

*Oral Questions*

I think that we are almost on the verge of a monetary crisis in this country. For that reason, I would like to ask the Finance Minister this question. Yesterday, he told the House that there would be cuts in social programs such as education, health and transfers to the provinces because of the Canadian deficit which is too high.

Mr. Speaker, given the rise in interest rates this afternoon, I would like to know whether the Minister of Finance can now explain exactly how much will be cut from social programs next week in Canada.

[*English*]

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, I think there is a very substantial distortion by the hon. member of what I said in the House yesterday, but I guess that is not surprising. That usually comes from that hon. member almost every time he asks a question.

He has asked me to say to him what would be in the budget next week. He knows that it is not possible for me to comment. What I would say to him is if he has some ideas on how we can cut government program spending in a sensible, sensitive way, as we know we must in this country, then I would welcome his suggestions. But again, I have not received any suggestions from him or his colleagues on that score for the last five and half years.

• (1430)

**Mr. Lorne Nystrom (Yorkton—Melville):** Mr. Speaker, we have told the Minister of Finance a number of times he can cut out some of the grants to his corporate friends in this country and save billions of dollars.

I do not know if the Minister of Finance realizes that we are almost in a very serious economic crisis in this country. The bank rate has jumped .5 per cent today, by 53 basis points.

The Prime Minister predicted just last week that the bank rate in this country would be down before Christmas. I want the Minister of Finance to tell the House today how he is going to bring down the bank rate in this country without cutting back on social programs, programs for the poor, or health, education and transfers to seven provinces of this country. How is he going to do that without hurting the ordinary people?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, the hon. member suggests that we should cut subsidies to business, grants to business. I would like to draw to his attention that those grants, those subsidies involve subsidies for agriculture, social housing, regional development, research and development. That amounts to the vast majority of what he would classify in the government expenditures as subsidies to business.

Which ones of those subsidies is he saying we should cut, because they are not easy to cut? Each one of those is important. They are important objectives of the Government of Canada, and I believe of his party as well. So come clean, let us know which one of those subsidies you would like to see us cut.

**Mr. Vic Althouse (Mackenzie):** The Minister must recognize that his high interest rate policy has created the problem in agriculture. If you compare the government's intervention to hold up the value of the Canadian dollar through the Bank of Canada's high interest rates with that same government's instructions to farmers via FCC, to "Face up to the market realities in assessing their viability", I have to ask the Minister of Finance to explain why he has not faced up to the same market realities he espouses, permitting the Canadian dollar to fall, thus reflecting its true unmanipulated market value and allowing farm prices to rise?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, these are all very worthy objectives that the hon. member would like to see happen. We would all like to see lower interest rates. But we on this side know that you cannot just snap your fingers and make it happen.

The only way it can happen is if the fundamentals of the economy will support a lower level of interest rates. The extent of inflationary pressures that are in the economy today simply do not support that.

The hon. member is telling us to bring down interest rates in an unnatural way, stoke up the fires of inflation, go right back to what we had in 1982. If he is saying that his farm friends in Saskatchewan are saying they want to have the 20 per cent plus interest rates that we had in 1981-82, I think he is wrong. We do not support that. We are doing everything we can to get inflation down so we can get interest rates down in a permanent way, not the "pie in the sky way" that the hon. member would like to see us have.