

Anti-Inflation Act

to demonstrate that that was true. I think the minister should have been much more cautious than he was.

We opposed the government's anti-inflation program from the day the Prime Minister announced it, on Thanksgiving Day, 1975. We opposed it because we said it would not work, we said it would not be applied equitably, and we said it would create further unemployment. Let us look at these claims which he made beginning on the day the Prime Minister announced his proposals. Is the program working? Are we in fact over the worst effects of inflation?

The minister boasted that the rate of inflation for the past three months is down considerably, and he gave some figures to prove his point. I want to suggest to the minister in all seriousness that what we have had is a very temporary lull in the high rate of inflation. Let me indicate some of the reasons why I say that. I am putting them on the record because I think the minister will be eating large portions of crow within a very few months. It will not be tasty and he will probably gag quite a bit on it, but I make that prediction confidently.

We know that the government is committed to permitting a sharp increase in the cost of fuel, particularly oil. It is being reported reliably, I believe, that the increase in June will probably be in the range of \$2 a barrel for oil. It has been calculated by economists, including government economists, that a \$2 increase in the price of oil will mean an increase in the cost of living of somewhere between 1 per cent and 1.5 per cent for the year.

I noticed that while the minister was speaking the hon. member for South Western Nova (Miss Campbell) applauded him vigorously. I saw the CBC national news a couple of nights ago and they were reporting that, as a result of the already sharp increase in the cost of oil which is used to produce electricity in the province of Nova Scotia, the cost of electric power there has virtually doubled. They reported that many people living in homes which are heated by electricity are getting bills for power for two months in the neighbourhood of \$200 to \$500. Those are tremendous increases in cost, and I hope that the hon. member for South Western Nova will be able to report to her constituents and the people of Nova Scotia why the cost of living has gone up when the Minister of Finance says that things are going so well.

The cost of money has just risen because the Bank of Canada has instructed the commercial banks to increase their interest rates on loans. The Bank of Canada will now charge 9.5 per cent, and of course the chartered banks will charge substantially more. My colleague, the hon. member for Waterloo-Cambridge (Mr. Saltsman), says that it is almost 4 per cent more than the rate which is charged in the U.S. This means that the interest on personal loans, which is also at an all time record high, will go up automatically. It means that the cost of purchases on credit will go up when more and more Canadians are buying merchandise on time. It means that the cost of doing business will go up because most businesses exist by borrowing money from the banks, and if they pay more to the banks for the money which they have to borrow they will have to pass that increase on to their customers in increased costs.

A very good economist estimated for me today that the most recent increase in the cost of money announced by

the Bank of Canada will mean an increase in the cost of living in the coming year of .5 per cent to 1 per cent.

The major reason why the cost of living increases have moderated recently has been the stopping of the increase in the cost of food. Surely even the Minister of Finance knows that that is a very temporary affair. Surely he has talked to his colleague, the Minister of Agriculture (Mr. Whelan), who must have told him that livestock producers in western Canada are finding that they are losing money, that the cost of feed is so high that the price they get when they send their livestock to market means that they lose money on every head that they ship. So they are reducing their herds, the result of which is that although the price of beef has not gone up now, a year from now there will be shortage of beef and the price will be up by 10 per cent or more.

Surely the Minister of Finance must have seen the news from the U.S. that the midwestern U.S. is suffering from a drought the likes of which they have not seen since the dust bowl of the 1930's. This means that the price of feed will be up and the price of beef will be up in the U.S. These are facts which the minister has pushed aside in his desire to show some results from his anti-inflation program. I predict that three months or six months from now the minister will be trying to explain what happened to the anti-inflation program. My colleague says it will be the fault of the international situation, and he is right. That is what the Prime Minister was saying before and during the 1974 election. The Conservatives were saying that we needed a wage-price freeze or controls, and the Prime Minister was saying, no, we did not need them, and not only did we not need them, they would be bad. He was saying that inflation was not caused by internal Canadian problems but rather by international problems. That is true to a large extent.

I want to say to the minister, however, that if he had taken the time to look at today's *Toronto Globe and Mail* he would have seen that, rather than inflation declining in the western industrialized world in the last three months, in fact the rate is increasing.

● (2050)

Let me put on the record just a few illustrations. For the 12 months to January, 1976, prices increased in France by 9.6 per cent; that is about $\frac{3}{4}$ of 1 per cent per month. In the last three months in France the increase per month was 0.6 per cent for November, 0.6 per cent for December, and 1.1 per cent for January. In West Germany the increase in 1975 was 6 per cent. For the last three months for which I have figures it was 0.3 per cent for November, 0.3 per cent for December, and 0.8 or almost 1 per cent for January, 1976. In Italy the rate was 17 per cent in 1975. It was 1.1 per cent in November, 0.8 per cent in December, and 1.0 per cent in January. In other words, Mr. Speaker, inflation has not abated in western Europe and it is not likely to abate in Canada. We are going to have about 9 per cent in 1976 despite all the claims of the minister.

We said that the guidelines not only would not stop inflation but that they were inequitable. We know what is happening. The Anti-Inflation Board is following the directive of the government and wages and salaries are being controlled at rates somewhere near the guidelines—