

The Budget—Mr. Riis

both domestically and internationally. However, he received notice that the New York parent company had advised the Mississauga firm, which was a branch plant, that it could no longer supply the Canadian market because all of the components were needed in New York state. Therefore, this small business which had conducted research and development through to production programming suddenly discovered that it was no longer capable of delivering to its own domestic market as a result of the decision by the parent company in New York state. That is the kind of situation which we must start reversing in Canada and the opening up of the FIRA floodgates is not the direction in which we want to head.

Mr. Crosbie: What inconsistent twaddle!

Mr. Riis: This budget has been misdirected in a number of areas. The government has found the cause of inflation in this country. It is called the public sector. It is the villain that has caused inflation. Of course, the response is to restrain wages and salaries to 6 per cent this year and 5 per cent next year. I would remind hon. members opposite that wage settlements for the last five years in the public sector have fallen behind the private sector and the private sector has fallen behind the rate of inflation. Anyone who says that the public sector is the villain in this inflationary spiral—

Mr. Kristiansen: Is a liar.

Mr. Riis: —is missing the point. A leaked document intended for the cabinet which was written in January of 1981 called "Anti-Inflation Policy Option" said that for PR purposes restricting public sector wages is a good idea, but in terms of having anything to do with reducing inflation in this country it is totally useless. That was from the government's own advisers to the cabinet back in January of 1981.

What will be the result of these restrictions in those communities of Atlantic Canada which depend on the federal and provincial public sector for a major portion of their economic base? We have examples of how wage restraint can be effected. Many of us remember back to 1975 when the Anti-Inflation Board was introduced. The purpose was to reduce inflation in Canada. I remind hon. members opposite that when the Anti-Inflation Board was formed in 1975 the level of inflation was 7.5 per cent. When the guidelines were removed the inflation rate had not gone down but had increased to 9 per cent. Canadians all across Canada had taken devastating wage and salary cuts.

I challenge anyone to show me a credible author, researcher or financier who says that wage controls are a reasonable or workable method of combating inflation, because I suggest they do not.

Of course, these restraints are across the board. But this will not be welcome news to those two out of three women whose incomes fall below the poverty line. Their \$12,000 a year will receive a 6 per cent guideline, just as some of those across the way who are making \$120,000.

Mr. Kristiansen: Governor Bouey.

Mr. Riis: Is that the kind of equity that we want?

Since the government has indicated that its own regulatory agencies will be following the 6 per cent and 5 per cent guidelines, a good test will involve the energy increases coming up in a few days. The price of oil will be rising 10 per cent on July 1 and the price of gasoline will be increasing by 25 cents per thousand cubic feet on August 1. This presents an excellent opportunity for those members opposite to demonstrate their commitment to this program. Do they have the courage to introduce a limit or a freeze or restriction of 6 per cent on that particular agreement?

Next year the government will have another opportunity to prove its commitment, because in 1983 energy costs will not rise by 10 per cent, 20 per cent or 30 per cent, they are going up over 30 per cent in one year. If that is not the cause of inflation in this country, then I do not know what is.

Some hon. Members: Hear, hear!

Mr. Riis: Perhaps there is a better way to show its commitment. On Thursday we will likely see an increase in the bank rate. As investors around the world view this particular budget and the direction provided by the government, I believe we will once again see the need for the Bank of Canada to intervene and jack up interest rates. Why not have the Bank of Canada follow the same route and limit any increase in interest to 6 per cent? The bank rate on Thursday will likely be approximately 16.58 per cent. If that were limited to a 6 per cent increase, it would mean that next year the rate would be limited to 17.57 per cent. If the government is to show that kind of commitment to such a program, this would be the type of news that Canadians would probably enjoy hearing.

Mr. Wilson: Do you want interest rates at 17 per cent?

Mr. Broadbent: Even that is too high.

Mr. Riis: Of course that is too high. It would demonstrate a commitment of some kind, but the government is not prepared to do that.

It is our policy to reduce interest rates, because without any reduction in interest rates in Canada there is no hope of any kind of economic recovery program and absolutely no hope of any recessionary turnaround.

With respect to job creation, I do not know how the Minister of Finance had the courage to stand in the House and discuss a job-creation program which would create 100,000 jobs when there are nearly two million Canadians out of work.

Mr. Deans: It is also a lot of nonsense.

Mr. Riis: It is nonsense. It is cosmetic, an ad hoc and band-aid approach. It pales when one considers that although 100,000 jobs may be created, there are nearly two million unemployed. It is MacEachenism all over again.

At this time I wish to propose an amendment on behalf of the New Democratic Party. I therefore move, seconded by the hon. member for Oshawa (Mr. Broadbent):