

Supply

ployment rate of 17 per cent plus, thanks to the policies of this government. Does he agree that there is a better way than high interest rates? Will he stand now and disown the high interest rate policy of his government, and, more to the point, will he tell us that he will recommend to cabinet a policy of full employment? Two fairly simple questions, and I am sure he will resist the temptation to get smart alecky at this point. I see a smirk on his face, but I hope that in his heart there is some concern for the 17 per cent of Newfoundlanders who are unemployed, thanks to the policies that he is unwittingly supporting.

Mr. Hockin: Mr. Speaker, that was not a smirk, that was a smile. I was enjoying the intervention of my hon. friend. Two points on interest rates. The hon. member quotes Judith Maxwell, who has also made the Government of Canada very aware that in the last year credit formation in Canada was up 15 per cent. It was up even higher the year before. Credit formation in this country, people using credit cards, wanting to buy things, is outstripping the money supply. This adds inflationary pressures and the only way you can moderate or come to terms with this is to have somewhat higher interest rates in order to dampen demand, and this has worked. My hon. friend fails to tell us that the federal discount rates in Japan, Germany, Britain and the United States are up by 2 per cent, 3 per cent or 4 per cent more than they were a year ago. So, we are part of an over-all global trend. The hon. member always forgets to mention that. We are affected by that.

What has happened is, in fact, interest rates have been coming down. They have been coming down for about 14 straight weeks. They are coming down slowly, but they are coming down. Therefore, the policy is working and the furnace is cooling off. The hon. member would just fiddle with the thermometer. The government believes in dealing with the furnace. The furnace and the fires of inflation are what really matter, not what the thermometer reads. What the government has done is put in place a situation whereby interest rates have come down for 13 or 14 straight weeks.

On employment, my hon. friend says we should aim for full employment. There was a comment made beside me saying that of course the Soviet Union has full employment and East Germany has full employment. You can have full employment in a formalistic way by

paying people nothing and putting them through make-work schemes. The best way to have full employment in this country is in fact to pass that unemployment insurance bill now in the Senate, which would train people, which would decrease the deficit, and this we are determined to do.

Mr. Len Taylor (The Battlefords—Meadow Lake): Mr. Speaker, I just returned from five days travelling through my riding, five days in which I visited with farm families at their kitchen tables, on the steps of their combines, and at the gates of the barns. Every one of those farm families that I talked to talked about being on the brink of bankruptcy. Government policies have pushed them to the point where they can no longer maintain their existence on the farm producing food for Canada and the world. Those farm families are concerned about the low price of grain, high interest rates, high fuel costs, and the removal of the interest-free cash advance for grain.

The government is talking about maintaining high interest rates to keep the use of credit cards down. We are losing an entire industry in western Canada. We are losing an industry that is maintained by people and individuals who have been on that land for years. The government over there has the audacity to say that it has to keep interest rates high and that it has to keep fuel costs high because of this international marketplace.

Surely this minister who talks about support for small businesses that are going down because the agricultural economy in western Canada cannot support them any more can answer a simple question about how it is that they can continue to talk this way when we are losing the industry.

Mr. Hockin: Mr. Speaker, I thank my hon. friend for his intervention because it is quite true that one of the unhappy results of this overheated economy in urban Canada has been to put pressure on interest rates, which hurts the small business person especially in the outlying regions and especially the farmer. I think his intervention is understandable for that reason.

That is why the government, though, has brought forward income stabilization programs in the agricultural sector to come to terms with that. Those programs are very well received and very respected. They should be furthered. They should be enhanced, and that is what this government is committed to.