

be prepared to do that on its own, without going to government.

Earlier I listened to the hon. member for Lambton-Middlesex (Mr. Ferguson). I would like to see the response he faces when he goes back to his constituency. Farmers who are operating with lines of credit in the 20 per cent range would consider the speech he gave tonight nonsense. He should be ashamed of himself. He should know better, as a farmer, than to give us such nonsense. I cannot understand why a responsible farmer like the hon. member for Lambton-Middlesex could make such a speech. He talked about the vagaries of the marketplace. We all know that. I have talked with farmers, and regularly they tell me they are prepared to live with all the uncertainties of farming, such as weather, insects, markets and hail. Their biggest uncertainty is the government, and the government is adding to that uncertainty by not letting them plan in terms of interest rates. The policies of the government lend support to the Bank of Canada increasing interest rates on a short-term basis, which is driving a lot of farmers out of business.

I see the hon. member for Lambton-Middlesex smiling, but I know of farmers in my area who are selling livestock because they cannot afford to keep them. Interest rates are driving them out of business. It does nothing to increase food supply or to help young farmers stay on the farms. It does nothing for cash flow. It drives farmers off the farms. I challenge every government member who has risen to speak tonight to talk to their constituents over the Christmas break. The most important question they will have to answer is: what will the government do about interest rates? If they try to make the points they have made in the House with their constituents, they will see the reception they will get. They will be tarred and feathered and chased out of the country.

The government should keep its own house in order in terms of government expenditures. I should like to refer to a statement of the board of directors of the Canadian Institute for Economic Policy on Interest Rates, the Exchange Rate and Inflation which was released on April 22, 1980. At the bottom of page 3 it reads as follows:

Canadian interest rates should be reduced appreciably from present levels regardless of what the Americans may do. It is quite true that if this were done, we could expect the exchange rate for the Canadian dollar to fall. This would have certain disadvantages and involve some costs. But these would not be nearly as great as the costs of the present very high interest rates.

I have a press release from the Bank of Canada at that time which indicates that the bank rate was 15.42 per cent. Today it is two percentage points higher, but that statement was valid then. The Canadian Institute for Economic Policy is chaired by Mr. Walter Gordon, a former Liberal finance minister. If that was a fair statement in April, 1980, when interest rates were 2 per cent lower, it is more than a valid statement now.

If the government could control some of its own expenditures and not be in the marketplace borrowing as much money as it is on an ongoing basis, it would certainly help interest rates. I have seen figures which indicate that all levels of government borrowing—federal, municipal and provincial—account for something like 65 to 70 per cent of total borrow-

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ings in this country. That leaves very little money available for the private sector to borrow. It is one of the reasons for high interest rates, because governments at all levels are in the marketplace borrowing large amounts of funds.

I am not sure the Bank of Canada is succeeding in controlling the money supply. It is very difficult to hold interest rates down. Another thing the government could do, which would not be an additional draw on the finances of the country and would help interest rates, would be to limit its own expenditures. I am running out of time. I had planned to talk a bit about how the Bank of Canada functions, because I have some concerns in that area. The Bank of Canada has as much power in terms of what happens to the economy as all of us in the House of Commons. Yet it operates without the accountability we have as elected members. The Bank of Canada is not required to face the electorate every four or five years. I should like to see members of the House of Commons as regular members of the board of directors of the Bank of Canada.

Some hon. Members: Hear, hear!

Mr. Bill Domm (Peterborough): Mr. Speaker, at this moment at 4.37 a.m. on Friday, December 19, interest rates have jumped by 39 per cent since the federal budget was introduced on October 28. If it were not for the governor of the Bank of Canada—and let us give credit where credit is due—the dollar would be 75 cents American. In any case, it is at its lowest level in 47 years.

The Economic Council of Canada has roundly condemned the pathetically inadequate government for its absolute lack of initiative in doing something about this deplorable situation. At the moment the prime rate is over 18 per cent. Individual borrowers who are less fortunate than major corporations are borrowing money today at rates between 21 per cent, 22 per cent and 23 per cent.

It is perfectly clear what steps must be taken to begin the long economic recovery which Canada so badly needs. Intelligent investors, bright men and women in financial and manufacturing sectors of our economy, simply do not buy the excuses of the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) for his extraordinary failure. Outside investors do not buy them either. A child of three would not buy them, because in this country there is a will to succeed, a collective confidence in the national self. This confidence has been severely shaken by the plaintive cries of the minister that interest rates are prey to a variety of unspecified and uncontrollable factors. The only thing interest rates are prey to is a government which refuses to allow itself and this country to reach and fulfil their potential.

What does the Minister of Finance intend to tell thousands of small businessmen across Canada who face bankruptcy and ruin today? Surely the minister realizes the agony to which small businessmen are subjected. On Thursday morning, on "CBC Morningside," a small businessman in Sydney, Nova Scotia, condemned government policies which hampered his ability to exist in the marketplace, that is, the government hampered him, the small businessman. His own abilities, his