

ENERGY

REQUEST FOR CHANGE IN POLICY

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Minister of Finance is crucifying Canadians on the Cross of higher interest rates and, like Pontius Pilate, he washes his hands of it.

Some hon. Members: Hear, hear!

Mr. Crosbie: He washes his hands. The Bank of Canada rate was 11.76 per cent before the minister brought down his budget in October. It is now 18.71 per cent, a 7 per cent increase. That is the result of the minister's budget. My question to the minister is this: the Bank of Canada and the minister say our interest rates have to go up, primarily because U.S. interest rates had to go up and the Canadian dollar is weak. Will the minister now change the new energy policy, so-called, which is anti-business, anti-private sector, anti-provinces, and is weakening the Canadian dollar? Would he change that policy and get an agreement now with the oil producing provinces to start us out of this slump and put us in a position where interest rates can be brought down? Will he do that, or will he force the Minister of Energy, Mines and Resources or the Prime Minister to do that?

● (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member quite correctly related the very high interest rates we are experiencing in Canada to the very remarkable increase in rates that has occurred in the United States in the last week. As was pointed out by the Bank of Canada last Thursday following the auction on treasury bills, short-term interest rates in the United States rose by two percentage points or more in the last week, having risen strongly in April. I might add that since mid-April interest rates in the United States have risen by two percentage points more than they have in Canada. There is no doubt that the pressure of U.S. interest rates on Canada is real and evident, and that the pressure is occurring on the exchange rate and on interest rates themselves. I am glad that the hon. member is aware of that.

In reply to his question, I want to tell him that of course it is the intention of the government to reach an agreement with the province of Alberta as quickly as possible. The Minister of Energy, Mines and Resources has already had meetings. Last week further discussions were held with the province of Alberta. It would be our hope to reach an agreement as quickly as possible, and it is something that we are working toward very energetically.

Oral Questions

FINANCE

ACTION TO STRENGTHEN CANADIAN DOLLAR

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Canadian dollar would not be weak were it not for the actions of the government in the last ten years and neglect of the Canadian economy.

Some hon. Members: Hear, hear!

Mr. Crosbie: My question to the minister is this: what action is he taking to strengthen the Canadian dollar so we are not completely dependent on the U.S., which is the position his government has put us in? What action is he taking to do that? His advice to the Canadian people is like the male chauvinist—if you are going to be raped, relax and enjoy it.

We want to know what action the minister is taking to reverse the weakness of the Canadian dollar, and we want to ask the minister this: will he give this House a solemn commitment that he will not permit the Bank of Canada to raise interest rates one jot or tittle further, and that this is as far as they are going no matter what happens to interest rates in the United States? Will he do that?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. I, like the hon. members opposite, regret the rise in interest rates in current circumstances which, in my view, are unavoidable. I know that the members of the opposition parties have indicated they intend to debate the economy today, tomorrow and the next day. I will be looking forward to their views as to what they have to recommend in current circumstances. But I ask the hon. member to reflect on his request at the present time, and the effect that his request, if administered by an irresponsible minister of finance, would have on—

Mr. Crosbie: We have one!

Mr. MacEachen: —would have on the inflation rate in Canada and on the exchange value of the Canadian currency. The hon. member knows perfectly well that his proposal really borders short on complete irresponsibility.

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THE ECONOMY

IMPLEMENTATION OF GOVERNMENT ELECTION CAMPAIGN PROMISE

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. The Minister of Finance has just said that the current high interest rate policy is unavoidable. On November 9, 1979, the Prime Minister, then Leader of the Opposition, moved a motion of non-confidence in the Conservative government of the day on the grounds that "its acceptance of record high interest rates" was unacceptable. Interest rates then were at 13 per cent.