

Economic Conditions

The Acting Speaker (Mr. Blaker): Order, please. I tried to signal the hon. parliamentary secretary to continue with his remarks. I cannot recognize the hon. member as he is not sitting in his right place.

Mr. Evans: The wrong place is where that hon. member usually is, Mr. Speaker. Excessive consumption expenditures in this country and in other countries over time, and insufficient investment expenditures, will not help. The hon. member for Capilano (Mr. Huntington) talked tonight about the need for massive infusions of new investment funds in this country to increase productivity. I agree fully with him, and the minister agrees fully with him. But you do not get massive infusions of new capital, new investment, by calling for the introduction, as the Hon. Leader of the Opposition (Mr. Clark) did tonight, of new shelter allowances, energy tax credits, mortgage subsidies, and heating cost subsidies, which will cost billions that should be going into increasing the productive capacity of the economy and not into greater and greater permanent consumption programs in the system.

We have a problem with growth in money supply. The Bank of Canada has committed itself to deal with that problem. We also have a problem that is not any of our making, and that is the commodity price shock problem, with food prices going up due to droughts. The droughts were not caused by the Liberal government. Hon. members opposite might think so, but droughts are not caused by hon. members on this side of the House or by hon. members on the other side. However, drought has caused a food price shock. That is not something caused by Liberal policy. There have been oil price shocks facing the world, and those get translated through the system. They have inflationary implications, and those inflationary implications either have to be absorbed or are translated into higher and higher prices for all commodities. That is what we and every other nation are facing today.

The hon. member for Broadview-Greenwood (Mr. Rae) talks about a price monitoring function. He suggests we should have price monitoring, that we should have price rollbacks, and that we should ensure that the corporations and the business firms in our society are not ripping off the public. I would suggest to you that all of the evidence I have seen, that I have looked at, indicates to me that in no sector of the economy is the business community reaping persistently excessive profits. There is no study which has been done that shows that the business community persistently rips off the public by excessive profits. Certainly higher profits are necessary to induce investment into the area.

An hon. Member: A 56 per cent increase in oil profits?

Mr. Evans: That is right, and that will lead to greater exploration and greater development. That is precisely what the hon. member would want.

We hear a call for wage and price controls from some circles. All of the evidence we have seen in the past indicates that wage and price controls do not have permanent, long-lasting effects in solving inflationary pressures. If the fundamental

cause of inflation persists, wage and price controls do not work. Wage and price controls act like the lid on a tea kettle. If you do not turn down the heat you get an explosion, yet we hear that from those hon. members from that corner who indicate that we should be looking at some kind of incomes policy and so on.

The hon. member for Broadview-Greenwood earlier tonight indicated that all the countries he had been looking at, including Germany, France, Britain and the United States, as well as Canada, were following policies which had a similar thread running through them. I would simply ask the hon. member, has he ever thought that perhaps the reason all these countries are following the same kinds of policies in response to the world problems we are facing is that the policies are right? Why is it that because they do not happen to coincide with the policies that perhaps the NDP believe are correct, the rest of the world must be wrong? I suggest the rest of the world is not wrong, Canada is not wrong, and this government is not wrong.

The opposition has been consistently, and shown to be consistently, blind to economic realities. We have seen this time and time again tonight and in the past. Members opposite are totally inconsistent. First of all we hear a great hue and cry, bring down inflation, bring down interest rates, and do this by some magic formula. Apparently they are going to say, "Interest rates shall be such and such, and that is what they will be," but it just does not work that way.

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On the other hand, we hear the great cry that we should increase spending and cut taxes, which leads to growing deficits. Hon. members opposite want us to reduce deficits, and the Minister of Finance is reducing them with his budget. We have a total inconsistency. We are supposed to increase expenditures and cut taxes, which reduces government revenues, and at the same time reduce inflation and interest rates. We cannot do both.

Mr. Rae: Yes, you can.

Mr. Evans: The sooner hon. members opposite learn that, the sooner we will have some rational and reasoned debate in this House of Commons.

Earlier tonight we heard the accusation which has been coming from the official opposition and members of the New Democratic Party that the policies of the government are hurting low and middle-income Canadians, and that we are squeezing the life out of low and middle-income Canadians. This was carried further by the hon. member for Nepean-Carleton, who said that senior citizens have to rely on OAS and GIS. My God, those policies were brought in to help the very people who need help most. What is the complaint? Those policies were brought in for all but a small number whom we hope to bring above the poverty level as soon as possible. The other groups are above the poverty level, and their benefits are indexed so that they will stay above the poverty level.