

### *Bankruptcy*

This is happening all across the country. When the farmer cuts production he again aggravates inflation, and the government again raises interest rates which lowers production still again, and the vicious cycle goes on and on. How the government can ever think that by continually raising interest rates it will solve inflation is completely beyond me. I think it is also beyond them, because this policy just is not working. It has not worked in this country yet. In spite of what Governor Bouey says, it is not working. Inflation is still going up.

If I were the minister of finance I would say to Governor Bouey: "Show me that it will work; if it will not work, find some other way". Surely there are other ways and other means. A far better way, in my view, is to increase production; but we are doing the very reverse in our system today; we are decreasing production. It is only by increasing production in this country in all industries, including farming, that we will be able to raise the standard of living and raise the pensions which could be paid to those who have already passed the age of production or to those such as widows who are trying to raise children. We cannot continue forever by borrowing money and paying it out as pensions and subsidies; we must do something to try to increase production.

I suggest that the government try giving lower interest rates to producers, just to those who produce our food. There are producers all along the way, from Vancouver Island to Newfoundland. Eliminate that excise tax on agricultural production and see what will happen. I will tell hon. members what will happen. Immediately the farmers will start putting in more crops. They will increase their production. They will use more fertilizer. They will buy more machinery. There will be bigger yields through the use of fertilizer. Then, when that happens, interest rates can be lowered again and inflation will go down.

There are two ways of fighting inflation. One is by fighting it with interest rates; the other way is to raise production. However, we are raising interest rates and lowering our production. I would like to know what the Minister of Finance (Mr. MacEachen) and Governor Bouey have to say about that. There is surely an answer, and the people of this country are getting fed up waiting for an answer.

No wonder we have this number of farmers going bankrupt. It is a serious matter. The total number of bankruptcies increased 70 per cent during the first five months of this year over the first five months of last year. Seventy per cent! There is something wrong.

Another thing which could be done to fight inflation is to cut down expenses. We do not see very much going on in that area either. Lip service is given to cutting down deficits, but we are still borrowing money. We have already passed two bills to borrow more and more money. The government is trying to raise itself up by its bootstraps and it just cannot be done. Ultimately the country will go bankrupt. It is only because this is a vast country that we are able to withstand this type of situation. When people say the country was built on credit, they are right; but when a farmer borrowed \$2,000 from the bank to enlarge his farm, he used that money to

increase production so that he had something left over for himself after paying back not only the \$2,000 but the interest. However, here we are borrowing money and giving it away, expecting that it will lower inflation. There is a need. There are many places where money could be saved by this government, but apparently it has never thought of saving money. It does not want to save money, and I want to deal with that aspect in a few minutes.

We have a debt of \$120 billion in Canada. As the hon. member for Kamloops-Shuswap (Mr. Riis) said a few minutes ago, we are not even touching the capital. We are barely paying the interest. Where is it going to end? Every baby born in this country is born with a tag of more than \$5,000 debt around its neck. That is their birthday present when they arrive on mother earth. Perhaps some of these babies will have something to say about that in a few years, too. It is not fair, it is not right and it is unnecessary. Why, we spend money like—I was going to say like drunken sailors, but drunken sailors only spend the money they have. This government borrows money and then spends it.

The remarks I have just made relating to debt should indicate the causes. I think we should now look at some of the causes of bankruptcies. Then so far as time permits I want to deal with some of the clauses of the bill.

First of all, one cause of bankruptcy could be poor management. People get into water which is too deep for them. They do not have expertise or knowledge and so they go under. That is sad. They try, but they have gone beyond their own means. As the hon. member for Edmonton West (Mr. Lambert) said the other day, sometimes the manipulators are responsible. They play Russian roulette with their creditors. They go bankrupt in order to reduce a debt to pay a few cents instead of the dollar that they owe, and the unsecured creditors take a beating and perhaps even the wage earners.

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Another thing to be considered is that credit is too easily available. People are urged to buy on credit and not wait until they have saved the money to buy an article. Those who make credit so easily available are partly to blame because they urge people to buy on credit—indeed, they almost beg them to borrow. Then when trouble comes, they are not so sweet and show their real colours.

Sometimes in the business world the banks are partly responsible for bankruptcies. They restrict credit to the point where they do not advance enough money for a particular purpose and, as a result, the business goes under.

The fifth point that I would mention is government legislation. The most conspicuous piece of legislation is the national energy policy which has driven business and capital out of the country. During the past recess I toured 67 places in my constituency and spent about half an hour or an hour on the streets of each, talking to people. The problem reaches down into the small businesses, the cafés, restaurants, hotels, grocery stores, hardware stores. All are now feeling the pinch because