

*Oral Questions*

the Minister of National Revenue, that any penalties incurred by taxpayers trapped in this swamp should be waived?

[*Translation*]

**Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue):** Madam Speaker, I think the Minister of National Revenue is following very closely the matter of filing income tax returns. We do not intend to grant any extensions, but in order to safeguard the entire process as well as the filing of tax returns, we shall take appropriate action, as required.

[*English*]

**Mr. Clark:** Thank God for *Hansard*!

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### THE ECONOMY

#### REQUEST THAT GOVERNMENT REVIEW INTEREST RATE POLICY

**Mr. Ian Deans (Hamilton Mountain):** Madam Speaker, my question is for the Minister of Finance. The Conference Board of Canada has now fairly well substantiated what most of us have believed for some time, that if there is going to be any reduction in the inflation level it will be marginal, and will be borne primarily on the backs of people who are going to be unemployed. It is quite clear that the interest rate policy pursued by the government is the single largest contributing factor to the major economic problems we face today. It matters not whether you are talking about consumer purchasing, farm purchasing, or housing, in every single area interest rates are given as the main reason why purchasing is not taking place.

I ask the minister, is it not time for the government to review its mad policy of pursuing high interest rates and set an interest rate policy consistent with the recovery of our manufacturing sector? And if it means exchange controls, then let it mean exchange controls!

**Some hon. Members:** Hear, hear!

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, no one is quarrelling with the hon. member's concern about high interest rates, but every time he raises the question he fails to make the inevitable connection between high interest rates and high inflation rates. The surest way for the hon. member to get lower interest rates is to get lower inflation rates. Once he makes that connection it will be possible for us to have a reasonable discussion. If he refuses to make that connection, then of course it is futile for him to ask for lower interest rates because we will not have them unless we can lower prices and the general level of inflation.

#### REQUEST THAT INTEREST RATES BE REDUCED

**Mr. Ian Deans (Hamilton Mountain):** Madam Speaker, of course there is a correlation between the two; no one denies

that high interest rates contribute to the high level of inflation. I put to the minister that today in Hamilton there are another 1,800 people faced with another major lay-off, people who had been earning a living and looking after their families. In every community, in every industrial sector, and I do not care what part of the country you go to, no matter how you make the calculation, high interest rates are a major part of the cost of any commodity in the marketplace. If you reduce interest rates, you reduce the cost of a commodity and you get more efficiency, so why will the government not understand that and implement that kind of policy?

**Mr. Thacker:** You put them in there.

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, the hon. member has again made the mistake of saying that high interest rates cause inflation.

**Mr. Deans:** They contribute to it.

**Mr. MacEachen:** Obviously they contribute to it, as the hon. members says, but the main force behind these high interest rates is the high inflation rate. The hon. member knows as well as I do that the high inflation we have is causing high interest rates and high unemployment, and the moment we start to make more progress than we are in getting the inflation rate down, the sooner we will have more jobs and the necessary recovery. That is why, Madam Speaker, the government is following the only policy available in the circumstances to bring down our rate of inflation.

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### ENERGY

#### DROP IN SASKATCHEWAN OIL PRODUCTION

**Mr. Len Gustafson (Assiniboia):** Madam Speaker, I have a question for the Minister of Energy, Mines and Resources, who will know that ever since he took charge of his portfolio, people in the oilfields of southern Saskatchewan have been out of work; it has not just happened in the last year. Eighty per cent of production in the Swift Current area is shut in, and 35 per cent in the Estevan-Weyburn area. This means hundreds of people out of work in Saskatchewan. At the same time the minister continues the practice of importing 400,000 barrels of oil a day at a cost to the taxpayer of over \$3 billion a year.

Will the minister explain to the people of Canada, and in particular the people of southern Saskatchewan, how he can justify the direction he is taking in his portfolio?

[*Translation*]

**Hon. Marc Lalonde (Minister of Energy, Mines and Resources):** Madam Speaker, I wonder where the hon. member has been during the past two years. First of all, last week I announced a number of specific measures to provide assistance in this area, measures aimed at starting up production in a