During the remarks the NDP finance critic made on his motion, he said that we should not return to the policies followed in the nineteenth century of exporting our non-renewable resources, such as fish, furs and squared timber. I would like to refer the hon. member to one of the more basic laws of economics. It is known as the law of procreation. I am delighted to see that the member is with us today. I would like to refer to the law of procreation. It is when two little fishes get together and produce another fish. Fish, furs and lumber are renewable resources.

I wish to refer to the NDP motion because parts of it are very accurate. I read from the Order Paper:

> In view of the fact that the Bank of Canada's high interest rate policy has been a major factor leading to unacceptably high levels of unemployment, unacceptably high levels of bankruptcy, and unprecedented low levels of consumer and investor confidence—

I agree with that part.

> —this House calls upon the government to demand that the Bank of Canada reduce interest rates—

And to introduce new policies.

The gist of that motion is that the Bank of Canada is at fault. I ask the hon. member to reconsider that motion because his plea should not be to the Bank of Canada. His plea should be to the Minister of Finance (Mr. MacEachen). That is where the problem lies. That is the answer the NDP should be looking for.

There is no question that in this country we must have lower interest rates. We must have an interest rate policy which allows companies to grow and does not burden individual Canadians with the tremendously high interest rates we have today.

Many members have come into contact with individuals who have had to renew their mortgages and must find an additional $200, $300 or $400 a month and sometimes more in a pretty strained personal budget. This is forcing them to disrupt their budget to find the money for their mortgage renewal. It is one of the basic reasons the economy is as slow as it is today. When individuals have to find that money, they must take it from somewhere else, and they take it from current spending.

Many Canadians will have to renew their mortgages within the next two, three or four months. They are beginning to cut back on their spending and set money aside. That is one reason the retail sector in our economy is as weak as it is. There just is not enough money to go around. There is not enough to pay those high interest rates and also buy the normal goods they would buy from the stores today.

● (1410)

The small business community is now enduring probably the worst period in 20, 30 or 40 years. Many companies are just hanging by threads. I am sorry the Minister of Finance did not refer at more length to his own budget, because in that budget the Minister of Finance removed the small business development bond and replaced it with a small business bail-out bond. He took away one of the few sources of strength and one of the few sources of support for the small business community in this period of high interest rates. The program of last year, the small business development bond, cost the government, in terms of the support the bond provided, about $150 million. The new program, the Small Business Bond—no longer the small business development bond—costs the government some $10 million. All that additional burden must now be borne by the small business community which must pay high interest rates.

We are in a vicious circle. Farmers and fishermen are caught up in the same circle. Many of them have had to go bankrupt, and the inadequate responses in the budget have increased the number of bankruptcies in the past couple of months. We have a poor economy. The problem is compounded by the high interest rates we have today. This leads to more bankruptcies, which leads to a poorer economy. Yet interest rates stay as high as they are. There has to be a reason, and I will come to that reason in a few minutes.

The New Democratic Party quite rightly observes that there are two ways to fight inflation. The NDP points out that one of those ways is to strangle the economy, and that is what this government is doing.

Mr. Riis: Shame.

Mr. Wilson: It is strangling the economy and squeezing the life blood out of the economy by taking more money from the economy by means of incredible tax increases. In a time of recession 31 per cent is the rate of increase of revenues in this current fiscal year, and next year revenues will increase by 50 per cent. That is taken right out of the hide of the economy. In addition to that the government is imposing a high interest rate policy.

The second approach to which the New Democratic Party referred is to improve productivity. Members of the New Democratic Party are correct on this, and I am glad they have finally understood the importance of productivity, because they have not been speaking that way in recent years. Up until now they have not understood. Having listened to the policies the finance critic for the New Democratic Party has been espousing, I do not think members of the New Democratic Party understand how to translate the word "productivity" into practice, but that would truly bring about less inflation in this country. There is no question that productivity is the right idea, but the approach of the NDP just would not work.

Members of the New Democratic Party are looking for the quick fix. They are looking for the easy solution. They are looking for the nostrum which will solve all the problems, and it sounds good, but it just does not work.

They have talked in the past—and I heard the finance critic on the news this morning—about the policy they propose of suddenly dropping rates for mortgages to 12 per cent. Their policy is to wave the wand and say to the banks that they must pay for that out of their high earnings. They are saying the rate must be dropped immediately to 12 per cent. However, what happens when that wand is waved? What happens to the mortgage market? The mortgage market is not the property of the banks only. There are credit unions, caisses populaires,