

[Translation]

**Mr. Gérard Laprise (Abitibi):** Mr. Speaker, I do not think this anti-inflation legislation now being considered will be of any use in solving the problem of inflation since first this is a legislation which was tried out elsewhere without success; second, this legislation will create problems for everyone, businessmen, employers and employees. The Anti-Inflation Board as well as the administrator appointed to implement the proposed measures as well as the appeal tribunal will have lots to do to ensure the observation of the requirements contained in the white paper tabled in this House on October 14 last and the legislation now being considered. Through this legislation and the methods of implementation proposed therein the government will have the right of life and death over any Canadian corporation or business. It will have the same power vis-à-vis any group of employees united under a labour union because the great inquisitor will put his nose in all private business in Canada. We saw a similar system, Mr. Speaker, in Stalin's Russia and Mao's China. We are now preparing to impose upon the Canadian people a dictatorship that some people have the gull to call voluntary but that, in fact, is mandatory.

I was pleasantly surprised to see that despite the election campaign that the Tory party made in 1974 calling forcefully for a wage and price freeze, that party fears overcontrol by the government or administrators in the implementation of that legislation.

I was also surprised to see that the Canadian socialist party, the New Democratic Party itself admits to be apprehensive as concerns that clearly leftist legislation.

Yet, Mr. Speaker, if we really wish not only to control but reduce prices durably let us turn aside from the beaten track, let us seek for other alternatives.

This government has been in power since 1963 and had every opportunity to fight inflation, but through its action, through all kinds of measures in all departments, advised by the most famous economists, it got into the situation where it is now. It put our country on the verge of bankruptcy and each time we asked the government, last year, two years ago or even before, to take action to stop the spiral of inflation, the government always answered that it was the same situation in Europe, in the United States or in Japan.

Yet, today, it decides to do something and resorts to the same measures that were implemented in England and in the United States without any results or at least not the results anticipated.

There is no use, Mr. Speaker, to discuss at length about inflation, its causes and its effects but yet, on page 695 of the Encyclopedia Britannica it says:

The value of money reflects the value of goods and services that you can obtain for your money when you decide to exchange it. The value does not depend directly on the substance of money nor on the will of governments.

When we talk about price increases it means the loss of value of the dollar. This is what we also call inflation. Inflation is legal theft and fraud. The reduction of the dollar value means that the pay cheque buys fewer and fewer products. Savings, in spite of higher interest rates,

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allow to buy fewer and fewer products today than it would have been possible some time ago.

Labour unions, seeing the loss of value of their money, put pressure upon industry to obtain higher wages, not only because of the lower actual value of their salaries but also because of the expected decrease in their purchasing power. Hence the escalation of claims for higher salaries. But higher salaries are inexorably reflected in costs and also possibly in prices.

Only one remedy is open to political parties and officials of the finance department. They curb the amount of cash available by restricting bank loans, cutting down government expenses and limiting or preventing salary increases.

That is called a deflationist policy.

But such a policy leads to industrial stagnation, rising unemployment and hectic industrial relationships. The years between the two world wars are a classic example of that situation, when deflation was successful in cutting down prices, but caused millions to go unemployed and thousands bankrupt and resulted in general strikes and the destruction of real and concrete riches. Factories and shipbuilding yards were dismantled and sold for scrap, fields lay fallow and goods needed by consumers were dumped into the sea.

● (1520)

We must find a new course of action. During the past 100 years we have experienced booms and crises with increasing frequency mainly because of fluctuations in the value of currencies. Issuing more money would mean lowering the value of currencies, in other words inflation, whereas a reduction of the amount of cash available means an increase in the value of currencies, that is deflation. But what we need is equation, equality, an amount of cash which would match the amount of prices exactly.

There is no need to explain here how banks generate credit. It can be read in the pamphlet *Only Banks Create Money*, in the MacMillan report, where banking mechanisms are explained, or in the report entitled *Comment les banques créent l'argent*, which was published in the February 1971 issue of *Regards*. The justification of banks for claiming that exclusive right comes from the fact that long ago, banks kept gold reserves which depositors could claim at any time.

That theory collapsed at the beginning of World War I, when the banks, unable to meet their commitments, had to ask the government to print paper money to save them from bankruptcy. Today, gold plays absolutely no role in our domestic monetary system. Therefore, the banks are not justified today to claim exclusive monopoly on credit formation.

The real basis for the overall money supply is the goods and services that may be bought for money, and the banks do not own that basis. The monopoly on credit formation must be broken, because it has no more justification and because bank credit, to all practical purposes, is supplied exclusively to agents in the economy. The production of goods and services is scattered among a multitude of people. Our industrial system rests on work already done by a number of generations. We, as inheritors of that