

*Anti-Inflation Act*

To come back to my subject, Mr. Speaker, the government should have provided immediately concrete action including first of all lower interest rates. And, on this matter, I agree with the senior economist of the CNTU who said, and I quote:

A 'major gap' in the program is that it skips right over interest rates and capital gains, two factors that indeed contribute more than their share to the inflationary spiral.

A large part of the problem is at that level, and the government wrongly played deaf when we told them over and over again for a long time to put an end to mushrooming interest rates.

Steps could have been taken in another area to stimulate the economy, and that is residential construction which provides work for hundreds of thousands of workers and countless supply plants. I do hope the Minister of State for Urban Affairs (Mr. Danson) will announce soon that he is extending his Assisted Home Ownership Program which offers \$500 to first home buyers but I rather fear that he will put an end to all that on October 31. Yet, we should be thinking in terms of a fresh start and not forget that as construction goes so goes the economy. Besides there should be an immediate reduction in the abominable mortgage rate now in effect on new houses. It does not make sense to pay 12 per cent interest to buy a house, specially after the government starts controlling the wages of new owners.

In 1970, Mr. Speaker, an average single family house cost \$13.42 a square foot in Montreal; in 1972, it cost \$14.83 a square foot; in 1974, it cost \$22.08; and in 1975 it is estimated that the cost will jump to \$27.00.

Not only must the \$500 federal grant not be eliminated but it should be increased and, in addition, mortgage rates should be brought down. In that respect it is worth pointing out that on September 10 the executive council of the Canadian Labour Congress urged the federal government to bring down to its old level the interest rate recently increased by the Bank of Canada, and subsidize low income people by reducing their mortgage rate to 6 per cent on the purchase of a house. I consider that proposal to be positive and logical.

On the other hand, the federal government should hold immediate discussions with retailers to establish a system of 15 or 20 per cent compensated discount financed through the Bank of Canada. This would give immediate results for the benefit of all, without any discrimination for once. Low-wage earners would benefit as much as the rich.

I am pleased at least, Mr. Speaker, that no one blamed the farmers for inflation in this debate. If this should happen, I would raise a question of privilege to set the record straight, because they are more victimized by inflation than anything else. I would like to quote a brief article that appeared in *La Terre de Chez nous* of 15 October last and has much to say about inflation. I quote:

What is the cause of inflation? The Faculty of Science of Wisconsin University computed the following figures:

Here I would remark these are U.S. figures, but financial trends in Canada have been largely similar during the last 30 years.

—between 1944 and 1974, from October to October, salaries went up from 1250 to 3600 per cent, sugar increased by 512 per cent, coffee by

[Mr. Beaudoin.]

337 per cent, bread by 300 per cent, steak by 296 per cent, lettuce by 258 per cent, postage stamps by 233 per cent, milk by 169 per cent, butter by 90 per cent and eggs by 31 per cent. The performance in Quebec certainly did not show that much difference. But remarkably, the items produced here such as milk, butter and eggs showed the smallest increases. The price of eggs even increased 100 times less than the salaries with which they are bought. Butter 40 times less.

I believe those figures are eloquent and speak by themselves.

In short, Mr. Speaker, we must admit it: we are experiencing, according to some analysts, apprehended hyper-inflationary conditions and we can expect major changes in our economic policy. The government has just created a review board, but the actual board should have been the government itself. It should have acted before today to prevent problems.

I hope that the economic advisors of the government did not attend the same school as New York City economists because in that case we can expect anything! Anyway, Mr. Speaker, there is one thing I must emphasize: If we recall how federal taxes were temporarily introduced in wartime and have lasted all this time, we must say that for the government, there is nothing more permanent than temporary measures! And it may be the case with the legislation now before the House.

● (2120)

[English]

**Mr. Stuart Leggatt (New Westminster):** Mr. Speaker, I suppose at this late stage in the debate we can begin to speculate about the government program, what inspired it, and what it was about the state of the economy that required these draconian measures, draconian certainly in the wage sector.

I scratched my head and told myself, first of all, it could not have been genuinely the problem of inflation because history has told us that these kinds of controls in every modern western industrial society do not work. I then asked myself, why then would this government be so interested in controlling the wage sector? Then I thought of the Mackenzie Valley pipeline. If we in this country go ahead with that pipeline we will have to raise tremendous amounts of private capital, and one of the major ways to increase the amount of private capital available is to freeze the wage sector, but to leave alone the question of prices and, in effect, profits. Although the bill apparently attempts to deal with them, in effect you will see profits rise. The result will be, if the scenario is played out, that the Mackenzie Valley pipeline will be able to proceed partly as a result of this bill.

**Mr. Gilbert:** Ask them what will happen to the Indians.

**Mr. Leggatt:** I am saying this, as a bit of warning to the public, that before the next federal election I fully expect an announcement that the Mackenzie Valley pipeline will proceed and that it may very well attempt to proceed largely on Canadian capital which will be raised initially as a result of the wage freeze which will allow the private sector to expand ahead of the wage sector, thereby leaving additional amounts of capital available for the project. If I were Machiavellian I might have thought that that was behind it, but one wonders whether, as this government