

Oral Questions

denouncing the budget because the deficit was too high. I believe that the deficit at the moment is appropriate to the weak output of the economy and that any greater effort to increase it would be counter-productive. That is the general posture of the government.

My hon. friend asks about—

Some hon. Members: Order!

Mr. MacEachen: Thank you.

Mr. Deans: Madam Speaker, a supplementary question. If we have an increase in unemployment of 100,000 persons this coming year, that will surely mean 100,000 people who will purchase less. If we reduce the consumer purchasing power of the balance of the population with the increases which the government has inflicted upon them in this budget, that will mean they will buy even less in the consumer marketplace, which will in itself result in even higher unemployment.

Some hon. Members: Question!

Madam Speaker: Order, please. Supplementary questions should be even shorter than the first question asked, but the question of the hon. member looks as if it might be longer. Would the hon. member please ask his question now.

Mr. Deans: What specific measure is there in this budget that will put an end to the domino effect which results from unemployment compounded on unemployment?

Mr. MacEachen: Madam Speaker, I am not sure I fully understand the hon. member's question, but I want to make one point to him. There is no way that I or the government can fully protect the Canadian consumer or citizen from increased energy or food prices. Most European countries and almost all of the OECD countries are fully absorbing world energy prices immediately. We have not done that. We have protected the Canadian consumer from the full impact of world price increases. But we have increased prices and there will be increased costs in the economy. Nothing I or the hon. member can say will change that if we want to face reality, one which is not only a Canadian reality but a worldwide reality.

Some hon. Members: Hear, hear!

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FINANCE

EFFECTS OF BUDGET ON MARKET AND HOME OWNERS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is addressed to the Minister of Finance. He has said he believes his deficit is appropriate. However, that does not appear to be what the marketplace is saying, with the Toronto Stock Exchange index down 74 points since Tuesday, the oil and gas index down 600 points, federal government bonds, which were bought only four months ago, down 15 per cent, the dollar into the 84-cent range once again, and hundreds of

millions of dollars going out of the country. Now it has been announced the bank rate is up four-tenths of a point over last week.

Some hon. Members: Shame!

Mr. Stevens: Would the minister indicate, now that we have had the energy statement, when do we get his budget in the hope that it might steady the market?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the forces in the market which have accounted for the increased bank rate today were quite evident before the budget was brought down.

Some hon. Members: Oh!

Mr. MacEachen: The same is true of the slight weakening of the Canadian dollar. So the hon. member is drawing a very long bow if he is attempting to relate one to the other.

Mr. Stevens: Surely it is unforgivable that a Minister of Finance would say that the forces which are driving up interest rates in this country were evident before he brought in his budget, yet in that budget he did nothing to correct that trend.

Some hon. Members: Hear, hear!

Mr. Stevens: In view of the fact that federal rates are now near 14 per cent for long-term bonds—that is the rates on Canada bonds—which indicates that mortgage rates are likely going to the 15 per cent or 16 per cent level, would the minister indicate what he intends to do to help the home owners in this country who have to renew mortgages, or those people who would like to buy houses in the future?

Mr. MacEachen: Madam Speaker, if he shares the view his deskmate expressed yesterday that the deficit is too large, even as it presently exists, then he would be the first to urge me not to undertake another new major spending program to add to that already high deficit.

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THE BUDGET

INQUIRY RESPECTING DEFICIT REDUCTION

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, my question is addressed to the Minister of Finance. Can he give us the reasons he chose to effect a somewhat smaller deficit reduction in this budget than his predecessor did in his budget?

Some hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think it is an important question.

Some hon. Members: Hear, hear!