

Supply

Mr. MacEachen: The hon. member for Kingston and the Islands (Miss MacDonald) says "Hear, hear". She agrees with the Leader of the Opposition that all the unemployment we have is because of bad government policies. We know that unemployment carries with it very heavy costs, both economically and socially.

Certainly the first priority of the government is more jobs and stronger growth in the economy. It will be impossible to provide the number of jobs we need in Canada unless we get inflation under control. The Leader of the Opposition made passing reference to inflation in his speech. It is mentioned in the motion. He mentioned it one or two times, but did he give the House of Commons a recipe or proposal that would have the effect of reducing inflation in Canada at the present time? There was no such proposal.

I ask members of the opposition what is their proposal at the present time. Do they believe that we can have more jobs and more economic growth in the country if we persist in having a rate of inflation of over 11 per cent, one that has now put us in the forefront of the countries of the world with inflation performance? I worry greatly about that. I worry about inflation because I worry about unemployment.

The ministers who attended the interim committee of the International Monetary Fund tried to express their concerns about inflation and unemployment and tried to relate one to the other. Because the communiqué was signed by so many countries and because the discussion was participated in by so many ministers in such a major way, I think that the words they used express clearly the attitude of this government with respect to inflation and unemployment. I quote as follows:

The committee voiced particular concern regarding the high levels of unemployment now prevailing in most countries. The comprehensive type of policy approach that it advocated—

Namely, the committee.

—did not rest on a view that the fight against inflation is more important than the fight against unemployment. Rather, the committee's view was that combating inflation is a necessary step for resumption of sustainable growth at a satisfactory pace. The committee considered that reduction in inflation and inflationary expectations, in nominal and real interest rates, and in existing rigidities is essential for steady expansion of output and reduction of unemployment.

All the ministers tried to relate inflation and unemployment because they have been, unfortunately, linked together in the last number of years. The countries with the best inflation performance have the best employment performance. The lower the inflation, the lower the unemployment.

I take responsibility for the policies which the government administers. We all do. But to draw the conclusion that government policies are responsible for the world recession and for the high unemployment in Canada is not only to be unfair, but to be simplistic.

We have 1,200,000 people unemployed in Canada, a very high figure. Every effort ought to be made to bring down that rate. In the United States there are 10,500,000 unemployed. My policies are not applicable in the United States. In Japan, a great performer as a nation, there are 1,400,000 unemployed. In France there are two million, in the United Kingdom almost three million and in Italy 3,200,000. In West

Germany, another great performer economically, the unemployment rate is 7.3 per cent. That is extraordinary by historical standards for the Federal Republic of Germany. Even though they have a way of controlling their unemployment through the control of guest workers, nevertheless they have 1,700,000 unemployed at the present time. I repeat, their rate is 7.3 per cent, which is very high by their historical standards. I am saying that all countries share the same problems. They share the strong determination to bring down these frightfully high unemployment rates and to do so as quickly as possible.

We have a comprehensive set of employment programs in Canada at the present time covering training, labour market development, direct job creation and measures to stimulate employment in the private sector through wage subsidies, tax credits and assistance to the small business sector. Total funding for these programs is approximately \$1.7 billion in 1982-83. That is in addition to the employment tax credit. This \$1.7 billion for 1982-83 which is directed to the employment side includes the initiatives taken since the November budget, which total about \$400 million for fiscal year 1982.

I attach the highest importance to unemployment, and I recited the extensive measures that the government is taking in order to relieve the problems of unemployment in this country. However, the fundamental cure is to get recovery under way not only in Canada but in the United States and Europe as well. All of us are interdependent. Seventy per cent of our economic relations are with the United States. How can we prosper, develop and get out of a recession when the United States economy, according to the words of the United States treasurer several weeks ago, is dead in the water?

I mentioned the United States. This brings me to the question of the Canadian dollar. The Leader of the Opposition said the weak Canadian dollar is all due to the bad policies of the Government of Canada. That, of course, is wrong. Events over the past several weeks in exchange markets the world over have borne out the contention which I have been making in the House of Commons almost every day, that the unprecedented high and volatile real interest rates in the United States are the prime factor behind the meteoric rise in the exchange value of the American dollar against all major currencies of the industrialized world. To single out the Canadian dollar and say it is weak against the American dollar and then to say that is because of bad government policies is unfair, inaccurate and unjustified.

• (1610)

Last week there was a 2.3 per cent decline in the value of the Canadian currency against the United States dollar. What was the decline for other currencies? Their depreciation was even more dramatic than that of Canada. The depreciation in the Japanese yen was 3.3 per cent; the Deutschmark, 3.5 per cent; the Swiss franc, 5 per cent; the French franc, 6.5 per cent; the Italian lira, 3.6 per cent; the pound, 2.8 per cent; the Belgian franc, 4.4 per cent; and the Dutch guilder, 3 per cent. In every