

Government Administrative Policies

conference of finance ministers and treasurers, in Winnipeg. While Mr. MacDonald suggested that the government convene a national conference to discuss the general problem of inflation, the Canadian Labour Congress president once again did not suggest any alternative form of approach that might be considered in an effort to end the spiral of costs and prices. At a press conference he declined even to acknowledge that the recent rate of wage and salary increases contributed in any way to the inflationary pressures that continue to exist in the economy. Given that stance on the part of the CLC, it is difficult to conceive what constructive purpose would be served by a national conference which is now proposed, after having refused to join in a similar gathering proposed by the Prices and Incomes Commission last fall.

Mr. Orlikow: Tell us about the banks.

Mr. Benson: As my colleague—

Mr. Orlikow: Tell us about the 27 per cent increase in the profits of the banks.

Mr. Benson: The banks made an agreement with the Prices and Incomes Commission. The Prices and Incomes Commission is now examining the activities of the banks in this regard, to see whether they have lived up to this agreement. At least it will be made public. We have some power in this Parliament to look at what the banks are doing.

Mr. Orlikow: May I ask the minister a question? Assuming that the Prices and Incomes Commission finds that the bank statements are correct, and that they had an increase in profits of 27.5 per cent over last year, can that be rolled back in order to stay within the guidelines?

Mr. Benson: The banks have made an agreement with the Prices and Incomes Commission, which the hon. member could read if he so wanted. If the banks have not lived up to this agreement, I believe they deserve the censure of us all. The hon. member talks about a 27.5 per cent profit increase, without considering the assets involved, the shareholders' investment and the return to the shareholders. It is always easy to say that because business is making more money, labour should have more money. I agree that labour should have a fair return for its efforts and should share fairly in the profits or the net returns of a business. Hon. members of the NDP from time to time argue and pick

out a figure without ever considering the return of investment to the ordinary person in Canada investing in that institution.

As my colleague, the Minister of National Revenue (Mr. Côté), indicated to the House earlier this week, the government is more than anxious to see the development of conditions that will permit an expansion of the Canadian economy. I do not agree with the leader of the NDP that the government can spend its way out of inflation. It does not work that way, and the hon. member knows it. He is afraid to admit it. He advocated this afternoon that the government of Canada can get out of inflation by spending hundreds of millions of dollars. That will do nothing more than increase inflation. The leader of the NDP knows as well as I that the only source of those funds is an expansion of the banking system, which will create inflation in this country.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Will the minister permit a question? Does the minister say the only way it is possible for the government to control inflation is to create artificial scarcity and unemployment?

Mr. Benson: Not at all, Mr. Speaker. That is not what I said. I do not agree with that. I believe that when a country is fighting inflation, two steps must first be taken. These are the restrictions of fiscal and monetary controls. No country in the world, democratic, socialist or communist, has ever fought its way out of inflation through the use of price and wage controls alone. It is necessary to use fiscal and monetary measures first; then it is necessary to move to some sort of policy of trying to control cost increases.

We have continuously appealed to Canadian governments, business and the labour movement to be modest in their demands and not demand more from the economy than is coming to them from increased productivity. We got a reaction from the business side. The reaction from the labour side is in effect telling the government to go to blazes. They want all they can get out of the economy. They are not worried about the problems of the people who are unemployed or hurt by inflation, such as the poor and those on fixed incomes.

As my colleague the Minister of National Revenue indicated to the House earlier this week, the government is more than anxious to see the development of conditions that will permit an expansion of economic growth in