

*The Address—Mr. de Jong*

side rather than just the expenditure side. I am afraid the Government really believes that Canadians are living beyond their means.

We have heard the same type of rhetoric in the Province of Saskatchewan, Mr. Speaker. The irony there is that since we elected a Conservative Government in 1982 the deficit in the Province of Saskatchewan is now, on an accumulated basis, around \$1 billion. That is larger than all of the previous deficits in the history of Saskatchewan. The Conservatives in Saskatchewan have been able to accomplish this while at the same time cutting social programs, education, highway construction programs and capital programs, and selling off our resources and Crown corporations.

One must wonder how the Tories have been able to increase the deficit while giving the rhetoric of reducing deficits. They have been able to create the largest deficit in the history of Saskatchewan while at the same time cutting social and human programs. They have been able to do it because they have given so many rich tax write-offs, particularly to the oil industry, that now we in the Province of Saskatchewan find ourselves with a debt of some \$1 billion which we and our children must pay off in the years to come.

That is crazy economic thinking that originates in the Chicago School of Economics. Dr. Friedman is the great exponent of that. It is called the trickle-down theory and it is basically the notion that if you feed the horse a lot of oats, eventually the sparrow will get some. If you give the corporate sector a lot of tax breaks and special incentives, eventually this will get spent in new capital production and eventually we will have more employment and all these extra profits will find their way into the economy. Therefore people will have more dollars in order to buy the goods and services which they need. Well, Mr. Speaker, as has been illustrated in Saskatchewan, in British Columbia, in Great Britain and in Chile, where this experiment has been carried out to its greatest degree, we have found that massive unemployment, disinflation and economic chaos have resulted. It is a theory which just does not work.

The other area which we must address, Mr. Speaker, is that of interest rates and a "made-in-Canada" interest rate policy. Unfortunately, there was nothing in the Speech from the Throne or the financial statement which would indicate that the Government is prepared to set an independent course to determine a "made-in-Canada" interest rate policy. The previous Liberal administration told us in the New Democratic Party that we were whistling in the wind on this subject. They said that it was impossible to have a "made-in-Canada" interest rate policy. We in this Party, Mr. Speaker, maintain that we can. It is not surprising that when representatives of the provinces met in Nova Scotia this summer they called upon whatever Party formed the new Government to implement a "made-in-Canada" interest rate policy?

Interest rates are high. They have dropped marginally in the last little while but the real interest rate stands at a historic high. Normally interest rates are two points above the inflation rate. We have an inflation rate of approximately 4 per cent. Why are interest rates not at 6 per cent? I am even willing to

concede 7 per cent, Mr. Speaker. At 7 per cent our deficit would be manageable. At 7 per cent young people could afford to buy a house or a car, to start farming or fishing. Seven per cent would be a reasonable interest rate and we would see some economic activity occurring in this country.

Interest rates are not at 7 per cent for essentially one reason: the American deficit. The American Government's deficit is now so high that total U.S. savings are hardly able to meet the interest on their deficit. Their deficit is so high in large part because of the arms race. The arms race is sucking the capital out of this world. It is destroying the economies, not only of the western world, but I would venture to say of the eastern socialist world as well. The \$1 trillion that the world pours into armaments, into the death machine, is economically bankrupting this world.

The capital needs of the American Government are so high that in order to service its debts it must attract capital from Canada, western Europe and the rest of the world. The only way in which they can do that is with a strong American dollar and a high interest rate in the United States. Therefore, in order for us to maintain some of the capital at home we must jack up our interest rate. So it goes, Mr. Speaker. It continues to get jacked up and the people who benefit are the bankers and the international financiers. They are having a great time, Mr. Speaker.

Is it not about time that we had a Government in this country with the political determination to say we are not going to play that game again, we are not going to be blackmailed, we are going to develop an independent interest rate policy in this country, and we are going to keep the capital at home in this country? Is it not about time that we had a Government with the political guts to tell our banks and the multinationals that the profits made in this country will be kept in this country for this year? The Government should impose exchange controls and stop capital from being sent to wherever it is felt that profits can be increased and optimized. It is about time that the bankers and the large corporate sector of the country exhibited some responsibility to the economy and the well being of this country. However, Mr. Speaker, we are not hearing any of that from this new Government.

In preparing my remarks I went through some of the old files and I came upon a document which I think is still very relevant today. It is the Bishops' statement which was brought out on January 5, 1983. They talk in terms of present strategy. In January of 1983 the major concern was inflation. Here are some of the things they said:

There is a very real danger that these same structural and moral problems are present in Canada's strategies for economic recovery. As recent economic policy statements reveal, the primary objective is to restore profitability and competitiveness in certain Canadian industries and provide more favourable conditions for private investment in the country.

That sounds very similar to the rhetoric we are hearing from the Minister of Finance (Mr. Wilson) and all of the other Government Members so far. The statement continues:

The private sector is to be the "engine" for economic recovery. To achieve these goals, inflation—