

Mr. Baker (Nepean-Carleton): Trivial?

● (1125)

EVIDENCE NEEDED TO FORCE CHANGES

Right Hon. Joe Clark (Leader of the Opposition): The Minister of Finance is now saying that 1,096,000 Canadians out of work is trivial. Trivial, that is what he is saying.

An hon. Member: He did not say that.

Mr. Clark: He is saying he will not believe me, he will not believe the premiers, he will not believe the Economic Council of Canada or any of the literally thousands of people who have pointed out what is bad about this budget, and how destructive it is to this country.

Let me ask has the minister talked to the 1,800 employees of CN being thrown out of work? Has he talked to the 50 workers in Timmins-Chapleau thrown out of work just the other day? Has he talked to any of these people affected by this budget?

Madam Speaker: Order, please. I am afraid I have to ask the Right Hon. Leader of the Opposition to keep to questions.

Mr. Baker (Nepean-Carleton): He was putting a very good question.

Mr. Clark: Madam Speaker, I apologize for letting—

Mr. Cousineau: Apologize to Canadians.

Mr. Clark: Yes, I apologize to Canadians for this government. I apologize to Canadians that we have not been able so far to force this government to change its policies.

Let me ask the minister one simple question. Just how much evidence of the disaster he is causing does he need before he will change this budget?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Right Hon. Leader of the Opposition has now asked four questions on the economy—

Mr. Huntington: And you have not answered one of them.

Mr. MacEachen: —and I would draw to your attention, and to the attention of the House, that in all of these questions he has not put forward one single constructive proposal—

Some hon. Members: Oh, oh!

Mr. MacEachen: —in order to deal with the economic situation. He is treating this subject as an occasion for rhetorical outbursts without any relevance whatsoever to the seriousness of the situation.

Mr. Beatty: You have no ideas. Resign, MacEachen.

Oral Questions

Mr. MacEachen: I ask the Leader of the Opposition, if he has sound ideas, if he has alternatives, to bring them forward, and we will examine them.

Some hon. Members: Resign.

Mr. MacEachen: He has asked four questions and we have had nothing but indignation and rhetoric.

Some hon. Members: Hear, hear!

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THE ECONOMY

REASON FOR INTEREST RATE LEVELS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, let me put a very precise question to the Minister of Finance. The first ministers this past week have been demanding a made-in-Canada interest rate policy. Well, Madam Speaker, we have had a made-in-Canada interest rate policy for the past six months. During this period the target range set by the Bank of Canada for M1 in its monetary policy to fight inflation has been far higher than the actual results, and normally you would expect the bank to reduce interest rates to force the level of money supply back into the target range. For some reason the bank has not done so and the result is that, while we have had some drop in interest rates, they have been about two percentage points higher than they need be.

My question to the minister is very simple. Would he explain why we have had interest rates 2 per cent higher than they should have been?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): First of all, Madam Speaker, I do not accept the validity of the hon. member's observations—

Mr. Epp: You never do.

Mr. MacEachen: —that we have interest rates higher than we should because of the monetary aggregates. It is true that M1 has been below the target range because of obvious lags. During that period of very high interest rates the M1 decreased; it will increase as a result of the lower interest rates which have prevailed in the last number of months. That is the major reason, the question of lags, and it is not a desire on the part of the central bank's management to stray away from that basic guide. It is merely a question of lags.

QUERY RESPECTING GOVERNMENT POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I do not think the minister understands what has happened. I suggest to him the main reason for this shortfall is because the dollar has been under pressure as a result of Canadian and foreign investors' total lack of confidence in the government's policies, the energy, foreign investment and budget policies. It is for this reason the dollar has been under pressure and the Bank of Canada has been forced to keep interest rates much