

Canadian Economy

labour and says, "Hold the line, men." I suggest the government should show the first leadership in holding the line, and I do not think a 43 per cent increase in government spending in two years is holding the line.

● (1640)

Governments are elected to govern. Leaders should lead. It is time the Minister of Finance and the Bank of Canada gave clear direction to our economy so that our capital markets could get on with the job of righting the imbalance that has grown in corporate liquidity throughout the land. Included in that direction must be encouragement to allow interest rates in this country to fall. Our interest rate structure is not falling at the same rate as interest rate structures in other countries. This situation should not be allowed to continue. The Bank of Canada should show leadership by reducing the bank rate from its present level. While doing this, debt capital should be encouraged to enter the country, especially from nations which have been selling us their oil. I hope during the trip which the minister apparently intends to take to certain oil countries he will endeavour to negotiate some debt loans in order to improve our dollar position.

Present government policy of maintaining relatively high interest rates in Canada to support our dollar will lay this economy low if it continues. We are being faced with colossal deflationary pressures. The nation will better respond to these pressures if the economy is allowed to enjoy lower interest rates, especially on mortgages which people have to handle on their homes. The Minister of Finance is undoubtedly aware of the current liquidity crunch in business. He must be aware, for example, that the short-term loan to bond ratio has risen from .59 in 1962, which was looked on as a normal ratio, to .72 in 1970 and it is now at an alarming .90. Other corporate liquidity ratios are equally alarming.

As I said at the beginning, economic conditions have worsened dramatically since November 18. In his budget speech on that day, the Minister of Finance stated:

The situation may change. If so, I will not hesitate to recommend a change in course. But this is how I see the issues today—and these are the policies I believe to be suitable today.

The situation has changed. It is time for the minister to act.

The Acting Speaker (Mrs. Morin): Order, please. I regret to interrupt the hon. member, but the time allotted to him has expired.

Some hon. Members: Continue.

The Acting Speaker (Mrs. Morin): Is it agreed that the hon. member shall complete his remarks?

Some hon. Members: Agreed.

An hon. Member: Why don't you say something.

Mr. Stevens: Thank you, Madam Speaker. Perhaps the most important thing I could say is, why doesn't the government resign and let us get another government? It is time for the minister to act. We believe he should act by lowering the tax rate in Canada in three important areas, namely, a reduction in personal income tax, elimination of

[Mr. Stevens.]

the sales tax on building materials, and the allowing of interest on mortgages over 8 per cent to be a deductible expense before paying income tax. The minister and the government should give leadership in restraint by insisting on less government spending. Apparently it is even more important that the minister's colleagues accept this restraint. As I have already mentioned, we have learned that this minister has little clout within cabinet.

Some hon. Members: Oh, oh!

Mr. Stevens: I mentioned the unfortunate position that the minister and apparently the President of the Treasury Board are in, but we at least have the group of seven off the minister's back. Freed from the group of seven, I would think he could be a little more decisive. We believe interest rates should be encouraged to fall to lower levels, but above all we believe it is essential that this government start giving leadership in the economic field. It is time the charade of consensus chats ended. It is time that decisions were made. It is time that ad hockery ended.

Some hon. Members: Oh, oh!

● (1650)

[Translation]

Mr. Gérard Laprise (Abitibi): Madam Speaker, the Leader of the New Democratic Party in the House, the member for Oshawa-Whitby (Mr. Broadbent), has introduced today a motion dealing with three specific points—increased unemployment, shortage of housing and poverty. The Leader of the New Democratic Party is merely asking the government to introduce within two weeks a new budget to cope with the situation. I wonder whether he is serious when making such a suggestion, because in my opinion to ask point-blank the government to introduce within two weeks a budget with provisions to control unemployment, shortage of housing and poverty is Canada is to expect a great deal from this Liberal government.

We are now experiencing in Canada a rate of unemployment which is far too high. For the past few months, there has been a shortage of consumer goods. There is no reason why the rate of unemployment should be so high and we know that its cost is inflation.

Whenever questioned in the House, the right hon. Prime Minister (Mr. Trudeau) or the Minister of Finance (Mr. Turner) or any other minister invariably answer, as in every one of their public statements: We cannot help it, it is an international problem. The same thing goes on in the United States, in Europe and in Japan.

A few days ago, I was attending the question period in Canberra. The first question the right hon. Prime Minister of Australia was asked dealt with unemployment and inflation. The answer of Prime Minister Whitlam was exactly the same as the answer of the Prime Minister of Canada when he is asked similar questions; the same thing goes on in America, in Europe and in Japan. Now that proves that the government feels unable to complete its fight against inflation and its attempts to bring unemployment back to a more reasonable level.

Madam Speaker, since 1962 when I first came to this House, the government has initiated all kinds of fights: