

Adjournment Debate

● (2240)

Mr. Ron Ritchie (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am glad to have the opportunity to respond to the hon. member as to what special measures will be taken to protect small businesses from the effects of the government's current interest rate policy. I emphasize in the first place that the economic policies the government is currently following are designed to contain and reduce inflation, and that they will aid small businesses in the long run by giving them the stable environment in which they can grow and prosper. If small businesses are facing difficulties today, and we know they are, it is not because of the economic policies of this government but because of a damaging degree of inflation which has its roots in the policies and practices of the last several years.

I know that the hon. member does not think that small business, large business, consumers or anyone else, for that matter, will on balance, and taking a longer view, be helped if the government should adopt policies which increase the prospects of inflation. Such policies, among other things, would

mean that we would face the prospect of double digit interest rates indefinitely and that the other cost inputs on small business would continue to be at their inflationary levels too.

No one—the hon. member or this government—welcomes higher interest rates but, as the Minister of Finance (Mr. Crosbie) has said, they are the lesser evil. In addition, I think it is worth keeping them in some perspective, damaging as they are. An estimate has been made that, for every one per cent increase in interest rates, the effect on the cost of the average business is about one-fifth of one per cent on total cost. That, of course, is the kind of cost increase which inflation, unfortunately, has been bringing to businesses from other costs other than interest rates as well.

I am sure the hon. member will understand that I must leave to the Minister of Finance on budget night the issue of whether the government is planning any special measures to assist small business.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.42 p.m.