

Adjournment Debate

foreign investors could make in Canadian dollars because of the drop of .5 per cent in interest rates, as well as some trepidation about the upcoming budget.

The Minister of Finance in his response ignored the basis of the question and gave a little gratuitous speech about not being able to bring down interest rates in an unnatural way. The implication of my question was that maybe if he just let the Canadian dollar find its level interest rates would fall along with it and if he would stop trying to prop up the dollar to an unnatural level both the value of the dollar and the amount of interest we would have to pay foreigners to be attracted to Canada would be lower, to the benefit of those of us in the country who try to make our living exporting product.

I represent an area that sells the products of our mines, our forests, our farms and sells a little fish and some fur. All those industries are being devastated by this government's interest rate policy.

High interest rates increase our costs. Every time we have to borrow money to carry on operating expenditures or to add to our capital equipment load, it costs us money as the interest rates go up. However the high dollar is hurting us almost as much, if not more, because we sell on an international market and we usually sell in American funds.

When our Canadian dollar starts to rise, particularly when it is being pushed up by our own government, it hurts. It hurts because the amount of money coming to our pocket is less.

Let me illustrate. The world-wide grain stocks are falling. They are expected to be their lowest in 35 or 36 years at the end of this crop year. The income from the sale of that grain this year versus last year is actually going down because the value of the dollar has shifted. The amount of funds left over when we convert our sale out of American funds back into Canadian means that we have less money actually than we had before.

Let me give an idea of how little my part of the country and my industry is contributing to inflation. I want to point out that when I was first nominated to go into politics I bought a new full size car. It cost me just under \$6,000. I had two ways of paying for it. I could either sell seven 900-pound feeder steers and pay for the car, or I

could sell just under 2,000 bushels of No. 2 wheat and I could pay for that car.

• (1805)

Right now my neighbours and I have those same options to go out and buy a new car of the same size, but instead of it costing seven of those 900-pound feeder steers it will cost us 25 of those feeder steers to buy the current new car which is virtually the same model it was back when. Or, it will cost us not under 2,000 bushels of No. 2 wheat which it did back when I was a new entrant to politics, but about 7,000 bushels of No. 2 wheat.

I say that because I want to make it very clear to the House, and especially to the Minister of Finance, that if there is somebody contributing to inflation in this country it is not the farmers of Saskatchewan or of rural Canada. It is not the people who work in the mines. It is not the people who work in the forests. The people who are contributing to inflation reside in his Bank of Canada and in his ministry. He should start reacting a little more realistically and come up with some policies that will lower the interest rate. If it hurts the dollar, fine. It will only help those of us who make our living exporting.

Mr. Rob Nicholson (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Madam Speaker, the government is aware of the difficulties that high interest rates can cause for Canadian farmers.

At the same time, it must be recognized that while interest rates can temporarily be brought down through a more expansionary monetary policy, they can only be sustainably lowered by addressing the fundamental cause of high interest rates: inflationary conditions and large government deficits that presently exist. That is why over the last few years monetary and fiscal policies have been directed toward containing inflationary pressures and reducing the government's demand on available savings.

It is important to recognize that there is no room for complacency about inflation. Inflation is everyone's problem. Complacency in the 1970s led to the recession of the early 1980s. For instance, in November 1976 the inflation rate was 5.5 per cent across this country or roughly what it is today. By the summer of 1981 it had climbed to 13 per cent and the economy was in a mess. Inflation cripples the efficiency of the economy. It impedes productivity growth and it harms Canadian