

This evening we had a fairly good explanation of the incomes policy from the hon. member for Regina-Lake Centre (Mr. Benjamin). I want to impress upon him that that policy is designed to make sure that big business, big government and big labour keep their demands within the limits of productivity.

Mr. Gilbert: Is that your policy?

Mr. Blenkarn: Before I go on to discuss an incomes policy, may I point out that this debate has a great deal to do with interest rates, with the cost of money and with monetary policies and I want to make two or three observations with respect to monetary policy which I think need to be made. Over the past three years the money supply in this country has increased at an unbelievable rate. Just last spring the government, rather than refinance its loans in the conventional way had the Bank of Canada print the whole amount. The money supply in one day was increased by \$500 million.

The Americans had some financial problems with their trade and their dollar on world markets has slipped this year, on an exchange rate basis, by some 30 per cent; and so has our dollar. That is not so bad so far as the U.S.A. is concerned, because they rely on foreign trade only to the extent of about 4 per cent. But this country is a world supplier of basic commodities. This country supplies to the world 90 per cent of the grain that it grows. This country has the ability to export, and does export, a great number of primary products such as lumber, fish, wheat and oil. These are international products.

It has been said by this government that because international prices are rising, we in Canada must pay more and the government can do nothing about it. But what has really happened? We have \$6 wheat, but we have had a 30 per cent devaluation of our currency so our farmers are not getting \$6 for their wheat; they are getting \$4.20 in relation to German marks and Japanese yen.

That kind of thing is affecting very seriously the cost of living in Canada. The debauching and the pollution of our money supply has been one of the key causes of the inflation cycle in this country, in particular with reference to those products that are determined in price on the international market. It is about time we had a monetary policy explained to this country, one that set out the growth limits of money supply so that to some extent the money supply would bear some relation to the increase in the gross national product and is not increased willy-nilly to meet government expenses.

I want to go on to another matter that I think is perhaps more important, namely, the matter of analysing the kind of inflation with which we seem to be faced today. One of the things that concerns us especially with respect to the price of bread, the price of steel, the price of oil, lumber, etc.—these being commodity prices—is the fact that there is a huge world demand.

The hon. member for Crowfoot (Mr. Horner) spoke about the problems of agriculture and said that we have not done anything to encourage production. For a long time our party has had pretty solid policy objectives in connection with the production of basic commodities. For a long time we have had an incentive policy and we have talked about an incentive society. We have said; "Look,

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you have to give the producers tax breaks and some encouragement to produce". How could you ever start a farm today at an interest rate of 9 per cent, 10 per cent or 11 per cent and hope to produce beef economically? Indeed, if you had the money to buy a place and get organized, you would probably lend it out at a mortgage rate of 10½ per cent, 11 per cent or 12 per cent.

This government gives no encouragement to our producers of basic products. Is it any encouragement to say to oil producers, "I am sorry, your price is frozen but your costs are not frozen"? Is it any encouragement to say to our oil producers, "I am sorry, but you cannot export and we will not help you produce or discover any more oil"? That is the attitude of this government. They are unwilling to supply real incentives to producers. What they are saying is that they will subsidize consumption. This afternoon we heard that the consumption of milk will be subsidized at 5 cents a quart. They hope to keep the price down in this way, but they will not do a darn thing for the feed costs of the farmer, nor a darn thing about increasing the supply of milk in general or making it cheaper to produce. All they can do is give a consumer subsidy.

What I will say now I think should be on the record, and I think it is only fair to say it. This is a debate that you, Mr. Speaker, have allowed tonight on a matter of serious national urgency. For at least an hour and a half to two hours tonight not a single member of the cabinet, the advisers to Her Majesty's representative, has been present in the House. This demonstrates how much the government is concerned about this issue. It does not give a darn about inflation, high interest rates and the ordinary Canadian. Perhaps this government should get out of the House permanently and onto the streets and knock on the doors, when the people of Canada would tell them what they think of them. Members of this government cannot be bothered to participate in the debates of this House; they would rather be somewhere else. Maybe they are lapping up some gin somewhere.

An hon. Member: The fleshpots of Ottawa.

Mr. Blenkarn: I should like to go on to another question which goes beyond the matter of incentives to production, and say a few words on what is called the problem of cost-push inflation. It is at this point that we in this party have suggested that we have a total incomes policy, and people have been misled into saying, "You are going to have a 90-day freeze." If you are to have an incomes policy that will be a start. That incomes policy has to be one that ties the costs of labour, of profits and wages to the productivity of society because, Mr. Speaker, you and I know we cannot spend more than we earn, unless we borrow from a bank and in that case eventually we have to pay the piper.

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That is what has been happening in this country. We have been spending more than we create, and we try to validate our expense by printing more money and fooling ourselves. This attitude has to stop right now. We must get an incomes policy which makes sure there is enough credit to carry on the expansion of the country, but not enough credit to pollute and destroy currency values and the savings of Canadians. When we look at the inflation rate