

Employment

and Commerce (Mr. Gray) to the questions unbelievable. Mr. McCormack, who is the director of economic intelligence in the minister's own department, pointed out in his comments on the report which was released that Quebec and Ontario will continue to bear the brunt of economic recession, that there were 312,000 unemployed people in Ontario in December, up 17 per cent from a year earlier. It is the autoworkers represented in Parliament by the Minister of Industry, Trade and Commerce who are feeling the brunt of the recession. It is workers represented by Liberal members from Ontario and Quebec who are bearing the brunt in a recession caused by the policies of the government.

In his opening remarks to the economic conference, the Prime Minister (Mr. Trudeau) said, as quoted in *The Globe and Mail*:

—Ottawa has "little choice but to let our interest rates keep pace with—indeed, sometimes exceed—those set in the United States."

And short-term stimulative policies "would unacceptably risk our chances of reducing inflation and lowering our interest rates in the longer run, while achieving only marginal and temporary employment gains."

The Liberal government has abdicated its responsibility to manage the affairs of the country. It has turned these responsibilities over to the Governor of the Bank of Canada. We have been following his advice to show restraint for the last five or six years. He has told us that we must have high interest rates. The result of those policies which were initiated by the Governor of the Bank of Canada, agreed to by the senior bureaucrats in the Department of Finance and accepted by the government, has been higher inflation and higher unemployment.

Let us review the situation. When the government implemented wage and price controls in 1975, the reason it gave was that the inflation rate was unacceptable. At that time inflation was running at 10.5 per cent. It is now running at over 12 per cent. In the last five years unemployment has risen by about 400,000, despite the restraints the government has imposed on the economy.

● (1610)

The premiers of all ten provinces are now in Ottawa meeting with the federal government, and what are they saying? They are united. All of them have unanimously issued a plea to the government to cut interest rates and to concentrate on the creation of jobs. The government has again said it cannot do it. Are the premiers wrong? The Prime Minister says they are wrong. In that short period in 1979-80 when we had a Conservative government the present Minister of Industry, Trade and Commerce, who at that time was the financial critic for the Liberal opposition, made a speech here in Parliament on November 6, 1979, at a time when the Conservative government was taking the same advice from the Governor of the Bank of Canada as the Liberals had before and as they are again. I remind Members of Parliament that it was the Conservative government which reappointed the Governor of the Bank of Canada to a further term. This is what the present Minister of Industry, Trade and Commerce said at that time about high interest rates:

These high interest rates cut back the ability of factories and businesses generally to expand, to create more production and jobs. These high interest rates limit the ability of business, especially small business, simply to operate at basic non-inflationary levels. Therefore these high interest rates mean losses of production and jobs now and over the coming winter months.

The minister was dead right back then. We wish the government would listen to the advice the minister gave the then Conservative government when the Liberals were in opposition.

In answer to questions today, the Minister of Industry, Trade and Commerce said interest rates are lower now than they were some months ago, and that is true. It is significant that the rate announced today is up from what it was last week, and it is likely that interest rates will increase in the coming months.

In answers to questions over the last couple of weeks and in defending the policies and programs of the government the Minister of Finance (Mr. MacEachen) has suggested that things will be all right because at some time later on this year—in the summer or the fall—the American economy will pick up and that, of course, if the American economy picks up, the Canadian economy will keep in step with it. The only people who believe the American economy will pick up in the latter part of 1982 are those few people around President Reagan in the United States, the Governor of the Bank of Canada and the senior bureaucrats in the Department of Finance.

Mr. Blaikie: All of whom belong in the loony bin.

Mr. Orlikow: One need only look at what is happening on the stock market in the United States to realize that the business community in the United States knows that Reaganomics will not work, because stock prices are continuing to plummet rather than rise. Americans are looking at a budget deficit because of tax cuts, particularly for those in the high income brackets, which President Reagan instituted and because of the sharp increases in defence expenditures he is proposing to implement. Americans are looking at a deficit of somewhere between \$75 billion and \$100 billion this year. That means that the United States government will go to the market to borrow that money. That will drive interest rates up rather than down.

The Governor of the Bank of Canada, supported by the Prime Minister and the Minister of Finance—and supported by the former Conservative minister of finance when he was in office—has committed us to keeping our interest rates close to and somewhat higher than American interest rates. The result must be that interest rates will go up rather than down in the latter part of 1982, and the result will be more inflation, a business slowdown and more unemployment. That is what the policies of the government will mean.

I listened to the Minister of Employment and Immigration give us a quick rundown of new government programs as he sees them. Now is not the time to analyse them in detail, but the minister told us about new programs for training, work sharing and job creation. He told us about IRAP. He gave the