

years the idea, the thought, will be all through the academic thinking of all nations.

Here we sat in the Parliament in 1979 and defeated a budget because of a greed for power on the part of a small, defeated rump representing the Canadian people. That party used a policy of fear to convince the people into believing that to save their nation they had to bring in a government which had turned its back on them a few months before. Now the minister, who in his earlier life as a politician used to consider himself a bit of an economist, has been caught in all these answers in the last few weeks in the House about the theory of his budget doing what no good politician should ever do; zigging when he should have been zagging.

● (2130)

The Minister of Finance (Mr. MacEachen) has been a failure not only on moral principle and decency in this House, but also in his own disciplined economics in going the wrong way at a time when the nation desperately needed a government that would open its eyes and go the right way.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I have listened to three speeches by members of the official opposition, and I wondered whether they were attempting to deal seriously with the Canadian economy or were attempting to express their personal and political frustration at the results of a vote which took place in the House of Commons last December and the vote of the Canadian people last February. Because throughout the whole contribution of the three hon. members of the official opposition there ran that bitter expression of personal frustration which has led them to make intemperate remarks in the course of what ought to have been a serious discussion of the economy.

I must say that the last speaker on the opposition side did not add to his stature in the House of Commons by his most recent intervention.

Miss MacDonald: You surely have diminished yours.

Mr. MacEachen: I have no intention of responding to the hon. member for Kingston and the Islands (Miss MacDonald), who is speaking now from her seat and who will be permitted to speak later, if that is her inclination.

I want to take advantage as other hon. members have done to address what to me is a very serious economic situation facing not only the world but Canada as well. I have never hidden from the House of Commons or from the Canadian people the fact that I regard the difficulties facing the country as serious difficulties.

Mr. Broadbent: But not a crisis.

Mr. MacEachen: That was made clear in the budget. It has been made clear in every response I have given to questions in the House of Commons. The situation is serious, and there are

Economic Conditions

a number of factors which account for its seriousness. I have been attempting as well as I can to deepen the understanding of the nature of the problem facing not only the world economy but also that of Canada.

The first point I would like to make in reminding the country and the House of the current situation is that not only is Canada, in a sense, reacting to the effects of a severe oil price shock which took place in 1978, but also every industrialized country in the world is reacting to it, with inflation running at the very high level of just about 11 per cent, with unemployment running very high and with a decrease in real output. That is the situation.

At the first meeting of the International Monetary Fund which I attended as Minister of Finance in the spring, the managing director of the fund told all the finance ministers from the industrialized countries assembled that the outlook for the world economy is decidedly grim. That is a fact, and we have not yet recovered from the oil price shock which is inflicting inflation upon the world. We may be working our way out of it, but I warn hon. members that if there is a further shock from protracted hostilities between Iran and Iraq or other difficulties in the Middle East, the world will be further attacked by this kind of difficulty.

Mr. Clark: What a fraud.

Mr. Nowlan: Blame it on Polish sausage.

Mr. MacEachen: I remind you, Mr. Speaker, that hon. members on this side of the House sat quietly while three members of the opposition made their speeches. There was no heckling. There was no berating. Hon. members opposite are obviously afraid to be confronted with reason and objectivity, and they want to deal with personal and political frustrations.

Some hon. Members: Hear, hear!

Mr. Nowlan: You are the most deceitful Minister of Finance we have ever had.

Mr. MacEachen: There is nothing Canada can do—unless accept the advice of the Leader of the Opposition (Mr. Clark), which is to drop off the planet; that seems to be his proposal—because we are being influenced by these forces throughout the world, and we have to cope with them.

Hon. members opposite have talked about the U.S. interest rate crunch. They have said that I have been blaming our difficulties on the United States. I think it is rather unbecoming for the Leader of the Opposition and his former minister of finance not to pay at least some attention to the analysis which has been provided to us by the governor of the Bank of Canada, publicly yesterday and privately before the provincial ministers of finance. He has talked about the interest rate crunch. He has talked about the impact it has had on Canada.