

consumer buying of a number of the items produced by the manufacturing sector. There has also been a decline in some of the demand for the export of Canadian manufactured products. This situation, of course, is not confined to Canada, and, indeed, is substantially more severe in other parts of the world where some of our major trading partners are to be found. These are some of the reasons.

I suppose another is that interest rates, driven by inflation, have come to unacceptably high levels, preventing some people from continuing consumer buying at the rate that was in effect prior to the dates my honourable friend has mentioned, principally the last quarter of 1981. We hope that there will be a reduction in inflationary pressure, and there are indications that that is happening, which could be followed by such actions as a reduction in the interest rate. That, of course, is linked to greater confidence on the part of investors, and, indeed, consumer buyers whose purchases would involve interest charges on unpaid portions.

We have reason to expect that all of these things will work out well, because inflation is now receding somewhat rather than continuing its recent climb. Certainly, there is an enormous number of economic development projects in Canada that could alleviate the situation, not only as regards capital investment but, indeed, as regards the confidence that has to be established so that interest rates will not go skyrocketing again.

● (1420)

QUEBEC—BUSINESS FAILURES—NUMBER IN RECEIPT OF RDIA GRANT

Hon. Jack Marshall: Honourable senators, I have a question which is supplementary to that asked by Senator Flynn regarding bankruptcies and the new department of the Minister of State for Economic Development. My question concerns the grants that were given to many businesses during the past few years under the Regional Development Incentives Act. Could the minister produce a list which will indicate, out of the 405 Quebec businessmen who went into bankruptcy, those who were in receipt of an RDIA grant? Could the minister also indicate how the government expects to get repayment of the funds?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure whether I can produce such a list, but I will take the question seriously and make every effort to do so. My honourable friend must also be aware of one other fact which relates to RDIA grants as well as other grants that are made from time to time by the Department of Regional Economic Expansion. That fact is that in order for any such program to perform effectively, it, by its very nature, must be ready to take higher risks than those that the commercial financial community would support. There is no question about that, honourable senators. If that were not the case, the program would not be doing its job. Perhaps it is not perfect, but we believe, and have believed for a number of years, that it is appropriate for the federal government to institute some kind of program that will take on

some of the higher risks so that, as a result, more development can take place in the regions of this country.

It comes as no surprise to me that, if one is involved in somewhat higher risks of capital investment, one may suffer a higher risk of the consequences that follow should the businesses be unsuccessful.

Senator Marshall: I would agree, in part, with what the minister has said. I think, however, that if we saw the percentage of those businesses which went bankrupt and which also received RDIA grants, we would have some indication of the performance of this program. I am not merely interested in the performance in the province of Quebec, but across the country as well. Such a list would tell the whole story and could be helpful to the minister in advancing these grants through MSERD.

Senator Olson: Honourable senators, it is probably a good idea to review the performance of such programs now and then. I hope, however, that the honourable senator is not advocating that, somehow, regional economic development should be a "no risk" operation.

Hon. Jacques Flynn (Leader of the Opposition): No!

Senator Olson: If it were such an operation, it certainly would not perform the function for which it was set up.

Senator Flynn: Who said that?

Senator Olson: No one has said that, but I know what the honourable senator is leading up to.

Senator Flynn: Wait until he does.

Senator Olson: He is inferring that somehow we should be absolutely certain that there is no risk involved. If there is no risk—or, at least, a no higher than normal risk—involved, there is really no purpose for DREE, either.

Senator Marshall: Honourable senators, perhaps the minister is going off on a tangent. I am not suggesting that at all. If he examines the records of the other place, he will see that I was one of those who gave the government credit for advancing venture capital, which the banks refused to do. I believe the question is legitimate. I think we should be aware of what is happening with the program. Perhaps some changes would be advisable which would make it better.

Senator Olson: I shall try to produce such a list. However, the other part of the honourable senator's question really has to do with how we are going to get our money back. We shall get our money back by means of the same recourse open to any individual with respect to any corporation that has gone into receivership or trusteeship. That usually means settling for something less than 100 cents on the dollar.

DECLINE IN GOVERNMENT SPENDING—NEWSPAPER REPORT

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Economic and Regional Development.