

● (1540)

I will not say I was disappointed in the speech of the Secretary of State for External Affairs (Mr. Sharp). It was a short speech of perhaps 10 or 15 minutes, one that I thought was very hastily prepared, based on one of the old arguments from those old textbooks that are going out of date very rapidly and one that I submit did not look very closely or deeply at the problem of inflation in this country or anywhere else in the world.

I say at the outset that I agree with the hon. member for Don Valley who suggested that we can do something in this country about inflation. Inflation is not the sole result of external factors. We do not import all our inflation from other countries. We can do something about inflation here, because Canada is very fortunate in having so many natural resources. We produce our own food, our own energy, our own hydroelectric power; we have our own lumber, nickel, copper, iron ore, steel resources and things of that sort. Because of this, we in Canada can control to a large degree some of the inputs to the inflationary psychology in this country by adopting certain changes in governmental policy. I think this must be done.

The inflation rate this February over February of last year was 9.1 per cent, which is very high for a country such as Canada with all our wonderful opportunities. The price of food in this country increased by 17.2 per cent last year. One can look across the board and see the various inputs that are creating increasing inflation and an increasing cost of living in Canada. Profits went up, for example, by 37 per cent last year. Again, I was very happy to hear the hon. member for Don Valley refer to that fact. The profit increase over 1972 is actually more severe than it appears at first glance, because in 1972 corporate profits went up by 20.6 per cent over 1971, and in 1971 they were up 16.2 per cent over 1970.

You can see that each year corporate profits in this country are continuing to snowball, increasing in a cyclical fashion. I suggest that they are now quite out of control. The corporate share of the GNP, as the hon. member for Toronto-Lakeshore said this morning, is running at 12.5 per cent, which is the highest it has been since 1952. But the share the working people of this country are receiving has dropped in the past year; it has dropped to the point where increases in the average weekly income are less than increases in the cost of living.

This is where I differ very sharply with the Conservative Party which talks about wage and price controls across the board being comprehensive enough to cover all inputs in the price of basic commodities. That is why this party moved the motion we are dealing with today in which we say that because of a sophisticated economy, the government or an agency of government—be it a price control board or something else—should have the power and authority to control or roll back unjustified price increases. I think this can be done and it is a practical solution. This is the direction in which the government has very timidly and very slowly started to move. It has done this with two or three different commodities, but I think we should be adopting it as a permanent policy in Canada, rather than something that is not responsive and is developed on an ad hoc basis only after tremendous pressure from across the country. I do not want to sound

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too simplistic, but when you do this you must combine it with a full series of economic policies.

In answer to the Secretary of State for External Affairs, you must have export controls on certain commodities if you are to have domestic price controls or roll-backs. I think what we are doing in respect of commodities such as lumber, we must also do in respect of commodities such as copper, asbestos, and so on. We must also have subsidies in certain areas, because if you have domestic price controls or roll-backs you might have a danger of creating shortages, and you must cover that possibility in certain areas by subsidies on some basic commodities. This has been done in two or three areas already and I am suggesting it should be expanded and broadened as you consider the whole spectrum of commodities in this country.

What we are talking about in this party is a policy of controlling prices that corporations are able to charge the consumer; we are tackling the real nerve centre of the problem. I am sure this is one thing the government and the Conservative opposition will hesitate to do. The policy they have advocated until now, as far as I can gather, is one of comprehensive price and wage controls. As the Secretary of State for External Affairs said, outside of a wartime situation this has not really worked anywhere in the world, no matter where you might look, over the last 20 or 25 years. We can look at the experience in the United States under different schemes brought about by President Nixon, and we find that their rate of inflation last year was higher than ours—ours being 9.1 per cent and theirs 9.4 per cent.

The same thing is true of Great Britain. Prime Minister Heath tried to introduce a program of comprehensive wage and price controls, yet the cost of living went up by some 12 per cent. That is why I argue, and will continue to argue, that an across the board approach which is rigid and indiscriminatory will not work because of the many factors such a program does not take into consideration. Let me give a few reasons why that type of approach will not work. First, you create many shortages if you put price control on the wrong commodity. This is shown by the United States situation today where, when the Nixon government put controls on certain agricultural goods and food products, it created shortages. Because of these price controls we are having problems in this country with commodities such as beef. If you have a program of total controls, you cannot touch imports from other countries; and Canada is a great trading nation. We import more manufactured goods per capita than any other industrialized country. How can you put controls on a commodity such as bananas which we import from the Caribbean? How do you put controls on television sets, or cars that we might be importing from Japan, when we are trying to sell the Japanese some of our commodities such as wheat and other resources including timber?

As I have said, one of the dangers of a comprehensive program such as the one talked about by the Conservative Party is that it is very easy to impose controls on working people and farmers because their incomes are out in the open. The price the farmer gets for his commodity is in the open and everybody knows about it. The same is true of the income of blue collared workers, pensioners and other people living on fixed incomes.