

Cost of Living

prices. Certain provinces have already acted to do so, and others are undoubtedly considering taking such action soon.

[*Translation*]

The foregoing constitutes payments of income to Canadians.

The government also intends to take other measures to reduce the cost of basic foods, measures which will greatly contribute, I think, to maintain and even reduce the price of essential foodstuffs.

[*English*]

We are completing discussions with the Canadian Wheat Board and the Ontario Wheat Producers Marketing Board to immediately reduce prices of wheat to millers and other users for human consumption in Canada. The reduction would be approximately to the level of the early August prices and would be part of a multi-year agreement which would provide guaranteed minimum and maximum prices to the Canadian farmer.

Some hon. Members: Hear, hear!

Mr. Trudeau: We would pay to the Wheat Board and other producers up to \$1.25 per bushel of wheat consumed by Canadians—bread, pasta and all other uses—as a consumer subsidy. The result will be that a further bread price increase of about 5 cents a loaf which was inescapable in October will not now occur.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Trudeau: The federal government wishes also to alleviate the burden of the price of milk for Canadian families and insists that any measure taken will benefit consumers. The government is therefore willing to guarantee payment of a 5 cent subsidy per quart of milk to the provinces where marketing boards will agree to maintain or reduce the cost of milk for at least one year. At the same time, the government will set up a program aiming at reducing by an equivalent amount the price of a package of powdered skimmed milk. In this respect, it will hold meetings with provincial representatives without delay.

To make sure that these measures will fully benefit consumers, the Food Prices Review Board will be instructed to closely supervise the results of the subsidy programs that I have just announced.

[*English*]

Turning from food prices, another area of concern to Canadians and the government is the price of gasoline and heating oil. The world is going through a period of rapidly escalating petroleum prices and Canada is not immune from world conditions. The market in eastern Ontario, Quebec and the Atlantic provinces is dependent entirely on international crude oil supplies, mainly from Venezuela, Iran and the Arab states. Crude oil from these sources has gone up in price by more than 30 per cent in the past year.

In the rest of Ontario and the western provinces, which are supplied by Canadian production, the price has risen along with international prices. In part this is because about half of Canadian production is sold in the United States markets where increasing reliance on foreign sup-

[*Mr. Trudeau.*]

plies has made the United States vulnerable to foreign prices. Canadian crude oil production has consequently been sold in the U.S. at the opportunity prices available, and the domestic Canadian consumer has seen this U.S. demand raise his prices too.

Prices of petroleum products, including gasoline and home heating oil, in Canada today have reached the point at which the government believes immediate measures are required to stabilize the action of the marketplace in the interest of consumers and the rational development of Canadian industry.

Some hon. Members: Hear, hear!

Mr. Trudeau: Accordingly, the following measures are now being announced:

1. The oil industry will be asked to refrain from making further price increases affecting Canadian consumers before January 30, 1974. This price restraint would apply except where, to the satisfaction of the Minister of Energy, Mines and Resources (Mr. Macdonald), the increase in the cost of imported crude oil warrants a Canadian price increase.

2. The government intends to seek a control mechanism whereby higher prices in the U.S. market would not automatically increase prices at home in Canada.

Some hon. Members: Oh!

Mr. Trudeau: An export tax or a national oil marketing board are two possible control mechanisms. Discussions will be held as soon as possible with provinces and industry prior to the introduction of legislation.

3. The government will also hold early consultations with provinces and industry on the extension of pipeline facilities so as to enable Canadian oil to be shipped into Montreal. At a time of rapidly escalating international prices, this would put Canadian oil into competition with international oil and would give additional security against international disruption of supply.

● (1630)

Mr. Speaker, in present world conditions the most urgent task of the government is to ensure that those who are least able to defend themselves against the effects of inflation are protected. This has been a fundamental objective of the government. The measures which I have announced today are consistent with and will further strengthen the measures which the government has already taken to ensure that this objective is met.

The government must also ensure that the inflation which we face today and which reflects world shortages of foodstuffs and key commodities is not translated into escalating costs which might necessitate the imposition of income and price controls. The government believes there is a better way and a better course to follow.

Some hon. Members: Hear, hear!

Mr. Trudeau: The measures which it has taken to increase disposable income and thus offset the effect of inflation on real income should be taken into account by those who set prices, profits and wages. The government