

*Election Promises*

natural gas, we are ensuring that revenue flows out of the country. We might as well pour it right across the border. I say to the minister that if he thinks he can solve the conundrum of pricing and revenue sharing without public ownership, he is sadly mistaken, because you cannot ask the Canadian public to accept the unfairness of these dramatic increases in the price of oil and gas when they know it is going to maximize the profits of foreign, multinational corporations. That is precisely what we are being asked to do.

The third myth is that tight monetary policies are an effective way to fight inflation. We have had five years of monetarism, five years of the highest inflation we have ever had. We have had five years of monetary restraint from the Bank of Canada, and we have had five years of the worst inflation in our history. The fact is that aggregate demand can fall, and has been falling. That is why unemployment has gone so far up. We can still have inflation and we are going to have even more inflation, as the minister is telling us.

● (1730)

I do not know what kind of discussions took place in Venice, but I would like to have been a fly on the wall. Did they discuss the fact that for five, six or a number of years we have been following policies of very tight restraint and yet we have still had inflation? Did they discuss that in Venice? Did they try to figure that out?

**An hon. Member:** They talked about oil.

**Mr. Rae:** They referred to oil and that is a very good example, but there are others. Demand has been falling dramatically in the auto industry. They are producing 20 per cent to 30 per cent fewer cars. Has the price of cars gone down? I suggest it has not dramatically. They have occasionally offered rebates in the United States, but not in Canada. Has the pricing or market mechanism worked? I suggest it has not. The nature of our economy is changing dramatically, and the way in which we deal with it is totally inadequate.

People are walking around on that side of the House and in the Tory party with a picture in their heads which would indicate the economy is like some kind of a bazaar at which consumers and producers compete, and at which the pricing mechanism plays some kind of a role in allocating resources. The hard fact of the matter is that these decisions are made by people in powerful positions who can administer prices. Until we deal with that problem in our increasingly concentrated economy where businesses eat businesses alive, we will not solve the problem of inflation.

I would like to know how restricting supply helps to fight inflation. How does capacity-utilization at 80 per cent help fight inflation? What this means is that supply will be down and demand will be down too. I would like the minister to explain how that is going to help fight inflation. It will not have that effect, it will have the reverse effect, just as high interest rates have the reverse effect.

**The Acting Speaker (Mr. Ethier):** Order please. I regret to interrupt the hon. member but his allotted time has expired. Nevertheless, he might continue if there is unanimous consent. Is it agreed?

**Some hon. Members:** Agreed.

**Mr. Rae:** I appreciate the indulgence of the House, Mr. Speaker, and I will take one minute more to talk about the last few points.

Unemployment is not as serious as it used to be; that is a statement made the other day in committee by governor Bouey. I wish governor Bouey would come into my office, and I am sure the offices of my colleagues here today, indeed the office of any member of Parliament, on a Friday night, a Saturday or a Sunday to see the tragedies and the lost hope of people who are 50 or 55 years old and cannot find work, of people coming out of university who cannot find work, and then say in all seriousness that unemployment is not as serious as it used to be. That point of view belongs to those people who have never faced or have had to face the difficult reality that unemployment is in human terms—houses lost, dreams shattered, homes divided and divorce. Send governor Bouey to Windsor and tell him to go to the people of Windsor and say unemployment is not as serious as it used to be. It is a disgrace that someone who is running the economic policies of this country has that point of view.

Finally we have the weatherman's point of view as expressed beautifully by the minister today. The weatherman's point of view is that "there is really nothing we can do; I am only the forecaster and my forecast may have been wrong. I may have been a couple of percentage points out. I am coming back and telling you I thought there would be .5 per cent growth, but I am sorry the weather maps have changed, the storms in the United States are much stronger so you better batten down your hatches."

We do not elect governments to be weathermen; we elect governments to give leadership, to show compassion and strength, to say to the Canadian people that there is something we can do about our economy because we can take control of our economy; to say to the Canadian people there is hope and there is light because there is leadership. Of all the pathos that has been expressed today, nothing has been more pathetic than the statement of the Minister of Finance that there is nothing he can do. That is a statement of intellectual bankruptcy which we in this party are not yet prepared to declare on behalf of our country and on behalf of our party.

**Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):** Mr. Speaker, I would like to say a few words today during this debate on the motion put forward by the New Democratic Party because there are some basic fallacies in their economic reasoning, to say the least; as well, there are some basic flaws in the facts they put forward to this House today that deserve to be brought before the public eye.