

agreed to take less than they could have received on the international market.

In fact, there has been more than a gesture from both those areas of our economy as a contribution in the fight against inflation. However, it is not the case that the farmer and Alberta wanted to do this voluntarily, because the minute the international price went up they said they wanted that price. But I am sure they would both disown their contribution to inflation.

There is another factor over which I do not think we have much control. I refer to the rising price of services generally, not government services alone but every kind of service being performed in our society. These are areas, essentially, in which productivity cannot be increased. These are areas in which the people look around and see vast increases in other sectors of the economy, and their efforts to catch up have an inflationary effect. This is something we will have to live with. Of course, the imports which come into Canada represent something else we must live with. But to say that inflation is caused internationally is only to say that because you have the power in the country, you want whatever you can get under whatever circumstances you can get it.

Now let us look at some of the winners and losers. It is true that some farmers have done well in the last number of years, but other have done very badly. Many beef producers are on the verge of bankruptcy. Why? Because the price of grain has risen and their other prices have gone up. Beef is still higher than it has been for a long time, but the price of grain is going up even higher. So even within one group, whether it is the farmers or a province, you have the winners and the losers and you have disproportionate benefits going to one as against the other. Alberta is a very fortunate province. It is still the only province in Canada that does not have a sales tax.

An hon. Member: It has a good government.

Mr. Saltsman: Yes, it has a very good government. It created its own oil; you know, it waved a magic wand over land which did not have oil, and all of a sudden there was oil. Maybe the Social Credit Party could do that, but I do not know whether the Conservative Party is capable of such miracles. A government can be very good if it is lucky. There are other Conservative governments that are not doing as well. The point I am trying to make is that Alberta is a fortunate province, and I am glad about that.

If you have a period in which the price of oil is rising very sharply and the price of natural gas is rising very sharply, while the province is siphoning off the bulk of the revenue for itself, the people in that province will benefit and the people in the other provinces will not benefit to quite the same extent. So you have a massive redistribution and shift of income just as you have a shift of income between the western world and the OPEC countries—a tremendous shift of income: the kind of moneys flowing into the OPEC countries are almost beyond counting. We have this kind of a transfer going on. Of course, the OPEC countries will say this is only just, and that it is long overdue because the western nations have been exploiting them and they are just getting back what they are really entitled to. I do not want to deal with that argument

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today, except to ask hon. members to recognize the kind of shifts that are taking place.

Right now labour is being pointed to as contributing to inflation. What we quickly forget is that over the last three or four years business profits have increased at a phenomenal rate at a time when labour has not been keeping up with its share of inflation. If labour now tries to recoup for the increase in the price of food, the increase in the price of energy and for the fact that the firms for which they work are more profitable, should it come as any great surprise? Some sectors of labour are guilty just as the other elements of our economy are guilty. Some sectors of labour which have strong bargaining power are also taking advantage of the situation. Therefore I will not exonerate any one group.

● (1640)

The hon. member for York-Simcoe (Mr. Stevens) suggested that we should incorporate in our tax system a provision for the deducting of interest payments on mortgages—this in a tax system that already favours home owners as against those who pay rent. This suggestion comes from an hon. member who is concerned about fairness. How fair is that? In many cities of Canada, 50 per cent of the population do not own homes; they pay rent. Is he going to provide that advantage to those fortunate enough to own a home, and will he compound the advantage they already have by giving them advantages under the tax system? I do not see how he is going to fight inflation in that way, as in many ways the person who owns property benefits during a period of inflation because the property is appreciating continuously. Why should further benefits from the tax system be added to that benefit?

Let us consider the people who are disadvantaged. These are the people who are living on government transfer payments. It is not enough simply to say we will give them an increment to compensate for increases in the cost of living. If the cost of living has gone up by 12 per cent, should we give an old age pensioner only 12 per cent? What are we talking about? It amounts to only about \$150 or \$160 a year: that is all a 12 per cent increase means. What does it mean to a member of parliament, at the existing salary? It amounts to over \$2,000. So if you apply a 12 per cent cost of living increase across the board, the cost of living increase for a member of parliament is more than all the income a pensioner has with his pension and the increment. What kind of fairness is that?

I think what we should be doing is finding a more suitable index that we can use to assist those who are on fixed incomes or transfer payments from the government. There are two ways of doing that. One way is to make a determination of what increases accrue to the average family during a period of inflation; it might be \$300 or \$400 a year, in which case—if you are going to give a cost of living increase—it means a \$300 or \$400 demogrant for everyone, for those at the bottom and those at the top. That would be more just than a percentage increase.

Another way is to apply an industrial index because the real standard of living in the industrial sector is rising faster than the actual cost of living. If you are living in a society where that is happening, that society has an obli-