

Inflation

gation to its old people and to those on transfer payments to ensure that at least they keep up with what is happening in other sectors of the economy. The third thing that we could do is increase taxes steeply beyond a certain point so that those who get substantial benefits from their bargaining power will at least pay some of it back to provide transfer payments for those who do not have the bargaining power.

Those are some of the things we can do. However, we can only do them if we face the situation realistically instead of pointing the finger and saying that the government is guilty or one or another sector of the population is guilty, when in fact the whole of society has become grossly unfair, particularly to those living on fixed incomes and transfer payments.

[Translation]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I am pleased to second the motion proposed today in this House by my hon. friend and colleague, the hon. member for Champlain (Mr. Matte) and which reads as follows:

That this House deplores the inaction of the government in the fight against inflation on the fallacious pretext that it is an international problem and blames the government for ignoring the concrete proposals of the Social Credit Party for eliminating the unjustified increase in the cost of living; in particular the proposition according all Canadian Consumers, a compensated price on all Canadian food produce.

This is, Mr. Speaker, a motion that we have long been wishing to propose in this House.

I wish to thank particularly my colleague for having proposed this motion in this House. It was proposed mostly because Canada continues to suffer from a noticeably higher inflation rate and also because of the many inefficient measures that the government continues to introduce to check that terrible plague called inflation.

Mr. Speaker, I seriously think that, the situation requiring immediate action from the government, the only position possible for a member of parliament must be to look for solutions openly, without any spites or partisanship in the shortest time possible. And the problem we have to resolve is very important and not easy to deal with. The problem is now more acute as a result of the constant increase in the cost of living. This government does not offer any valid solution to fight price increases. The measures proposed by this government are absolutely inadequate if we consider the present state of our economy. Everybody knows that inflation consists of an economic situation where prices are rising and that the situation has never been so dramatic in Canada since the big economic crisis of the 30's. Besides, a look at statistics reveals that since 1933 the consumer price index decreased only twice, in 1939 and 1953. We learn that consumer prices have been climbing steadily for the last 20 years and that our dollar is now worth only half what it was merely 20 years ago. What is even more significant and disquieting, prices are increasing ever more rapidly, since the prices of the necessities of life have skyrocketed. Furthermore statistics show that in 1974 the price of bread increased by 28 cents, sugar increased by more than 123 per cent and finally the price of potatoes also went up. It is easily seen that necessities of life reached unbelievable levels, compared to what they cost a few years ago.

[Mr. Saltsman.]

● (1650)

It can be seen how much small-wage earners are burdened by inflation, because price increases are especially felt at the consumer level. Nobody escapes it, but unfortunately people in lower income groups are hardest hit. Most of their income is used for buying food, because they must eat every day as we do.

We all know that inflation has been the most urgent economic problem facing developed countries of the world during these last few years. Indeed, no nation escapes it. It is a well known fact that inflation has been the subject of endless talks. But in the final analysis, no real measure was taken to control it. Governments are looking for and trying all sorts of ways to cure their economies. But after a while, every measure proves less and less effective, and inflation is always there. Governments and government economists realize full well their efforts and their austerity measures will not abate it.

Canada is not the only country hit by inflation, but we feel the crunch nonetheless. Since 1972, the rate of inflation has been on the increase. Sales prices in the manufacturing industry rose nearly 35 per cent during the last two years, as compared to 27.4 per cent in the 11-year period from 1961 to 1972. Wholesale price statistics indicate the corresponding increases were 33 per cent and 49 per cent respectively. So inflation is not abating, far from that, it underwent rapid acceleration, considering that since World War II, the cost of living has never soared that fast during a 12-month period. As a matter of fact, the rise in the cost of living was the highest since 1948, namely 12 per cent. The aggregate index of the cost of living increased by 1.1 per cent last November, to a level 12 per cent higher than that of November 1973. If I am not mistaken, the last time the cost of living increased more rapidly was between October 1947 and October 1948. During this period, after the removal of price controls imposed during the war, a rise of 12.2 per cent had been recorded.

According to Statistics Canada, during the last 12 months, grocery bills have increased by 15.7 per cent and the price of meals in restaurants, by 18 per cent.

We are living through very difficult and critical times. We are even on the threshold of an economic depression which could reach catastrophic proportions and challenge the very stability of the society in which we live. In the face of that, what does the government do? Not a thing. The ministers are quite content with saying that the disease is an international phenomenon, that we must bear with it patiently. In truth, they do not know what to do, they do not understand the real causes of inflation and, in any event, they do not seem to be any more concerned about its inevitable consequences.

The inflation we are cursed with is, to a large extent, the result of past errors of Canadian monetary and fiscal authorities. Those errors will be repeated again if we do not put a stop to it all. The government will not be able to destroy the healthy virus of soaring prices until such time as it takes the trouble of pulling out of a financial system that does not truly correspond to the facts of production and consumption.