

Oral Questions

Mr. MacEachen: Madam Speaker, the hon. member has talked about the inflation forecast being made three weeks ago. If he does not know, he ought to know that these forecasts are made quite a long time before a budget is presented; it is totally impossible to present a forecast on the date of the budget. If that were to be the case, one would be constantly putting the budget forward by three months in order to get it updated. So the hon. member is not going to get away with that nonsense today or any other day in the House of Commons.

Mr. Crosbie: Madam Speaker, the minister is like Muhammed Ali when he had his legs. Muhammed Ali does not have his legs any longer; nor does the minister. If the minister does not want to admit to 21 days, let us add four weeks, which means they were done six weeks ago. The forecast for this year was done six weeks ago, and the forecast for next year. Forecasters in the private sector are doing this every month with a great deal more accuracy than the minister's officials and the minister.

If the number one battle is going to be against inflation, what additional steps is the minister going to take now? His own budget has been a disastrous flop. It does not fight inflation. The deficit is burgeoning up. The budget is a monumental flop.

Mr. Chénier: What was yours?

Mr. Crosbie: In four years' time we will look back and see what a flop it was. What steps is the minister going to take to keep within his forecast and to reassure the people of this country who are suffering from these increases in prices that he is going to attempt to make a serious effort to stop the rise in inflation?

● (1420)

Mr. MacEachen: Madam Speaker, if the hon. member really believed that the budget was such a flop, he would not be showing the high state of frustration and indignation that he has been showing over the past two weeks. I think that if he believed that, he would be much more relaxed than he has been in the last little while. But let me tell the hon. member that it would be of help to me in restraining inflation if he could convince his colleagues in the House of Commons not to be making proposals every day which, if accepted by the House, would considerably add to inflation. Today there were two proposals made under Standing Order 43, which, if they were accepted by the House, would have added to total expenditures and to the deficit and make their own contribution to inflation. So I would ask him, as a beginning, to get his own act together.

Some hon. Members: Hear, hear!

FINANCE

ACTION TO HALT FALL IN VALUE OF DOLLAR

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also for the Minister of Finance, and if he feels that it is dangerous to forecast, perhaps he will live with the reality of his nine months in office since February 18, the date of the election. During that period the Canadian dollar has fallen almost 3 cents in relation to the U.S. dollar. As the minister must know, this is partly due to the high inflation levels that are being recorded in Canada. Would he indicate to the House whether he is concerned with the vicious circle which is taking place, where you have high inflation, a falling dollar as a result of that, and the falling dollar, in turn, creating more inflation in the country. If the minister is concerned, what does he intend to do about correcting the deterioration in the value of our dollar?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member knows that the value of the Canadian dollar has fluctuated considerably in the past several months. He will have recognized that within the last short period, the pressure on the Canadian dollar has arisen, to some extent, from the differential in interest rates, both short-term prime rates and interest rates, between Canada and the United States. If he has not observed the fact, I would advise him that for a considerable period of time interest rates in Canada have been appreciably lower than they have been in the United States. The hon. member is asking me to jack up interest rates in Canada; otherwise he would be aware of the pressure that that puts upon the Canadian currency.

Mr. Stevens: Madam Speaker, I think that what we are asking the minister is obvious, that is, to do something about inflation in this country. It is inflation that is triggering the high interest rates. Would the minister tell the House whether he has any concern for those who must carry mortgages on their property, bearing in mind the fact that when he took power the mortgage rate in this country for residential accommodation was 13 per cent and it is now over 15 per cent?

Some hon. Members: Shame.

Mr. Stevens: As you know, Madam Speaker, that 2 per cent increase in interest rates means, for a home owner having a \$40,000 mortgage, monthly payments \$57 a month higher under this Minister of Finance than they were last February. Is he at least concerned about that and, if so, can he tell the House what he will do about it?

Mr. MacEachen: The first point I would like to make in reply to the hon. member's statement that the principal cause of these interest rates was inflation is that in this particular case the inflation happens to have started in the United States. It has not been the Bank of Canada or the Canadian monetary policy that has sparked increasing interest rates in the United States. It is not the Bank of Canada that has increased the federal discount rate in the United States. These two factors outside of Canada obviously have an effect on Canada because