desperate situation facing a large number of Canadians. We must act to raise the basic old age pension and to increase the guaranteed income supplement. Family allowances must also be increased, especially for those on low incomes. As well, Mr. Speaker, there must be some generous income tax cuts, particularly for those with middle incomes and less who are trying to raise their families in an inflationary economy. Further, in amending the Unemployment Insurance Act, great care must be taken by us all to make sure that we do not unjustly punish those without jobs because of any misdirected sense that some few people are violating the work ethic. Before we jump with both feet on those people, we should deal as well with those in this country who are violating the business ethic, the professional ethic and the political ethic. I favour the establishment of a parliamentary committee that will look into the cost of food in Canada and I say, let us do it quickly; let us get on with it and then let us push on with some of those concrete measures which will assist the "economically disadvantaged", as we so euphemistically call the poor.

Reasonable price stability must be a goal of economic policy, because inflation results in an undesirable redistribution of income. That undesirable effect must be first and foremost in our minds. As well, Mr. Speaker, if our exports are to sell competitively in world markets, our costs and prices must not rise significantly more than they do in other countries. Inflation carries with it other dangers and other evils as well. Businessmen may come to consider continuous price increases as the normal course of events. Consequently, they may add to their inventories and plant, with the intention of escaping higher costs and prices in the future. Moreover, such businessmen will be inclined to proceed with less caution, in the hope that mistakes which may be made can easily be compensated by higher prices charged in the future. This is a lovely safety valve for those who have to make business decisions but are not always especially competent to do so. They think inflation will take care of any mistakes and errors they are likely to commit. As a result, inflation leads to the misdirected use of our resources. It leads to inefficiency and waste and finally to a destabilizing effect on the whole economy.

Also, Mr. Speaker, in an inflationary economy there is a natural tendency to switch from money into other assets as a hedge against rising prices. This results in prices