

Election Promises

nity to jack up their prices in an unwarranted way. That is precisely what has come to be known as stagflation in other countries. They would jack up their prices not because their costs went up, not because they were obliged to, but because they saw an opportunity to make greater profits.

In the face of this reality we are also saying that it makes economic sense to produce, concurrently with this kind of stimulative package, a fair prices commission which would be able to monitor what went on in the economy and would have authority to order a roll-back of every unjustified price increase. If this were to take place, if the government had enough innovative imagination to produce such a commission, two things would follow: many companies which otherwise would have boosted their prices would decide not to do so because if they did they would be caught; second, those which did so would have their prices rolled back unless the increase could be justified.

Then there is the question of wage settlements, a very important factor in a modern economy. Wage and salary settlements in the rest of 1980 and in 1981 would be much more reasonable, because if workers believed the government was serious about dealing with prices and inflation they would be more reasonable in their wage demands. But as surely as we are sitting here, Mr. Speaker, if the government does nothing about unjustified price increases workers will be demanding, and deserving, much higher wage and salary increases.

The next subject I want to talk about is interest rates. I have no doubt the Minister of Finance is going to claim that he and his party have delivered the goods on interest rates. I say in advance that this is a phony claim and the Minister of Finance knows it.

Why do I say this? First, although rates have indeed dropped—and every Canadian has to be pleased that they have moved in the right direction—the reality is that, contrary to what the Liberals promised, they went up four times right after the election. But, more substantially, the method the government has used to establish interest rates is simply to link them in a fixed way to continental trends. The minister knows as well as anyone in this chamber that the reason rates have gone down in Canada is that they have gone down in the United States. And as surely as they will go back up in the United States, as they will at some point, they will again go up in Canada. We want an independently established, government-ordained interest rate policy.

The other point I would make is this. While the prime rate established by the Bank of Canada has gone down to 10.67 per cent, all those rates which affect Canadians directly, whether they are consumers, small businessmen or farmers, have remained virtually unchanged since the Liberals came to power. Consider the chartered banks. The prime rate is 13.5 per cent but the rate for consumer and small business loans remains at 16 per cent, the area they were in when the Liberals came to office.

Second, consider the retail implications of what the oil companies, the banks and other major retail concerns are doing. Chargex and Master Charge have not reduced their

interest rate but have boosted it from 18 per cent to 21 per cent. We see all the commercials urging us to shop at the Bay. I can understand why; they are going to increase interest charges on their accounts to 23 per cent from October 1. Shell recently increased the interest charge on its credit cards to 21 per cent. Gulf is going up to 21 per cent on September 1 and dear old Esso, the largest in the field, not content with 21 per cent has announced it will increase its interest charges to 24 per cent on August 1 of this year.

Some hon. Members: Shame!

Mr. Broadbent: The point I am making, Mr. Speaker, is that if you consider the impact of interest rates on small businessmen, farmers or consumers generally, quite apart from the fact that the prime rate, the Government of Canada rate, has gone down, the rate where it counts in the economy has remained virtually unchanged. It is the responsibility of the government to ensure that changes in the private rate are passed on to the ordinary people where they will do the most good.

I conclude by saying that the Liberals promised action on all these fronts. They promised a Canadian-controlled, low interest rate policy, they promised tax cuts and they promised stimulation of the economy. They have failed to deliver on any of those promises. The approach taken by my party would, in our judgment, produce jobs, reduce unemployment insurance pay-outs, lead to increased government revenue and within two years reduce the level of the public debt. The alternative, the course being pursued by the government—witness the “MacEachen side-step”, the master of inaction—will produce continued stagnation in the economy, higher unemployment, increased business failures and a continued rise in the public debt. I have not the slightest doubt that, if the people of Canada were aware of the arguments involved and of their consequences, they would opt for our program any day of the week.

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, I am sure it will surprise no one in this House to learn that I am unusually interested in the motion before us, in its subject, in its source and in its history. I would like to deal with these, if I might, in reverse order. After all, this is the motion which ended the life of the last Parliament and stopped progress on many important changes which the nation needed.

The motion is introduced today by the New Democratic Party and I found it interesting that the leader of that party found it necessary to half-apologize for its introduction. It was introduced by the NDP to demonstrate that, while other parties might have failings, the NDP stands in a place apart—for NORAD and against it, for the Olympic boycott and against it, for the Parti Québécois and against it, for free speech, except when Paul MacEwan speaks freely of Marxists in the New Democratic Party in the province of Nova Scotia.

Some hon. Members: Hear, hear!