

Oral Questions

● (1120)

The hon. member has asked whether, in light of the impact that higher interest rates will have on particular groups in the community, I will be undertaking any new measures. I want to explain to the hon. member, as I did in the spring when we were facing a similar situation, that we did undertake a very deep analysis of the impact, for example, of those interest rates on individuals in the country who might be renegotiating their mortgages. We had consultations with the lending institutions. As a result of that analysis we were able to develop the conclusion that those cases that were adversely affected would be dealt with and were dealt with effectively by the lending institutions.

Mr. Crosbie: By personal bankruptcy.

Mr. MacEachen: The same process is ongoing at the present time. I am confident that the lending institutions, including banks, will take into account the particular impact of these high interest rates on small businesses and on home owners.

I repeat, while it may be popular for hon. members opposite to relate the high interest rates to the budget, they ought to understand, and do understand deep down, what is happening. I have great respect for the intelligence of the hon. member for St. John's West, and hon. members opposite do know deep down in their intelligence—

Miss Bégin: It is really deep.

Mr. MacEachen:—that what is happening now, not only with respect to interest rates in Canada but with respect to interest rates in most other industrial countries, is the result of policies that are being followed—

Mr. Crosbie: By you.

Mr. MacEachen:—by the Federal Reserve Bank in the United States. I happen to believe—

Some hon. Members: Order, order.

Mr. MacEachen:—that these policies in the current circumstances are causing considerable harm, not only to Canada but to other countries, and that the United States ought to be encouraged to take another look at these damaging policies which are being followed.

Some hon. Members: Oh, oh!

An hon. Member: Blame the U.S.

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THE ECONOMY**INCREASE IN CONSUMER PRICE INDEX—INQUIRY RESPECTING MEASURES OF RELIEF**

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I should like to address a supplementary question to the Minister of Finance. This is the first time that we have heard in this

House the Minister of Finance saying that interest rates are not the concern of the government. The economy is in a tailspin. The horrendous interest rates are going to cause serious consequences for low and middle-income earners. The poor in this country will be lacerated. Today we have the news that the food price index has risen 1.05 per cent in November because poultry, eggs, fish and fresh vegetables have increased in price. The consumer price index shows 12.7 per cent for food, 13.8 per cent for home consumption, 29.8 per cent for fresh vegetables and 67.1 per cent for sugar and food preparations. This is an ominous Christmas present from this government to the people of Canada.

I should like to ask the minister what he is going to say to his constituents in Cape Breton when he goes back at the Christmas recess. More particularly, what specific undertaking is he going to give the people of Canada regarding relief from this onerous inflation and the high interest rates that we have in Canada today?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I can assure the hon. member that when I speak to my constituents during the Christmas break I will make more sense than he is making in his question.

Some hon. Members: Oh, oh!

An hon. Member: Scrooge!

Mr. Hnatyshyn: Madam Speaker, the Minister of Finance suffers from delusions of adequacy; that is all I can say about him. Immediate relief is required for a wide spectrum of interests in this country today. For example, farmers and fishermen are required to plan for next year. For taxation and other purposes, they have to make their purchases of equipment and supplies. For small businesses, the high carrying cost of Christmas stock will cause widespread bankruptcies and the quiet closing of over 50,000 small businesses in Canada.

Yesterday the minister promised the press that he would look at the adverse impact on potential home owners, small businesses and farmers. We need action now, before Christmas. When is the minister going to make a statement? When can we expect him to come forward with the promised measures regarding these segments of our economy which are very seriously affected?

Mr. MacEachen: Madam Speaker, I want to make it clear, first of all, that no such measures have been promised. When any decision is taken it will be announced in the House.

● (1125)

Mr. Nielsen: It will be announced "in due course".

Mr. MacEachen: Madam Speaker, what I have undertaken to do is to monitor very carefully the impact of these high interest rates on various groups in the community. The hon. member, in common with all members of his party, each day is calling for immediate relief, for increased expenditures, at the same time as the official critic, the former minister of finance,