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basic reasons. First, because interest rates in the United States are exceptionally high. These interest rates have put pressure on the Canadian dollar. Funds from every country are attracted and are flowing toward those high United States interest rates, particularly at a time when U.S. inflation is declining. That is why the American dollar is strong at the present time.

● (1620)

Second, we have high interest rates because we have high inflation. At the Versailles Summit we called upon the United States to do everything possible to reduce the extraordinarily high interest rates prevailing in that country. We have been clear on that point; we have been persistent and have acted in the clear interests of Canada.

The Leader of the Opposition calls this shifting the blame. Would he have us, among all the seven nations sitting around the Summit table, not raise the question of high interest rates in the United States? I believe we would have been shirking our responsibility had we not called upon the United States, in the present circumstances to do something about their interest rates. According to an article in *The Wall Street Journal*, just this week the secretary-treasurer of the United States said they recognized that interest rates are unacceptably high. So does the rest of the world, Mr. Speaker. They want us to get those interest rates down and so does the man in the street.

I believe you are rising gently to ask me to end my statement, Mr. Speaker. I would just conclude by asking the members of the opposition a few questions about their effort to assist at the present time. Do they support the current monetary policy or would they ease that policy and flood the system with funds in order to bring down interest rates? Do they believe that would be constructive?

Do they believe in a restrictive fiscal policy or an expansionary fiscal policy? What is their policy on income demands and income settlements? What do they propose to do in the face of income settlements of 11 per cent now in the public service and in that range in the private sector? These are hard questions that have to be answered. Not one sentence in the otherwise interesting speech of the Leader of the Opposition dealt with the hard issues that the Government of Canada must face in the present circumstances.

Some hon. Members: Hear, hear!

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, for a few moments I want to put forward some suggestions, if the minister can bring himself to listen.

Mr. Deputy Speaker: Order, please. The hon. member for Hamilton Mountain (Mr. Deans) has the floor.

Mr. Deans: Thank you, Mr. Speaker. I appreciate your drawing the rowdies to order.

I want to spend a few moments of my 20 minutes speaking about what might be done in Canada. To begin, I want to say to the Leader of the Opposition (Mr. Clark), as he once again bleats about the defeat of his government, that it is quite clear

to anyone on the outside looking in that the reason his government was defeated was that the budget he brought in did not meet with favour either with the House of Commons at the time or with the public subsequently. There is no point crying about the problems that the budget created. The fact of the matter is that the Leader of the Opposition decided to have an election thinking he was going to win and discovered that there was not support across the country for the measures he had introduced.

I want to deal with other matters because they are much more important than that. I want to talk a little about the state of the economy in Canada. You do not have to analyse statistics to see the problems in this country. I do not think the Minister of Finance (Mr. MacEachen) thinks for one minute that the people in this country believe that the policies he is pursuing on behalf of the government are working. He must surely understand now that the very high interest rates that the Governor of the Bank of Canada has made sure are in place at the behest of the government, are causing inflation to rise, causing people to lose their jobs, causing farmers to lose their farms, causing small-business men to have to cut back substantially on the use of their productive capacity and the employment of people who would normally work in those industries.

You do not have to be a genius—and I am sure the Minister of Finance is not because I have been watching him for two years—to appreciate that if high interest rates are causing all these problems and are creating as many problems as they are solving—and I suggest they are creating even more—then we must begin by coming to grips with the question.

The Minister of Finance asked about fiscal policy and about monetary policy and about an incomes policy. With regard to a monetary policy, there is a time for selective stimulation and there are certain parts of the economy that desperately require some assistance at this time. I say to the minister that there is no question in anyone's mind that the housing industry has the capacity to produce jobs in the hundreds of thousands while at the same time meeting a social need. There is no secret about the fact that every dollar put into that industry yields more in return than any other single industry dollar in terms of employment and meeting social needs of the country.

If at this time it is necessary to impose certain new restrictions on interest rates in order to guarantee that people will be able to buy and maintain the homes that should be available to them, then the government has to take that kind of action. There is no question, in my mind at least, and I think in the minds of hundreds of thousands of people who today are faced with the problem of renewing their mortgages, that the single factor that is undermining their economic stability and creating many of the hardships that the Leader of the Opposition spoke of with regard to the impact on families is the exorbitant increases in monthly mortgage payments which are far beyond what people can reasonably be expected to afford.

In monetary policy terms, there are places where stimulation is required. There are times to stimulate. It is not an over-all loosening of the purse strings or pumping in massive sums of