

Economic Conditions

stimulate the economy will cost at least as much because more people will be unemployed and fewer tax dollars will be raised. In the final analysis, the cost of not stimulating the economy will be higher than the cost of stimulating it.

I want to say finally, with regard to the setting of interest rates, that one of the things which has concerned me for a while has been a weekly setting of interest rates. I am absolutely convinced that it undermines the confidence of people in the country. When you set rates every Thursday, no business is done on Friday. By Tuesday, the United States will have indicated an upward surge and no one does business from Tuesday to Thursday waiting for the Bank of Canada to follow. We end up with an almost paralysed economic condition. I want to suggest that we change that system, that we assume political responsibility and that we stop pretending it is other people's faults. We should get down to dealing with it in the House of Commons.

● (0310)

Mr. David Smith (Don Valley East): Mr. Speaker, I can think of other places where I would rather be at three o'clock in the morning, but I believe members on this side of the House need to bring the debate back to reality.

It is an important issue which affects all Canadians. I have been watching interest rates very carefully because my mortgage comes due next summer. I think it is a good idea that we should participate in such a debate as this, but in my view members of the opposition have done a disservice for a number of reasons which I should like to spell out.

First, I think members of the opposition have been panicky and preaching doom and gloom. One would think from their speeches that the Canadian economy was on the verge of collapse and that anyone with any brains would flee Canada immediately, whereas, if one listened to the facts espoused by members of this side, which I do not need to repeat, one would realize that our record is relatively good. Our economy is in good shape. We should be showing a little confidence in the country rather than panicking as has been the case on the other side of the House tonight.

Second, it is rather unfortunate that members on the other side have ignored reality. One would think we lived on an island and that Canada could operate without any regard for its neighbours to the south or for the rest of the world. The fact is that we have maintained a rate of interest which is 4 per cent lower than that of the United States. That is really commendable. Were any plugs given for that? No, none at all. It was ignored; apparently it did not matter.

During the question period when the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) was asked about interest rates, he made reference to the fact that there was a 4 per cent differential between us and the Americans. What did we hear from about five Tory frontbenchers? They said, "So what", as if it did not matter, as if there were no correlation. If that is the understanding of economics we can expect from the other side of the House, it is no wonder we are not receiving any enlightenment from them during this debate.

My third point is that the solutions are not easy. We hear that the Bank of Canada should freeze interest rates or lower them. Who will pay for that? At least the NDP is consistent. It never seems to worry too much about who will pay. I cannot really say the same for the Tories, the great monetarists, the great defenders of private enterprise, the great believers in the free market the great believers in supply and demand. Where they are on this issue I do not know. Do they want us to interfere? Who will pay for it? How will it be done? We have not heard any solution tonight.

I listened with great interest to the speech of the hon. member for Bow River (Mr. Taylor). He is a nice man; I enjoy talking with him. I thought this was supposed to be a debate on interest rates. What did we hear? In the first half of his speech he urged that we should approve the agreement on oil pricing which the province of Alberta wants. In his view it is a very reasonable agreement. What will be the end result of that? It will mean more money for Alberta and more money for the multinationals. I do not propose to get into a debate concerning multinationals right now. Of course there is a difference of opinion between us on that subject. But will an agreement on oil pricing be the answer? Will it stop prices from rising? Will it stop inflation? Will it mean that interest rates will not continue rising? Of course not.

Mr. Fraser: Give it to the Arabs, give it to the South Americans, give it to the Mexicans. You pay other people twice as much as Canadians.

Mr. Smith: The second half of the member's speech was to the effect that somehow we are being led down the garden path of socialism, that the Prime Minister (Mr. Trudeau) and all of us over here are socialists.

Some hon. Members: Hear, hear!

Mr. Smith: The Prime Minister has been in power since 1968. If he is a socialist, he is doing a crummy job. He has been in for 12 years, yet we have the CPR, banks, trust companies, supermarkets, department stores and small business. I have not heard of any of them being nationalized. We still have the multinational oil companies, yet members opposite say we are socialists. They should get serious.

Mr. McDermid: And you have 400 new Crown corporations.

Mr. Smith: Hon. members opposite are worked up about Petro-Canada. We want to strengthen Petro-Canada. I feel good about that. Where were they on Petro-Canada in the last election? The Tory position on Petro-Canada at that time was a revolving door, because it changed every week. I do not know where they stood on that; but if we are socialists over here, we are doing a crummy job.

Mr. Fraser: Where were you on the price of foreign oil?

Mr. Smith: When the hon. member for Vancouver South (Mr. Fraser) wants to speak, I will let him.