

This is why members of Parliament receive calls from young people who want work but cannot find it, the young people we sent to university to be trained. That is why we receive calls from senior citizens who are very much concerned about what is going to happen to them. Let us not juggle the statistics. We can make statistics do anything.

I want answers to these questions. These questions will be put to my friends across the way when they go home. They will be reminded that they defeated the government and asked, now that they are in power, what they are going to do about this problem. They will ask what is going to be done for them. They will tell their members they supported them because they wanted something done, but so far the government has not produced. Someone across the way must answer these questions. They are not statistical questions, but human questions that demand answers.

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the hon. member. Perhaps with unanimous consent of the House he might be given half a minute to complete his remarks.

Mr. Baker (Nepean-Carleton): No, Mr. Speaker, I do not want to infringe on the time of the House. Thank you very much.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I appreciate my hon. friend from Nepean-Carleton (Mr. Baker) posing a great many questions for me. I will try to respond to one or two in the first few minutes.

With regard to his rather sly implication that I do not talk to my constituents and do not know what is going on in Ottawa Centre, I tell him that he is not only wrong, but dead wrong. I know what is going on. I know the problems in my constituency. That is one of the reasons the federal government has come through with the Rideau Centre and why we are going to create a large number of construction jobs in Ottawa. That will help to alleviate the unemployment situation. That is a piece of the action. That is doing something, something the hon. member was unable to do when he was in office.

I wish to deal with the basic subject of the debate and in a reasoned way. I will attempt to analyse the situation we now face and try to impart some understanding to members opposite with regard to the situation that we, they and the country face and the options available to us. I will attempt to give them some understanding as to the difficulty of the options available, the costs of the different options and the fact that when all is said and done, the economic policy being followed by the government is the best policy, given the situation we now face.

Members opposite have said that the Minister of Finance (Mr. MacEachen) places all the blame on the United States for our economic situation. That is nonsense. He did no such thing. He was talking about the current, excessively high interest rates facing us in this country. That situation we certainly do lay at the doorstep of monetary policies being

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followed in the United States. That does not say that Canada's inflation problem, the fundamental problem of inflation in Canada, can be laid at the doorsteps, or is trying to be laid at the doorstep of the United States by the minister; that the fact that interest rates which are influenced by that inflation rate are higher than we would like them, than you would like them, than all of us would like them, than Canadians would like them, is to be laid at the doorstep of the United States. Certainly the volatile monetary policy that is being followed right now by the United States and has caused the excessively high interest rates, the 20 per cent range in the United States, and the near 20 per cent range in Canada. That is what the minister was talking about, not that all of our problems are to be laid at the doorsteps of other countries or of the United States. He did not say that. He did not mean that. He does not believe that, and you know that.

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I think one of the things we have to come to grips with in this House is a fundamental understanding that the most critical, the most serious problem facing us today, considering the long-term good of the country and the potential growth of the country, is the problem of inflation. That is the root problem and that is the source of high interest rates rather than what is suggested by members of the NDP who always get things backwards and who say that high interest rates cause inflation. Inflation causes high interest rates. I agree with hon. members opposite that inflation is a problem that has been created over time in Canada, that has been created over time in the United States, that has been created over time in Britain, France, Germany, Norway, Sweden, and The Netherlands. Every country in the world is facing inflationary problems.

The things that are causing problems, the things that cause inflation in this country include excessive purchasing power in the system relative to our productivity, and we understand that productivity is a problem. We have brought down a budget that is going to increase, to double in the next three years, the money going to energy and economic development, to the extent of \$13 billion. In 1983-84 this will double what it is right now. This is to try to get productivity back on line, to get more people at work, to put the economy on the rails and to get the inflationary problem under control by increasing the supply side.

But, in addition to supply side economics, the development of greater productivity, greater output and new investment for the country, in addition to that we have to control the growth rate in purchasing power, the growth rate in money supply. That is what the Bank of Canada has been doing by gradually reducing the growth rate in the money supply over time. That is what the Bank of Canada will continue to do. That is the area of monetary policy this government will support fully as followed by the Governor of the Bank of Canada.

An hon. Member: Would the hon. member tell us what the increase—