

The Address—Mr. McRae

Energy, Mines and Resources, functioning as it does now mainly as a department of energy supply, is giving sufficient attention—here I am referring to both governments, not to one or the other—to a reduction in demand, to the conservation that is necessary. It seems to me that the whole alternate energy field as well as the conservation field is a new field we must develop, and perhaps at some point that field should be put under a separate ministry or organized in a somewhat different way so that there is a prime requirement in the area of alternate energy.

I think the throne speech has made a very valuable contribution to the future of Canadian energy in the statement on the blended price notion, that we are trying to develop a long-term pricing system which suits the people of Alberta and also meets the needs of all Canadians.

At the beginning of my speech I alluded to the kind of world into which I think we are moving and the kinds of concerns we have. I indicated that some of the problems which would seem to be almost insoluble were related to our economy. Certainly the Canadian economy is facing very difficult times.

First, I should like to get rid of the notion which seems to be coming from the other side that the budget which was defeated in December and which was a tough budget was one which we were not tough enough to take, that it was ridiculous for us to throw out that budget because we were going to have to bring in the same kind of budget. I can accept that it was tough, there is no question about that, but it was also foolish. I cannot believe that a government whose major concern in the budget was inflation would set in front of this Parliament an 18 cents excise tax which would have increased the inflation rate in this country by 1.5 per cent to 2 per cent. Most economists would agree that it would have had that very effect. There was no problem on this side with the idea that the government should raise more money or reduce the deficit—we did not dispute that fact. But we do dispute the fact that you have to increase the inflation rate by 1.5 per cent to 2 per cent to achieve that aim.

I think that was a basic difference between our outlook and theirs. The point was not that we would not have accepted a tough budget; the point was that it was a foolish thing to do, something that did not make sense in terms of the time or in terms of the expectations of Canadians.

Some hon. Members: Hear, hear!

Mr. McRae: I went to the Canadian electorate. I do not know whether there was deceit in this or it just happened, but people adopted the idea that gasoline prices must go up and that the 18 cents was going to contribute in some way to providing more gasoline. That was not true. This was straight general revenue. I find it very difficult day in and day out to say this. Let us accept that we did not defeat the government because they gave us a tough budget. We defeated it because the 18 cents excise tax did not make sense.

An hon. Member: How about the Gallup poll?

Mr. McRae: It has nothing to do with the Gallup poll. You were pushing us like mad. But the point is that the 18 cents tax did not make sense because it would have increased inflation by 1.5 per cent to 2 per cent.

We have been faced, in the last two years at least, with interest rates that are exceptionally high and that have grown, certainly in the last 12 to 15 months, to a point where they are creating some very serious problems in the Canadian economy. I am not satisfied that either our government or the Conservative government has attacked this in a total way, and I am pleased that the Minister of Finance (Mr. MacEachen) wants to know more and hear more alternate suggestions.

An hon. Member: He does not listen.

Mr. McRae: He has not heard anything to listen to. I am not convinced that the problems being caused to home owners, to small businessmen and to the home construction industry have been tackled correctly. In my community a good, medium-sized engineering firm has no business whatsoever. There is no one coming and saying, "I want to think about this; I have an idea that we should build so and so." That is not happening. There is a basic stoppage at the very basis of our construction trade. These are very serious problems. I hope this problem goes away but I do not think the answers are good enough. I do not think it is good enough to say that we will try to help those who cannot survive otherwise. I commend the government for going that far but I think we are going to have to do more.

I was very concerned during the Thirty-first Parliament about the rationale for high interest rates. We were talking about high inflation rates and comparing the United States and Canada. We said that since interest rates were high in the United States, therefore Canada must have high interest rates. When we in the finance committee met with Mr. Bouey in late