

Mr. Fraser: Wasted.

Mr. Trudeau: If I did not have extreme confidence in the competence of Mr. MacDonald, first, he would not have stayed in his Department for six years and eight months, because that is way above the average, that is way above the three to five years that have been recommended by the Lambert Commission as a normal assignment time. Therefore, I kept Mr. MacDonald there because I believed, and I still believe, that he was doing a good job. I also believe that Mr. Farlinger's report will show that he was doing a good job. He was reassigned. He was not fired.

Second, he was reassigned to the Privy Council Office, and that is not a place where we take incompetents. That is a place where we take people who can do a job.

Some Hon. Members: Hear, hear!

● (1420)

MINISTERIAL RESPONSIBILITY

Mr. John McDermid (Brampton-Georgetown): It is interesting to note that the Deputy Minister has been there for six years, but after six months of heat he is soon moved out of there and hidden somewhere in the back of the Privy Council Office where no one will see or hear from him again.

Does the Minister accept any responsibility for the mismanagement of that Department at all? If so, why does he not do the honourable thing, submit his resignation and admit he has been a complete failure?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, Members opposite have been complaining for at least six months about how badly this Government,—this Department—had been administered.

Some Hon. Members: Right on.

Some Hon. Members: Hear, hear!

Mr. Trudeau: They have been asking the Minister almost daily why he did not take a grip on that Department, why he did not deal with some officials who were displeasing the Canadian taxpayers and why he did not intervene with officials at various levels. Now they are suddenly discovering that everything was perfect in that Department and only the Minister is wrong. If anybody was to blame, perhaps I should have considered moving Mr. MacDonald earlier, but I did not want to do it until the Tory task force has finished its hearings and is prepared to make some kind of recommendation.

Mr. Crosbie: Sixteen years of irresponsibility.

Mr. McDermid: There is enough evidence to prove he should be moved.

Mr. McKnight: You are not helping him, Pierre.

Oral Questions

Mr. Trudeau: The only thing that is certain is that the people sitting on that side should not be moved. They should stay there for a long while yet.

Mr. McDermid: It is not going to happen and you know it, Prime Minister.

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FINANCE

INCREASE IN BANK OF CANADA INTEREST RATE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Finance. We have just learned that the Bank of Canada has increased interest rates again for the sixth week in a row. This is bad news for farmers, small businesses, home owners, and for the more than 1.5 million Canadian men and women who would like to get a job. This is bad policy from the Government of Canada.

Some Hon. Members: Hear, hear!

Mr. Broadbent: The Minister is always talking about the necessity of sending appropriate signals out to Canadians to build confidence in the future. Why did the Government of Canada not send the right signal out today by saying no to this increase in the interest rate by the Bank of Canada?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, last week when the Hon. Leader of the NDP was travelling in northern Ontario he had some hallucinations, no doubt coming from the aurora borealis, to the effect that there was a great conflict between the Governor of the Bank of Canada and myself. That was absolutely without foundation and was an irresponsible statement for a man, who claims he is a responsible man, to make.

Today he is no more knowledgeable when he speaks about terrible increases in interest rates and what that will do to farmers, small business people, et cetera.

First of all, the Bank of Canada does not set the rate. That rate is set by the market for Treasury Bills every Thursday.

Some Hon. Members: Oh, oh!

Mr. Lalonde: Mr. Speaker, the Bank of Canada rate went up today by two one-hundredths of one per cent. That is a terrible increase which is going to stop the economy dead in its tracks no doubt, if we listen to what the Hon. Leader of the NDP is saying. He knows very well that a change like this does not, and will not, make any difference to the interest rates, whether the prime rates at the banks, the consumer loans, or the mortgage rates. We do not expect any impact from this development today on the interest rates which are being charged to Canadians.