

—through a sharp and immediate reduction of the growth rate of the money supply . . . inflation would readily come to an end. The trouble with this prescription is not with the medicine but with the dosage, which would be so great that the patient would suffer excessively while it was working. It would sharply curtail the growth of spending on goods and services . . . result in extremely weak markets, widespread bankruptcies and soaring unemployment.

That is exactly what the program did. The problems that we face in this country today to a certain extent are a result of planned government policy. It is no accident. That is what the Governor of the Bank of Canada said in 1975 would happen with this policy. He said that bankruptcies would skyrocket, unemployment would skyrocket, markets would weaken and there would be a great deal of suffering among the Canadian people.

The government has been remarkably successful in its efforts at strangling the life of the economy as a result of its monetarist policies. This was planned and it has been successful. There is very little life in the Canadian economy, thanks to the policies of this government and the direction as of late of Governor Bouey of the Bank of Canada. The prime rate is 17½ per cent. This Thursday we will again go into the interest roulette game and the rate will go up again. Those required to refinance their mortgages will probably be doing so at a rate close to 20 per cent, if not higher.

The devastation that is occurring across the country as a result of these rates is nothing short of a disaster. Two and a half years ago we in the New Democratic Party predicted this exact situation. We said this policy would result in despair in this country, that it would hammer the economy to death. Today we are haunted by the realism of those projections.

I want to quote the comments of a couple of business and financial leaders in this country on the high interest rate policy. Mr. William Mulholland, the chief executive officer of the Bank of Montreal, said:

Industry is very vulnerable to high interest rates and an extended period of high interest rates should therefore be a matter of considerable concern. I believe that the cumulative effect is more serious than is generally realized.

William Mackness of Pitfield, MacKay, Ross said:

—the situation is continuing to deteriorate. There is a desperate need for lower interest rates, renewed economic growth and a major increase in the supply of common equity financing.

Calvert Knudsen, the chief executive officer of the giant MacMillan Bloedel corporation, was more emphatic when he said that some direct intervention by the federal government is necessary now in order to avert some economic collapse in every sector of the Canadian economy.

The other day representatives of the trust companies of Canada appeared before the Standing Committee on Finance, Trade and Economic Affairs. They suggested that if major policy changes, both monetary and fiscal, were not made by this government immediately, we would be looking at a total economic collapse within six months in this, the richest country in the world.

The high interest rate policy that continues to be pursued by this government, I suspect with the support of my colleagues to my right, will be the death knell of the Canadian economy unless that policy is changed very quickly. Canada and the United States stand out as leaders in a certain category of western industrialized nations. They are now the only two

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nations that are experiencing negative growth in their GNP and will likely experience that for the next number of months. Other western industrialized nations have taken action independent of the United States because they cannot afford to have deterioration in their GNP. As a result, there has been renewed growth in those economies, but not in the United States and Canada.

With regard to housing starts, on a seasonally adjusted annual basis there were 116,000 housing starts in this country. If this continues, and it likely will, this will be the worst year for housing since 1966. We will be 100,000 units short in 1982 in terms of meeting the housing demand in this country.

What is going on in the business community? It looks at the government assembled across the aisle and shakes its head in disbelief at the fiscal policies that the government keeps in place as well as the budget and monetary policies. It is perfectly clear even to a blind man that the business climate in this country is at an all-time low.

Let me quote a few statistics. The Dun & Bradstreet report two weeks ago indicated that in 1981, 151 out of 10,000 businesses failed in Canada. In 1932 at the beginning of the depression, the ratio was 161 per 10,000 businesses failed. In other words, we are nearly there now in terms of business failures in Canada. We all recognize that the United States is also experiencing severe economic difficulties. Their rate of failures at the present time is not 151 per 10,000 but 62 per 10,000. Substantially less pain is being experienced by the American business community than by the Canadian business community.

To date in 1982, business bankruptcies number 4,429, up 36 percent over last year. Personal bankruptcies in the first five months of this year number 11,426, up 18 per cent over last year. Farm bankruptcies are even worse, up 60 per cent over the same period last year.

When we talk about business failures or business difficulties, bankruptcies are just the tip of the iceberg. We talk only of the number of businesses in the receivership process. There are countless more which simply closed their doors and their owners walked away in disgust, having had their hopes and dreams dashed as a result of the difficult economic times.

● (1640)

Earlier today we had a discussion about Canada's export performance. This is an area where the government must pay more attention. In the last ten years, from 1973 to 1982—and I use the 1982 figures, Mr. Speaker, based on information from the IMF—after deducting the inflation rate, exports grew in Canada at an average of 3.4 per cent annually.

Canada is one of the world's major trading nations. We depend on exports. As a matter of fact, 25 per cent of what we produce is used for export. That compares to the United States with 8 per cent, and to Japan with about 12.5 per cent. But while we grew over the decade an average of 3.4 per cent annually, the total average for the western industrialized nations was significantly greater; it was 5.3 per cent. For the United Kingdom it was 4.5 per cent; for the United States it