

will attract public attention. They are intellectually dishonest as a political party.

My main concern, Mr. Speaker, is for the small businessmen of this country and the increasing cost of money available to them. It is not enough to say that those borrowing less than \$200,000 will get a preferred interest rate at the bank. This is part of the problem which small businessmen face. Another problem faced by these people since 1969, at least for five years, is the stop-and-go policy of the government as far as monetary and fiscal policy is concerned. I can understand the government's lack of concern in respect of this matter. I think there are only two or three businessmen sitting on the government benches who understand the position of the small businessman.

How can the government continue to talk about expanding the economy while frustrating the small businessman year after year? Surely the government must realize that the average small businessman does not want grants, gifts or managerial aid from the government. He wants to be able to go to his bank and borrow money at a reasonable rate. He wants to be able to plan for expansion with money at a cost that is equitable, just and reasonable. The small businessman wants to fulfil his expectations. He wants to develop his business on the basis of his own judgment, not on the basis of stop-and-go policies of this government.

Why is the bank rate at the present level? The government has said it has not adopted a tight money policy, yet we see the rate of inflation increasing at the same time as the money supply is decreasing. The government has indicated that it allowed the bank rate to increase in order to keep some relationship between the Canadian and the United States rate. What the government did not say is that a handful of large multinational corporations elected to utilize fully their lines of credit and transferred the funds to the United States. This government's answer was to raise the bank rate to deter this transfer of funds at a lower rate to the United States. Of course, this had the desired result but it also raised the bank rate for all Canadians.

● (0410)

The hon. member for Don Valley (Mr. Gillies) asked the Minister of Finance if he would consider an interest equalization tax rather than raise the bank rate. Of course, the minister answered that no such consideration was part of the government's economic plan. We are now locked into this policy and as the bank rate in the United States goes up, our rate marches up with it.

An hon. Member: What else is new?

Mr. Kempling: Well, I just said that we suggested, through the hon. member for Don Valley, that the government institute an interest equalization tax. The idea, of course, would be that there would be a differential between the rate in the two countries. Why should we have a high rate and they have a high rate? We are not saying that a freeze on wage and price controls is a panacea for inflation.

Some hon. Members: Hear, hear!

Cost of Living

Mr. Kempling: There are certain things which always attract attention. If one mentions the word "pensions," hon. gentlemen come alive. If one mentions wage and price controls, they also come alive.

An hon. Member: What about panacea?

Mr. Kempling: I do not even know if I have spelled it correctly in my notes: it looks like "pancreas". We hear from the government and the NDP that wage and price controls did not work, but privately the heads of our chartered banks admit that phase one and phase two of the United States program worked well, and they know that eventually we will come to wage and price controls in Canada.

The stop-and-go policy toward our industrial development is so damaging to our small and secondary industries that they will never expand or reach the potential they are entitled to achieve. I have been in management positions with several small companies and have gone through the disheartening exercise of planning an expansion of a business only to find we could not obtain money at a reasonable rate because of the monetary and fiscal policies of this government.

But aside from the frustration of not being able to fulfil the potential of various endeavours, we have seen prices escalate beyond all reason. We now see the beginning of a picture that we hope is false. We see the beginning of rising unemployment and an accelerated inflationary spiral. This frightens me. I think the present government has had a fair chance to take the situation in hand. Since 1968 it has moved from one crisis to another, and I believe we should now move to bring this matter before the bar of the people of Canada. Let the people of Canada decide. We are sure they will decide wisely. We are sure they will choose a new government formed by the Progressive Conservative party.

Mr. Jake Epp (Provencher): Mr. Speaker, there are a few thoughts I wish to place on the record in respect of the question of inflation. Before I start on the specifics, however, I think it behooves all members of the House to clearly look at the position of their party as well as their individual position in relation to the economic situation that is coming about. They should do so, not as members of parliament but to some extent as citizens of Canada. This is a matter which, regardless of our political stripe, we must tackle collectively.

As I look at the operation of the government and the opposition parties, I notice that the government has gone through various stages—a stage, first of all, in which the minister in charge of the Canadian Wheat Board (Mr. Lang) announced the program. Since that time I have detected an air of desperation and possibly signs of a government struggling to once again regain initiative. It is a very simple fact that a government struggling to regain the initiative is reacting in a defensive way and is not in an offensive position in bringing in legislation and being in the forefront. In that case it should take a keen look at itself to see whether it is doing the job it should be doing and fulfilling its responsibility. So at this point we must look at the government's policy in respect of inflation and what positive effect that policy will have in the long term.