

Mr. Berger: Mr. Speaker, I would be glad to do so. The motion refers to employment. It refers to a "new employment option" for Canada, and I think it is totally fitting therefore to mention a number of programs the government has put into place to increase employment or to generate employment in Canada and particularly, as I mentioned earlier, in my province of Quebec.

I also would like to mention the Canadian Industrial Renewal Board, which was set up by the government last year as a complement to the textile and clothing policy. That program was announced last June 19. The objective of this policy is to try to continue the efforts of the government to ensure that the textile and clothing sector will become as competitive as possible in world markets.

The government has announced the reallocation of more than \$250 million over five years to this effect. This new program will assist the modernization of viable firms—and I would like to stress the words "viable firms"—in the textile and clothing industries, establish new employment in communities affected by the closure of plants, and help displaced workers take advantage of new job opportunities that might be created.

Parallel to this adjustment program, the government committed itself to renegotiating protection measures for the textile and clothing industry to give them time to restructure.

I would like also to remind members of the House that the Prime Minister (Mr. Trudeau) on October 26 of last year announced the formation of this board to be chaired by Mr. Paul Desmarais, president of Power Corporation. This agency, with headquarters in Montreal, has been in operation for approximately five or six months only and has reached the stage where it is going to be extending loans in the very near future and grants to companies that wish to modernize.

Another initiative of the government is the industrial labour adjustment program, ILAP. Recently we debated in this House a bill designed to provide pre-retirement benefits for people in certain designated sectors, such as the clothing and textile areas, light appliances, and in certain designated communities across the country. This bill was given third reading several weeks ago. This bill will provide retirement benefits to workers between the ages of 55 and 65 equivalent to benefits under the Unemployment Insurance Act. It will permit workers in these industries to take early retirement. Industries undergoing particularly difficult times will be able to restructure. It will permit the government to establish new industries with as little difficulty as possible for the more elderly people.

● (1520)

After outlining some of the initiatives the government is undertaking to help Canadian industry, I wish to address the matter of interest rates. As everyone knows, high interest rates have created problems for businesses and individuals, not only in Canada but in many other countries. We must ask ourselves what is the problem. Is the problem interest rates or inflation,

Supply

as the Minister of Finance (Mr. MacEachen), the Department of Finance and the Bank of Canada have indicated?

Several months ago the former parliamentary secretary to the Minister of Finance circulated a study by the Federal Reserve Bank of St. Louis, which had been done in November 1981, entitled "What really happened to interest rates, the longer run analysis". Very conclusive evidence is introduced in this study to show that interest rates in the period from 1967 to 1980 were related to the rate of inflation. It stated quite unequivocally that the rise in the average rate of inflation fully explains the average increases in these nominal interest rates. I suppose many similar studies have been done which have explained this connection.

Anyone with any kind of logic should know that if the rate of inflation is 11 per cent or 12 per cent, no one would lend money at an amount less than the rate of inflation. Anyone would want a return of 1 per cent, 2 per cent or 3 per cent on top of the rate of inflation. Therefore, it is evident that the way to bring down interest rates is to reduce the rate of inflation.

The Minister of Finance has been much criticized by members of the opposition and other critics who would like to see an easy solution to this problem. He received some support earlier this week. I wonder whether members opposite paid any attention to that.

At a speech given earlier in Toronto this week, Jacques de Larosière, managing director of the International Monetary Fund, came out with a vehement defence in support of the government's monetary and fiscal policies. On point after point de Larosière supported the policy of the Government of Canada.

In the March 16 edition of the *Montreal Gazette*, there is a column by Jack McArthur, who is not known to be a great defender of the government's policies. He noted that stagflation, high inflation and economic stagnation, is rampant throughout the world. He said this:

In other words, Canada can't escape it by itself, however frantically it shuffles policies. It was a reminder that not all problems can be blamed on a single government.

That is quite an admission. Our friends opposite and our friends in Quebec have the tendency of blaming all the problems in the world on a single government. When you see the admission of a journalist that not all problems can be blamed on a single government in this country, it is almost overwhelming.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his allotted time has expired.

Hon. Ron Huntington (Capilano): Mr. Speaker, I will begin by congratulating the New Democratic Party on having brought this motion forward on the second day. I will follow that opening remark by saying I do not agree with the impact of the motion. I just agree with the principle of it. The approach to it is abhorrent and it goes in the wrong direction.

One of the troubles I have as I enter this debate is that we in the political arena are always trying to score points. Politics takes precedence and priority over the addressing of solutions to the dilemma we face, particularly in the western democratic