

When we introduced stability programs into this House the opposition raised hell. They said they were not any good. However, when I was in Charlottetown the provincial ministers asked for stability. At the economic conference in Calgary they wanted stability. What do the farm leaders say in their letters to the minister in charge of the Wheat Board and to myself? They want stability. The opposition are still critical of that. We have the most revolutionary program for beef grading and beef production that any nation ever had.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the minister, but his time has expired, although I did allow an extra minute because of remarks made by other members.

Mr. James Gillies (Don Valley): Mr. Speaker, I listened with great interest to the remarks of the Minister of Agriculture (Mr. Whelan) and the Minister of Finance (Mr. Turner). The Minister of Agriculture catalogued events that have taken place which have nothing to do with the problems we are debating today, problems which I hoped would be debated seriously. I do agree with one thing he said. The high cost of food is not the cause of inflation but is a result of inflationary forces and also of the high cost of production which the farmer has to bear today.

The Minister of Finance made remarks that kept his record clear. He made a speech on inflation without mentioning what the monetary and fiscal policy of this country is; without discussing any of those matters which all agree are the most dramatic and important reasons for the inflation we have in this country today.

The minister said the difference between our two parties is the interpretation of how important the demand factors in the world are versus the cost-push factors in the Canadian economy. I assure him that the difference between the parties is much more different than that suggestion implies. We have a totally different understanding and feeling for the needs of the Canadian economy at this time.

I speak in this debate with a very heavy heart, because it is clear from the speech of the Minister of Finance that absolutely no new ideas for controlling inflation are being considered. There is no recognition or understanding of the changes that have occurred in the national economy, and there is no recognition of the changes that have occurred in the international economy over the past couple of years.

We are going backward to the terrible policies of the past by saying that we can solve the inflation problem in this country only by causing another recession. This seems to be the position of the government. Surely we do not have to go through that again. Surely we can manage our economy better than going from a 7.2 per cent rate of unemployment two or three years ago to our present rate of inflation of 8 per cent plus.

The Minister of Agriculture referred to the experience in the United States with its control problems. They have problems indeed. However, the fact is that the inflation rate in the United States is substantially less than that of Canada at the present time. The rate of increase in inflation in Canada has been greater than the rate of increase

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in the United States. In 1970, the inflation rate in Canada was in the neighbourhood of 2.2 per cent. Today it is over 8 per cent. Why did we have a 400 per cent increase in the rate of inflation in that period of time? No other country in the world experienced a rate of inflation of that dimension. Why did it happen?

The minister says it is because of worldwide problems. Why are worldwide problems hitting Canada so much more severely than other countries? I can imagine a reporter going around the world and asking ministers of finance in various countries what they are doing about this inflation problem that is worldwide. I get the impression that because it is a "worldwide problem"—I put those last few words in quotation marks—the Minister of Finance washes his hands of it in Canada. But surely Canada has a major responsibility to do something about inflation, just like every other country in the world.

● (1740)

If you went to Australia, the minister of finance there would say, "We have looked at this problem, we have adopted an incomes policy and we have reduced the inflation rate." If you went to Israel—I am picking countries at random—you would find the government had instituted a 90-day freeze. If you went to England you would find they were trying out an incomes policy. In the United States, too, they have adopted an incomes policy. Every country in the world is trying to do something, except Canada. We seem to be content to say that this is a worldwide problem, we have no responsibility for it and there is nothing we can do about it.

There is no question that there has been an increase in world demand. I apologize, Mr. Speaker, for appearing to be professorial and intense about this, but I feel strongly that we are on the road to disaster unless we do something to correct the situation. Of course there is a worldwide demand. But why has the demand been so heavy in Canada? What has happened is that there has been a devaluation of the American dollar of immense proportions. That devaluation has affected prices as far as foreign buyers are concerned and the enormous impact on America is being felt here in Canada. There is no way in which the economy in Canada can be moved forward again unless we are willing to face the fact that we can no longer accept what is going on on a continental basis as automatically good for Canada if we wish to ensure a high standard living and a reasonable price stability in the Canadian economy. The evidence is absolutely clear on this particular point.

The situation we see today, the measures the Minister of Finance has brought in, seem to me to represent a contradiction in objectives. He says on the one hand that what we are going to do is increase interest rates and on the other increase the money supply. There are real differences of opinion as to what the result of raising interest rates will be. The evidence now seems reasonably clear that in a high inflation situation an increase in interest rates is not anti-inflationary. Rates are looked at as costs and they are passed on. There is certainly no question that this is the situation in the housing market, as was pointed out by the hon. member for Oshawa-Whitby (Mr. Broadbent). There is also no question that we have always used a housing cycle as a way in which to try to stabilize the