

Oral Questions

of Finance indicated that the government is intending no change in its economic policy. The stated purpose of the high interest rate policy which the government is following is to restrain borrowing and to limit the recourse of Canadians to credit. In fact the Prime Minister will know that that policy is not working and that from mid-1980 to mid-1981 the use of credit by Canadians—borrowing by Canadians—has increased a full 17 per cent.

What we have here is not a tight money policy which is limiting borrowing but, instead, a high-cost money policy which is feeding inflation. In light of that fact, I wonder if the Prime Minister will tell us whether his government intends any change in policy which would have the effect of fighting inflation head-on, rather than simply having the effect of causing more Canadians to pay more for the money they are borrowing.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as the Minister of Finance has had occasion to explain in this House a few times, there are many reasons and causes for the high interest rate policy. One of the main and recognized ones is that the American government is practising a very restrictive monetary policy and has set the pattern for very high interest rates. As the Leader of the Opposition would know, Canada has a choice of either seeing the Canadian dollar fall drastically, a flight of Canadian capital because of the higher interest rates in the United States or, alternatively, having an interest rate policy which is somewhat a mirror of the American interest rate policy.

Mr. Clark: Madam Speaker, what the Prime Minister is admitting is that his high interest rate policy—and it is his; he cannot blame it on other countries—is not having the effect of reducing borrowing or fighting inflation here. It is simply creating high-cost money for Canadians who are borrowing here. He may also well know that it is having other serious effects on Canadians, particularly those who are running businesses or farms. The Prime Minister should know, and I—

[*Translation*]

—I am astonished that the members from Quebec remain silent and do not want to hear the statistics here in the House of Commons. However, the Prime Minister must know that the total number of bankruptcies in Canada went up 20 per cent in the past three months. And the rate of bankruptcies among Canadian farmers shot up by 70 per cent.

[*English*]

The Prime Minister is now following a policy which is driving Canadians into bankruptcy. He refuses to do anything to stop that plunge toward bankruptcy.

QUERY RESPECTING POLICY CHANGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me ask the Prime Minister of Canada how many Canadians he intends to drive into bankruptcy before he

changes policies which are damaging the fibre of this country and the ability of people to create jobs across this country.

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in all likelihood the Leader of the Opposition drafted his questions and he insists on putting them without listening to the answers. I explained to him what has been said many times in the House; there is an international phenomenon which can be seen by all those who have eyes to see, Madam Speaker. The monetary policy of the United States has led to very high interest rates and several countries suffer because of that. The Minister of Finance expressed his regrets about that policy here in the House. We hear most of the major European countries express the same concern because, like us, they must choose between high interest rates along with the regrettable consequences which we can see, or a sharp decline of their currencies, which is indeed very dangerous with respect to inflation. We have witnessed that in Germany, we see that now in France where the franc has lost considerable ground as compared with the American dollar, and we see the same thing in the other major countries of the world. The Leader of the Opposition is very skilful when asking questions, I admit that, but he should make an effort to listen to the answers before delivering speeches which are totally alien to economic theory and practical reality.

REFERRAL TO PARLIAMENTARY COMMITTEE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, as always, the Prime Minister is trying to blame anyone and everyone for his own policies, but it is his government which is responsible for the number of bankruptcies in Canada, and it is his government which must take the blame for the present interest rate; it is neither President Reagan nor the French. No one else is to blame except the Prime Minister of Canada.

● (1420)

[*English*]

We now have a Liberal policy which is not effective in fighting inflation or stopping borrowing. It is only effective in driving Canadian farmers and Canadian businesses into bankruptcy; that is the effect of the Liberal government policy. Frequently the government tries to blame the Governor of the Bank of Canada. The Prime Minister will recall that in an earlier life a couple of years ago, the present Minister of Industry, Trade and Commerce suggested that the Parliament of Canada should have an opportunity to review—

Some hon. Members: Order, order!

Mr. Clark:—other approaches to high interest rates than the approach recommended by the Governor of the Bank of Canada and followed by the government. The Prime Minister will know that, when the Minister of Industry, Trade and