

Oral Questions

ment to this House, now, that he will bring in a full budget before the end of May, and will he give us a date for that budget?

Mr. MacEachen: Madam Speaker, in the interest of simplicity, the answer is no.

Some hon. Members: Oh, oh!

RIISING INTEREST RATES—DETRIMENTAL EFFECT ON ECONOMY

Hon. John C. Crosbie (St. John's West): Madam Speaker, I have a question for the Minister of Finance, who I hope will copy me in all that he does. If he does, then he will serve this country well.

Some hon. Members: Hear, hear!

Mr. Crosbie: On October 25, 1979, the bank rate went to 14 per cent. At that time, the finance critic for the Liberal party said in the House of Commons committee on finance, trade and economic affairs:

—it will mean the loss of thousands of jobs, increases in the cost of living, it will bring the housing industry to a halt, it will put housing beyond the reach of most middle and lower-income Canadians, it will hurt small business and it will hurt farmers, and will add to the cost of food.

The hon. member therefore intimated that the Liberal party had other solutions. Why, in the light of this objection last fall, did the Minister of Finance allow the interest rate to go to 16.2 per cent within four weeks of his assuming office on March 3? The minister has allowed the rate to go up another 2.2 percentage points. How could he allow this, in view of the statements made by the finance critic last fall? What is the solution which the finance critic had last fall but which the Minister of Finance does not seem to be able to advance?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I know that the hon. gentleman will be a model to me, but one aspect of his career that I will not follow is to have my first budget defeated by the House of Commons.

Some hon. Members: Hear, hear!

An hon. Member: Bring one in.

Mr. MacEachen: I do not intend to go into the past history of debate in the House of Commons. It will be a natural tendency for opposition parties to oppose high interest rates and to seek alternative solutions to the higher interest rates. The hon. gentleman will follow that practice, and I have no complaint about that customary role taken by opposition parties.

However, it is the responsibility of the government, and particularly of the Minister of Finance, to follow a policy that is in the best interests of the Canadian economy, and the policy that is presently being followed is in the best interests of the economy. If the hon. gentleman or hon. members from any party in the House have alternative monetary policies to the one currently being followed by the governor of the Bank of

Canada, which I support, then I would be happy to consider those policies.

Mr. Dick: Give it to the committee.

Mr. Crosbie: Madam Speaker, the hon. minister has said that he is following the course which is the best for the country and the course which I adopted last fall when I was in power. How does he, then, explain the hypocrisy of his party, which opposed that policy when in opposition and which now says that it is the best policy for the country? How does the minister explain the fact that on December 13, 1979, he voted us out of office with his non-confidence motion which said we failed to lower interest rates? How does he explain that action?

● (1425)

Mr. MacEachen: Madam Speaker, the hon. gentleman should remember that the motion which defeated the government last December was moved by the New Democratic Party.

RIISING INTEREST RATES—JUSTIFICATION THEREFOR

Mr. Edward Broadbent (Oshawa): Madam Speaker, it is obvious that my Conservative friends to the right are just a little concerned that the Liberals have increased the interest rate four times, which means they have matched the Conservative record in a briefer period of time. I should like to ask the Minister of Finance—

An hon. Member: What does that have to do with the price of bread?

Mr. Broadbent:—since his colleague, the Minister of Industry, Trade and Commerce, told the House last October 26 that every half point the interest rate goes up, it costs businesses in Canada \$375 million, does the Minister of Finance agree with that assessment; and, if so, how does he square it with the absurd opinion that he just offered to the House, that this high interest rate policy is good for the Canadian economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously the higher interest rates that we are experiencing in this country are harmful to certain segments of the population: no one denies that. They are particularly damaging to small business, to farmers, to home owners—

An hon. Member: Who is that?

Mr. MacEachen:—and it is for that reason—

An hon. Member: Who are they good for?

Mr. MacEachen:—that we announced in the Speech from the Throne our intention to take some steps to help home owners who are presently renegotiating their mortgages.

I say to the Leader of the New Democratic Party that if he can propose any alternative monetary policy, in light of the very high interest rates now prevailing in the United States, in