

*Borrowing Authority*

present situation, you will hear rumours that the government is planning to replace the governor of the bank.

**An hon. Member:** So they should.

**Mr. Chrétien:** The market should know what the view of the government is. It is not good for the stability of Canadian currency and the Canadian economy at this time to see the Prime Minister of Canada go to a press conference and say he does not know if he will or will not keep the man. When a man has responsibilities like that and has to be seen all the time he has to have the confidence of the government. If he does not have the confidence of the government, he should be told so and replaced.

**Some hon. Members:** Hear, hear!

**Mr. Chrétien:** That is the way the system should work, and I urge the Minister of Finance to start taking his responsibilities seriously. Of course, he and I can have a lot of fun on other subjects. I like to laugh once in a while. I am from rural Canada just as he is, and a good joke makes me feel good, but when we are dealing with this problem it is not the time to make fun of our institutions.

I understand his problem and I urge him to talk to the Prime Minister and make sure that the oil and gas pricing problem is resolved very quickly. I understand his frustrations. Members of the opposition who formed a new government in the spring were asking for a budget in March. We are now at the end of October. I know there is not much work that can be done on a budget, but how can the Minister of Finance predict the deficit for next year? How can he predict the inflation rate for next year if he does not know what the compensation program for oil prices in eastern Canada will be? With the huge increase in the price of oil internationally, this uncertainty puts a lot of pressure on the Minister of Finance in preparing his budget. He has to know these things.

What happened this past summer? Those first ministers were among friends, Mr. Davis and Mr. Lougheed. How come they did not manage to resolve this? When I felt last year it was my duty to ask Alberta not to increase the price of oil by \$1 in January, 1979, I gave them five months' notice. We entered into negotiations. Now we are at the end of the period. My budget came in in November and now we are at the end and the poor Minister of Finance is sitting there alone not knowing what the government will do. That is terrible and I feel very sorry for him.

I hope members of the government will realize that they cannot leave the Minister of Finance high and dry like that. He needs the backing of the government, because what is essential in that role is to have some credibility. Yet in a matter of weeks the Prime Minister has pulled the rug out from under him by changing his deputy minister without his consent. He is now putting him in the position of having to say in the House that he supports the governor of the bank, while 24 hours afterwards the Prime Minister in a press conference indicates he does not know if he will keep him. The governor of

the bank has a very difficult job to do. I know there are other things he could do.

If the government is determined to move on the deficit, and do something about it, we need more than grandiose speeches by the President of the Treasury Board, who does nothing but pretend he is going to kick 60,000 bureaucrats out in three years. He claimed he would cut the civil service by selling Canadair and de Havilland. I hope Canadair will have 20,000 employees. They are not bureaucrats, they are people who make planes. The same thing is true of de Havilland. This kind of nonsense does not satisfy those people who have put their faith in those responsible for managing the economic affairs of this nation.

What we need to know is what the inflation rate will be next year. There is a lot of planning being done at this time. Last year I said in my budget of November that we should move the date of the budget, always having it in the fall rather than the spring, so that the people could make plans for the year to come on the basis of a budget that would be known to everybody. How can they prepare against inflation next year without knowing the government's budgetary intentions?

The price of oil has to increase. That has been the policy of our government and our party, but it should increase in relation to certain standards. This idea that the price of oil has to be set side by side with the international price set by the OPEC cartel makes no sense. I was in Iran, in Saudi Arabia, in Venezuela and in Ecuador and none of those nations charge their citizens the price for oil which they charge the foreign market. Why do we have to do this in Canada? Not even the Americans do that. In Texas the independent oil producers still get \$5.35 per barrel for old oil. It is not sold at the international price. People in the west sometimes complain about our policies on oil pricing. If you go to Texas, Mr. Speaker, and talk to the producer there, he will tell you that they hope to get the same generous treatment that is given in Canada. Why should we run the risk of having four or five more points of inflation next year? Who made that commitment for the nation? I hope the Minister of Finance will resolve this difficulty very quickly because very soon we will have been 13 months without a budget.

I remember when I had been the Minister of Finance for a week and members were up on their feet asking me when I would present a budget. Within a month I made an economic statement in the House. It was kind of a mini-budget in which I changed some of the policies. I presented another one in April and one in November.

We have to get ready to move now rather than pushing back all the problems until later. Of course, the Minister of Finance will be late. When I presented my budget in November of last year I based my predictions and my policies on the best information I had on increases in the price of oil. It was information I had gathered at the World Bank meeting, the IMF meeting in Washington. The increase was to be about 15 per cent, according to the consensus, but OPEC nations decided otherwise and the price went up in certain instances 40 per cent. That immediately led to a big change in the situation in