

Supply

Our monetary policy and our fiscal policy create a more unequal distribution of wealth in this country. It is no secret to members of Parliament that in spite of government rhetoric over the years that redistribution of wealth was proceeding, the data available indicates the situation is exactly the same today as it was a decade ago.

In summary, the government's present monetary policy enhances foreign domination of our economy, which then calls for higher interest rate policies, resulting in more foreign domination and a call for more monetary policy. We are in a vicious circle, a Catch-22 situation. We are on a treadmill, as my leader has indicated on a number of occasions. It is difficult to get off this treadmill while pursuing present monetary policy because we are slowly painting ourselves into an economic corner.

I think it is fair to say that the cure which the government proposes to fight inflation—the high interest rate policy—is making the problem worse. The cure has now become the problem. The high interest rate policy is inflationary on its own. Let us consider for a moment the disastrous situation attached to the present interest rate policy. The recent task force of the Progressive Conservatives which went across the country heard from people from one end of Canada to the other, and it was very clear that there was virtually unanimous condemnation of the high interest rate policy of the government. From virtually every sector of the economy the message was clear, concise and the same: the present high interest rate policy is inappropriate and harmful.

• (1230)

The high interest rate policy goes a great way toward explaining the fact that this country now has in real terms 1,800,000 people out of work, and that figure grows daily. We have business bankruptcies up 22 per cent and growing. Farm bankruptcies are up 54 per cent and growing. In February alone 2,403 Canadians declared personal bankruptcy. This does not include the businesses in receivership or those which simply close the doors and walk away from a hopeless situation. It does not include farmers who sell out before the banks foreclose, or livestock operators who liquidate at fire sale prices. It also does not include the number of people who have lost their homes because of high mortgage interest rates.

This monetary policy, Mr. Speaker, is causing economic and social scars which will take years, perhaps decades, to remove. Worst of all, of course, is the fact that the so-called cure has done more to reduce the level of consumer and investor confidence in this country than probably anything the government could do, with the exception of the November 12 budget. That level of confidence is at an historic low. I think some of my most disappointing moments are when I speak to students and I hear young people in elementary and secondary schools saying they have virtually lost hope of finding a reasonable job. Their parents, having worked in a mine or factory for ten or 15 years, are now unemployed. These young people are losing hope in the future, something which has never before happened in this country. The one thing that set Canada apart from

almost every other country in the world was the fact that a person here would know that the future would be or could be better than the present. The reason we have millions of people lined up wishing to become citizens of Canada is the hope and optimism which has generally prevailed here. That, Mr. Speaker, is no longer happening today.

Why, Mr. Speaker, are we following this particular course of action on inflation? The Minister of Finance has told us time and time again that it is important to fight inflation. No one in this House would disagree. He says the way to fight inflation is to continue with this monetary policy. We have been on this track for seven years and we are going to continue. However, I suspect there is a more appropriate way to fight inflation, Mr. Speaker. You can do it really in two ways. One way is that which the government is now doing, I suspect with the support of the Conservatives, of strangling the life out of our economy. They are very successful in that. Unfortunately, the evidence indicates that it is not having a very serious impact on the rate of inflation.

There is another way, Mr. Speaker, to begin to reduce the consumer price index which haunts us this morning, and that is through increased productivity. If there is a country anywhere in the world today with the capacity and ability to increase its productivity seriously, it is Canada. Other countries do not necessarily have that option at their disposal. They must presumably continue with a monetary policy such as the Americans have, or that other countries have tried. However, Canada does not need to be locked into that one approach only, and increased productivity is certainly a much more positive option, one which is open to us.

It is disappointing to hear reports that our manufacturing capacity is now operating in the 75 per cent range. I think it is fair to ask what can be done. It is easy to identify the problems, but what are some of the solutions? Well, I suspect at the top of the list is the need to stabilize interest rates. If there is one thing which confuses and disappoints investors, domestic and foreign, it is the fact that our interest rates are on a roller-coaster. We play interest rate roulette every Thursday and cannot predict beyond seven days what the rate is going to be.

An hon. Member: See-saw.

Mr. Riis: It is the old see-saw approach. What businessman or investor wants to expand or start something new in the face of this uncertainty? The one thing an investor in a country looks for is stability. He wants to know with some precision what is going to happen a few months or years down the road. The one thing he does not need is an interest rate policy which allows the rates to fluctuate every seven days. So the first thing that must be done, Mr. Speaker, is to stabilize interest rates.

The second thing, of course, is the need to reduce interest rates. Now, I know we in the New Democratic Party have been criticized for what people have called a rather simple approach—that somehow reducing interest rates will solve the problems. We have never said that. We feel it is appropriate and necessary that they be reduced to, we suggest, at least 1