

point out to the minister that the spread between what the banks pay and what they charge is now five points, that it has been five points for many months now and that, as a result of this spread, industry analysts are admitting that the banks have made windfall and inventory profits since the interest rate policy of the government was announced.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the same question was asked a few days ago and was replied to by the Minister of State for Finance. I have nothing to add except to support him in his answer that the question of bank profits must be considered over a longer term, taking into account rising interest rates and declining interest rates. When both these are taken together, it might be possible to reach a more valid judgment.

Having put that aside, I am quite interested in the point which was made in the House last week and again today, and I will be monitoring that situation very carefully.

REQUEST THAT CANADA FOLLOW BRITISH POLICY

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I thought we had a minister and not a monitor. I would like to point out to the minister that in his answer to my colleague, the hon. member for Kamloops-Shuswap, on March 2, he indicated that the reason for the windfall profits was because of the external profits which the banks were making, whereas the evidence from the industry this week is crystal clear and shows that it is not as a result of external policy; it is as a result of the difference between what the banks are paying to the Canadian consumer and what they are charging the Canadian consumer.

Since that great radical—who I know is a model to the minister of Finance—his colleague, the chancellor of the exchequer in Great Britain, Sir Geoffrey Howe, introduced a windfall profits tax in his recent budget, I would like to ask the minister, since he is following Margaret Thatcher in all the bad directions, why, for once, he cannot follow the example of Great Britain and look at the windfall profits which are the direct result of the interest rate policy which is being carried out by his government.

Mr. Baker (Nepean-Carleton): Remember, you are a Jacobite.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have decided to run a Canadian policy. I am not going to follow the advice of the Conservative Party and decide to ape the Americans, nor do I intend to follow the advice of the hon. member for Broadview-Greenwood who surprisingly asks me to follow an economic policy which he himself has denounced as being reactionary. There is more to the policy that is being followed in the United Kingdom than this particular measure to take additional moneys from the banks. It is a very broad policy, and I do not think it is appropriate to Canada, nor do I think it is appropriate to take one single aspect of the policy of the United

Oral Questions

Kingdom and import it into this country. I thought the hon. member had passed that stage of his development.

Some hon. Members: Oh, oh!

POWER TO EFFECT ROLL BACK OF INCREASES

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I can assure the minister that I have passed whatever stage of development he is referring to, but I have not reached the point of such senility—

Some hon. Members: Hear, hear!

Mr. Rae:—that I am unable to distinguish a windfall profit, a profit which is the result of activities carried out by the Canadian banks in Canada at the expense of the Canadian consumer, and which has resulted in windfall inventory profits to our largest, most dominant and cartel-like financial institutions. I am amazed that the minister, who has been associated so long with those institutions, is unable to distinguish between the cost of doing business and a reasonable profit.

The Liberal party and the Conservative party together, when voting on the Bank Act, voted down an amendment by the New Democratic Party, a Canadian amendment proposing to deal with Canadian conditions, which said that the Minister of Finance should have the residual power to monitor and to roll back interest rate increases when they seemed to be excessive. Does the minister think that a five-point spread between what the banks charge and what they pay is excessive, and does he not think that the government should have the power to force a roll back in order to protect the Canadian consumer when the market is clearly not doing its job in protecting the Canadian consumer?

● (1130)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows perfectly well that one of the purposes of the revisions to the Bank Act was to provide greater competition in financial markets, not only through widening competition within Canada itself but also through the process of permitting foreign banks to compete in this country. I regard the operation of a competitive market as a much more important inducement to bringing down these spreads than accepting Sir Geoffrey Howe's proposal of putting a windfall profit tax on the banks at this particular time based not on long-term objective evidence but basically upon a propagandist thrust put forward this morning by the hon. member.

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CORPORATE AFFAIRS

PRICING PRACTICES OF OIL COMPANIES—POLICY FOLLOWED BY PETRO-CANADA

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Minister of Energy, Mines and