

I was encouraged that the new managing director of the International Monetary Fund, Mr. Witteveen, as well as a number of other representatives at both conferences, dealt with the problem of international inflation at considerable length.

Here, Mr. Speaker, is the beauty of combining the reports. The minister immediately moves in the next sentence to the Commonwealth ministers conference and says that the Commonwealth ministers noted, in particular, the problems arising from high prices, and so on. It would have been interesting had the minister continued and let us know what Mr. Witteveen had said in his report to the directors of the International Monetary Fund a while earlier. Mr. Witteveen said, as found in the IMF survey:

In order to use this opportunity for a real break-through in the struggle against inflation it may prove essential to supplement monetary and fiscal policies by some form of incomes policy to act directly on prices and wages which are not determined competitively. For recent experience has shown that elimination of excess demand, while necessary to bring down inflation, may by itself not be sufficient for this purpose. Effective incomes policies will be all the more necessary in an international climate from which the inflationary bias has been removed. Under such conditions a continuation of wage and price increases at present rates might easily have adverse repercussions on growth and employment, especially in those countries whose competitive position has suffered by the adjustment of exchange rates.

How true, Mr. Speaker. Would the minister now tell us this: did he in his comments at the conference of the International Monetary Fund express the views of the Canadian government with regard to the director-general's recommendation concerning an incomes policy? It would be very interesting to hear what the minister had to say in that regard.

I certainly support the hon. gentleman in his keen desire for international co-operation in dealing with inflation. But, right there, he fails to follow through. After all, if 12 out of the 19 OECD countries have partial or almost full controls at this time, why is it that Canada must distinguish itself by being one of the countries least able to deal with its inflation, doing the least about it and having only minimal controls?

• (1420)

**Mr. Turner (Ottawa-Carleton):** Because they have not worked.

**Mr. Lambert (Edmonton West):** On a point of information, the minister says they will never work.

**Mr. Turner (Ottawa-Carleton):** No, I did not say that. I said because they have not worked.

**Mr. Lambert (Edmonton West):** But nothing seems to be working in Canada. Inflation is running rampant every month. It seems to me that, having gone to the African continent, the minister has continued to emulate the attitude of that famous large bird which is endemic to the area and buried his head in the sand.

On the question of monetary reform, there too I share the minister's apprehension that progress is being made very, very slowly. We have just gone through several months of the most agonizing international financial crises in 1973 and I do not think the world can stand another round of that sort of thing. I do not know whether we have a picture of countries frozen into immobility,

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unable to think and act in regard to reforming international monetary relationships. To this extent I agree with the minister that things must happen a lot more quickly.

The minister did not speak of this point because at the time of the conferences the Middle East crisis had not broken out, but I am wondering whether part of the crises of 1973 was not a carefully engineered preliminary within the framework of the International Monetary Fund, leading to the outbreak of hostilities today. It may be that the minister thinks this a little farfetched but I want him to think about it. In any event, it merely illustrates that it can happen.

We also want to know what proposals Canada has made regarding international monetary reform, whether the minister is talking about a broader band or about a creeping peg, and what should be the rights of developing countries to participate in a special category of drawing rights, which I think would unnecessarily complicate what is essentially an exchange program through a foreign aid program around the world.

My last point is this. I could quote extensively from Mr. Witteveen's final summary to the conference in regard to the nature of monetary reform progress which has been made, but it seems that there is to be a fixed exchange system which will be the cornerstone of the reform system. At this point I should like to ask the minister: Did Canada insist that there should be a right to float? If so, how does this square with the minister's reported statement that he expects that Canada will soon return to a pegged exchange rate, as it should be doing in order to conform with the present agreement?

The minister has furnished us with a great deal of material to examine in detail, but this is not the time to do so. I can see that Your Honour is becoming impatient. The minister has made a ten-minute statement. I hope that my reply covering the same ground has been equally short.

**Mr. Lorne Nystrom (Yorkton-Melville):** Mr. Speaker, I am pleased that the minister saw fit to make a statement in the House today about the meetings he attended over the last few weeks on the world monetary situation. I cannot say that I am pleased, and I do not think many hon. members are, with the progress of those meetings. Indeed, the progress has been very discouraging. The lack of any solution regarding the world monetary system and problems relating to the United States dollar has been discouraging.

I think Canada could have played a more positive role in taking the initiative toward finding solutions to these problems. Perhaps the minister in his statement should have outlined more fully the opinion he expressed and the approaches he took at these conferences. About the only positive thing that resulted from these meetings is the fact that the group of 20 set a deadline of July 31, next year, to find a solution. Various technical committees have been established in an effort to hammer out the details of an acceptable solution.

I think the most important thing missing from the discussions held in Africa, as covered by the minister's statement, is the role of the multinational corporations, financial institutions and banks throughout the world and the influence and power they exert in respect of world