

*Government Administrative Policies*

but I say to the minister that if this rate is maintained it will be very difficult to maintain the will of the people of Canada to fight inflation. If the minister is to conduct an effective battle against inflation, then he better move to do something about unemployment.

**Some hon. Members:** Hear, hear.

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, it is perfectly apparent to any casual observer that the government's anti-inflation policy is a shambles. Not since the famous retreat from Moscow have we witnessed anything like the present government led by a little Napoleon beating a retreat, heading his decimated forces across the frozen wilderness littered with the shattered hopes and abandoned policies of a bankrupt government. Here is a government which started out to fight inflation by creating unemployment and by deliberately provoking an economic slack in the economy. Now, the government finds that all the economic restraints it proposed to impose have been ignored by everybody except itself in respect of its own employees. I shall come to that in a moment. The provincial governments have indicated they do not intend to impose any 6 per cent wage and salary ceiling. Both the premiers of Quebec and Ontario have made this abundantly clear.

It certainly is evident from looking at the prices of goods in the stores, and the profits of corporations and financial institutions in this country, that they have paid no attention to the government's restraints. The only person who is trying to impose the economic guidelines which the government has asked be accepted voluntarily is the President of the Treasury Board (Mr. Drury). He stands like the little Dutch boy with his finger in the hole in the dike while the whole ocean comes billowing over the top of the dike. Can there be anything more ludicrous than a government which has completely failed to secure support for any of its economic guidelines seeking to impose those guidelines solely on its own employees? The provinces do not intend to impose the 6 per cent guideline. The government itself has not even attempted to impose it on the workers who come under federal labour jurisdiction. But the government is saying to its own employees in the Post Office, in the civil service and in various Crown corporations, that they will be limited to an increase of 6 per cent.

With great fanfare, a short time ago the government gave the civil servants the right

to collective bargaining. How much free collective bargaining is there when the government sits down at the bargaining table and says, you can freely bargain all you like but we will not give more than 6 per cent. At the same time the government is not prepared to give its employees any assurance that their cost of living will not go up, that interest rates will not go up, that rents will not go up, that profits of corporations will not go up, that executive salaries will not go up and that other groups in the community will not get a much larger share of the national income. The government is seeking to make guinea pigs of its own employees and made a mockery of all its professions of giving to its own employees free collective bargaining.

● (4:00 p.m.)

I think the workers of this country are perfectly entitled to ask the question: why is one form of income selected for restraint when no effective means whatsoever are being applied to other forms of income? Prices continue to rise—rents most of all—and profits continue to go up. They have been quoted many times. Hon. members have already seen the financial statements of the seven chartered banks which for the first six months of this year show an increase in their profits of 27.7 per cent over the profits they made last year. And last year was not a poor year—their profits were up 26.5 per cent over the year before. It is rather interesting that the Minister of Finance on Monday, June 8 of this year, at page 7839 of *Hansard*, in answer to a question from my colleague, the hon. member for Winnipeg North (Mr. Orlikow), respecting these increased bank profits, is reported as follows:

Mr. Speaker, at the meeting earlier this year of the Prices and Incomes Commission, the banks made an agreement with regard to restricting their profits. I trust that the Prices and Incomes Commission will make sure they are adhering to this and, if they are not, I trust that the commission will bring it to the public's attention.

**Mr. Orlikow:** Some restriction.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** First of all, of course, there is no provision for restricting the banks' profits. The minister's statement is completely misleading. The provision that was agreed to at the price stability conference of last February merely had the agreement of the banks that the ratio between the interest they paid to depositors and the interest rate which they charged on consumer loans would remain constant. But the best proof that the crite-