

The Address—Mr. Trudeau

business? If his intention is to criticize only excess profits, why does he not give any standards by which excess can be judged? If his intention is something more than simply playing upon some people's negative reaction to the word "profit", why does he not distinguish among various corporate performances? Does he admit that increased profit resulting from a higher volume of sales or higher productivity can mean more investment, more growth, and more jobs for Canadians? Does he believe that a company which had a bad year in 1975 should aim for another bad year in 1976, so as to maintain the purity of its dismal profit picture? What is he trying to say to Canada, Mr. Speaker? What is he trying to say to the people? Is he trying to say that income controls are working but price controls are not?

Mr. Broadbent: That's right.

Mr. Trudeau: Or that both are working, but to the comparative disadvantage of workers? Well, let us look at the facts.

The most visible fact is that the cost of living, as measured by the consumer price index, has risen at a significantly slower rate during the past 12 months than during the year before. When the controls were introduced last October, the CPI was rising at a rate of 10.6 per cent. Last month the rate had dropped to 6.5 per cent. Everyone in Canada has benefited. That decline has been to the advantage of everyone in Canada, and most particularly of advantage to those Canadians with middle or low incomes.

● (1610)

Mr. Broadbent: And it has nothing to do with the controls program.

Some hon. Members: Oh, oh!

Mr. Broadbent: Read the *Financial Times*, one of your bibles, and see.

Mr. Trudeau: The hon. member says it has nothing to do with the controls program.

Mr. Broadbent: It has nothing to do with it.

Mr. Trudeau: I imagine he is thinking of the role food prices have played in the decline of the CPI.

Mr. Broadbent: Meat prices, perhaps.

Mr. Trudeau: It just happens that my speech writer anticipated that argument. It is so banal and such a cliché that even my speech writers knew what the hon. gentleman would say.

Some hon. Members: Hear, hear!

Mr. Trudeau: Let me continue reading. There are some who claim that the more favourable CPI figures this fall are attributable to lower food prices and, because farm-gate prices are outside the scope of controls, the guidelines have played no

[Mr. Trudeau.]

part in the improved price picture. I will read the next part slowly, because I want the leader of the NDP to understand it.

Mr. Broadbent: I will struggle.

Mr. Trudeau: He has repeated his paralogism too often. I point out that while farm-gate prices have decelerated by about the same amount in both Canada and the United States, our retail food prices are decelerating more quickly than those of the Americans.

The food component of the CPI rose by a rate of 9.1 per cent in Canada during the ten months prior to controls—I repeat, the food component rose by 9.1 per cent—and by only three tenths of one per cent during the ten months after the controls were imposed. In the United States those same prices were rising at a lower rate of 5.5 per cent during the equivalent period last year—the figures are 5.5 per cent in the United States and 9.1 per cent in Canada—but have been rising at six times our rate—1.9 per cent—this year.

Mr. Baker (Grenville-Carleton): Those statistics are dry.

Mr. Trudeau: I was reading slowly. I am prepared to read those words again, in case the hon. member did not understand.

Some hon. Members: Hear, hear!

Mr. Trudeau: Perhaps the leader of the NDP is wondering what is the reason for this? How can this be? It is very simple, Mr. Speaker. The largest element in the retail price of food is not the cost of buying it from the farmer, but the costs of processing and distribution, and those latter costs are subject to controls. Some have calculated that 60 per cent of the retail price, more or less, is not made up of the price at the farm-gate but of the price of those after-operations, processing, distributing, and so on. That is why our prices are rising so much more slowly than in the United States, at a time when both countries are experiencing a similar deceleration in farm-gate prices because of excess supply.

Because the increase in the cost of living is declining, and because Canadian workers are permitted under the guidelines income increases greater than the increase in the cost of living, those workers are staying ahead of inflation and experiencing real gains in income, a real increase in their purchasing power. Consequently when the CLC claims workers are suffering the most under controls while companies are only loosely controlled, the CLC is totally in error.

The fact is that by any measure—whether total wage and salary incomes, wage settlements, or average income per employed worker—the working men and women of Canada have experienced a real increase in income of some 3 per cent to 4 per cent over last year.

Mr. Broadbent: Nobody believes it.

Mr. Trudeau: All of these income measures—

Mr. Broadbent: And you don't believe it.