

*Oral Questions*

I would be very happy to have my hon. friend, in his usual efficient and hard-working manner on behalf of his constituents, bring cases to my attention which may qualify under the rules so that we can discuss them at the level of ministers.

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**FINANCE****EFFECT OF HIGH INTEREST RATES ON BUSINESS WORKING CAPITAL**

**Mr. G. M. Gurbin (Bruce-Grey):** Madam Speaker, in the absence of the Minister of Finance I will direct my question to the Minister of State for Finance. The question concerns the liquidity position of Canadian enterprise and commerce. Since the last quarter of 1980 the Minister of State for Finance will be aware of the serious problem faced by Canadian business, the loss of working capital, loss of cash flow, and loss of equity position. He will know that the consequence of this has been 400,000 fewer jobs in that period of time.

Is the minister aware of this critical situation, and of what will happen if interest rates continue high, and is he aware of the vulnerability of Canadian business and Canadian jobs in this situation?

[Translation]

**Hon. Pierre Bussières (Minister of State (Finance)):** Madam Speaker, the situation described by the hon. member is another consequence of the present recession. I would like to draw the hon. member's attention to an important document that was tabled with the budget in June and is now being analysed by a group of businessmen and experts. As soon as the committee has finished its assessment and made its recommendations to the Minister of Finance, and as soon as a decision is made, it will be possible to provide funds at reasonable interest rates and thus make cash available to Canadian enterprises. This would certainly help alleviate the difficult liquidity position referred to by the hon. member.

● (1150)

[English]

**EFFECT OF GOVERNMENT RESTRAINT PROGRAM ON INTEREST RATES**

**Mr. G. M. Gurbin (Bruce-Grey):** Madam Speaker, I understand the documents presented by the Minister of Finance with his budget statement and the proposals to be examined by the blue ribbon committee suggest that the lowering of interest rates for business, farmers, and home owners will be by way of government grants to pay down the interest rates. Will the Minister of State for Finance tell us what sort of leverage the government will have by lowering interest rates in this way?

[Translation]

**Hon. Pierre Bussières (Minister of State (Finance)):** Madam Speaker, I think the hon. member must have read a

very brief summary of the document that was published and which provides an in-depth analysis of proposals for reducing interest rates by subtracting the component due to inflation. I would ask the hon. member to re-read the document carefully, and he will realize that there is no question of grants but of a formula for adjusting the taxation system so that it applies to the interest paid, minus the component due to inflation.

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[English]

**NUCLEAR ARMAMENTS****TESTING OF AIR-LAUNCHED CRUISE MISSILE**

**Miss Pauline Jewett (New Westminster-Coquitlam):** Madam Speaker, I would like to ask the Prime Minister if it is still government policy to flight test the air-launched Cruise missile, or whether the fact that the Strategic Arms Reduction Talks, START, have more or less gotten under way has caused the government to reconsider its earlier decision to flight test the missile?

**Right Hon. P. E. Trudeau (Prime Minister):** As the hon. member knows, Madam Speaker, the START talks have been adjourned for the summer, I believe until September. We are more interested in the INF talks. Unless they show very substantial signs of succeeding, Madam Speaker, we still want to continue with our plans.

**REQUEST FOR RECONSIDERATION OF DECISION**

**Miss Pauline Jewett (New Westminster-Coquitlam):** Madam Speaker, I think the Prime Minister would know that the air-launched Cruise missile is to be part of the U.S. strategic force, not the European nuclear force. That would be the ground-launched Cruise missile. Because that is the case, and because we hope the START talks will resume in the fall, I would like to know whether the Prime Minister will therefore consider our not becoming involved in testing the air-launched Cruise missile, in line with his own suggestion at UNSSOD II that the real problem is that technological advances are going on ahead of reduction talks?

**Right Hon. P. E. Trudeau (Prime Minister):** Madam Speaker, I do not want to disagree with the hon. member because the answer would be the same anyhow. The Pershing II and the Cruise are part of the INF arsenal, and the ones which would be tested in Canada would be regulated under the INF talks. The answer would be the same in both cases, that until progress has been made at the START talks or the INF talks we have no cause to change our policy. I made that quite clear in my speech at UNSSOD. The Soviet negotiators should not assume we are going to change our minds unless they themselves are prepared to talk seriously about the INF missiles.