

*Oral Questions*

on April 18, 1990, a unanimous resolution was passed by the Nova Scotia House of Assembly approving of this particular project.

Can the minister explain to members of this House, and in particular to the people of Cape Breton, the delay in approving the investment tax credit which has been on the minister's books and those of his government colleagues for quite some time? Would he explain to the people of Cape Breton the delay in approving this investment tax credit, thereby denying Canadians in that region of the country meaningful employment?

**Hon. Elmer M. MacKay (Minister of Public Works):** Mr. Speaker, if delay is indeed the deadliest form of denial, no one practised that more effectively than the gentleman opposite when the Liberals were in power.

As the hon. member knows, our government has provided extraordinary means of assistance to Atlantic Canada, and to Cape Breton in particular, with the Cape Breton investment tax credit, topping up and other arrangements. It is nothing to be complacent about, but it is something we have done with a great deal of deliberation. This particular project is one which is under study. It is a good project. If there is an announcement to be made, we will make it in due course.

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**INTEREST RATES**

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, I have a question for the Minister of Finance, if I can attract him back to his seat. He seems to be a travelling salesman today.

**An hon. member:** Every day.

**Mr. Langdon:** Every day, perhaps.

**An hon. member:** And a damn good one!

**Mr. Langdon:** I am not quite so sure I would agree with that.

**An hon. member:** Is that a traveller or a salesman?

**Mr. Langdon:** Mr. Speaker, high interest rates have forced the government to finally raise the rate of return for Canada Savings Bonds to 11.5 per cent. This, once and for all, shoots down the credibility of the government's own budget, because it was based on interest rates of 11.1 per cent.

I want to ask the minister if he will admit his high interest rate policy has torpedoed his own budget? I want to ask him, too, if he will agree that as economic managers his government now looks like the Three Stooges?

**An hon. member:** Whatever you say, Moe.

**Mr. Fontana:** Which one are you, Mike?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, that uncharacteristically colourful language of the hon. member does not take away from the fact that the record this government has demonstrated over the five and a half years we have been in office that we worked very hard and hold very close to the projections we have set out.

The hon. member has referred to one element of a broad budget projection. I should say to the hon. member that with the higher levels of inflation we are experiencing now, personal income taxes are higher. While interest rates are putting some upward pressure on the deficit, higher personal income taxes have resulted in lower pressures on the deficit.

We are only one and a half months into the fiscal year, so let's not jump to conclusions too quickly.

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, a supplementary to the minister. In fact, this decision which affects Canada Savings Bonds goes right to November. So, we are not talking about just the start of the fiscal year.

I ask the minister—

[*Translation*]

My question for the minister is as follows. The government's Budget is a dead duck as a result of rising interest rates. Will the minister change his economic policy and reduce interest rates, not just for the sake of his own Budget but for the sake of thousands of small businesses across Canada that are feeling the impact of this Budget and high interest rates?

[*English*]

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, let me set the hon. member's mind at ease. The change in the CSB rate of one percentage point has the effect of increasing our interest costs by about \$120 million. There are offsets, as I have indicated, in higher