

**Mr. Reid:** The idea is that because the problems of inflation being faced by Canada today are those caused by shortages of supply, keeping in mind those who would be hurt by a wage and price freeze, the government is trying to provide subsidies for those who require them and assistance for those who are too weak to defend themselves. That is a policy I think is reasonable under the circumstances. It is also a policy that deals with an operation we used to call, when I came to the House of Commons first, the Phillips curve; the trade-off between full employment and inflation. In other words, there are two sides to the same coin.

The economist I quoted before made the point that:—in Canada to conclude that there is a normal unemployment rate of slightly less than 5 per cent, below which the economy cannot operate for long without setting inflation in motion.

“One can move a little bit below this in the short run, but then wage rates and prices will rise and the attempt to restore price stability will eventually lead to higher-than-normal unemployment.

I think there is some truth in that, and that as we reach a state of full employment there will be additional inflationary pressures. These pressures will be increased by what the hon. member for Central Nova indicated as being a fact; regional disparity in this country. Our economic growth and our requirements for labour are not in the same places at the same time.

It seems to me under these circumstances that the policies which the official opposition has attempted to advocate, from which they are running away or hiding or for which they are losing enthusiasm, are those policies which are designed to cause the problem to get much worse, and cause an awful lot more difficulty.

In my opinion the government is trying to walk an extremely narrow line. The position is delicate, but it seems to me that the position the government is trying to follow to protect those who cannot protect themselves is a lot more preferable than the policy of blind disaster which the Leader of the Opposition and some of those who follow him have adopted. I think this debate has been useful in exposing the lack of initiative and the lack of ideas of the official opposition.

● (2250)

[Translation]

**Mr. Adrien Lambert (Bellechasse):** Mr. Speaker, as the old saying goes: “Who knows what tomorrow holds?” It is absolutely true. There is however an exception. Canada's Progressive Conservative governments and Liberal governments follow each other and, strangely enough, they are alike.

In 1973, the main subject of discussion is inflation. In 1957 and 1958, the main subject of discussion was inflation. Then those who want to go back a little can easily be convinced that this statement is absolutely true.

I have an article published in 1958 which explained the political program of the Conservative party which wanted to succeed the Liberal party. I shall quote it without partisanship but simply in order that we realize that regardless of the government in office, in the present financial system, we always have the same problems. It is a cycle which repeats itself every 10, 15 or 20 years and we

### *Cost of Living*

have again the same problems because we have always the same things.

Mr. Speaker, I want to quote an extract from the statements of the time so that we realize that we are still in a similar situation today. The Minister of Finance (Mr. Turner) seems to think: How true what he is going to say seems! It is true. I invent nothing. This is written in a political document published at the time which could still apply in 1973 if elections were announced tomorrow.

**Mr. Turner (Ottawa-Carleton):** Let us forget the party!

**Mr. Lambert (Bellechasse):** I shall forget the party, but quote the remarks, the comments and the suggestions made at the time.

Here is what we read in this document:

Inflationary forces are destroying the purchasing power of the dollar, which is prejudicial to the interests of those who receive old age pension, family allowances and veterans' pensions, as well as those who have fixed incomes. Today, the purchasing power is 53½c. compared with what it was in 1939.

In 1973, we are making comparisons with what it was in 1957, then we find ourselves at grips with the same problem.

And I go on quoting:

Inflation is the main national problem that Canada must face today. Everyday Canadians are at grips with this problem as a result of ever increasing prices. All that is done is to curb credit and increase interest rates.

As the Minister of Finance said this afternoon during the oral question period, and I quote:

Such a policy cannot possibly deal with inflation unless the federal government stops wasting money.

At that time, the government was accused of being a waster. Today, nothing is said about it but it happens however that a few departments make unconsidered spendings. No one considers things in depth because this is not the main point of interest today, but if one wanted to make an effort, for instance, and read carefully the report of the Auditor General of Canada, one could find out that in a few departments, credits allotted for such or such purpose in the budget have been missappropriated and that the money was wasted.

And later on, they speak about a fair share for farmers. Now, it is the same today. And I go on quoting:

We will guarantee the farmer a fair share of the national income by maintaining a flexible program of support prices to ensure the parity of farm products, parity founded on an equitable relation between sale prices and cost prices.

Now, wanting to guarantee such parity is absolutely logical, but the necessary means must be taken to achieve it. Let's be frank: are we really?

Yesterday, we passed laws intended to increase certain pensions. Last week, we passed a bill to increase the old age security pension. Yesterday, we also adopted a law to up family allowances. Each time we did so to increase the purchasing power in the lower income brackets, to fight inflation.

● (2300)

Mr. Speaker, if we take the trouble to refer to the Larousse dictionary and analyze the word “inflation”, we