

Oral Questions

● (1130)

THE ECONOMY**INQUIRY RESPECTING EFFECT OF GOVERNMENT POLICIES—
REVIEW OF SMALL BUSINESS DEVELOPMENT BOND
LEGISLATION**

Miss Pat Carney (Vancouver Centre): Madam Speaker, I would like to address my question to the Minister of Finance. In view of the statements he has made here today, one gathers that he does not grasp the connection between his economic policies and the economic war zone that has been created in the Canadian economy. Is the minister aware that his policies are bankrupting some businesses, increasing food prices, costing some people their jobs and pricing homes out of the reach of people? Does he lack that basic understanding or is it simply a lack of compassion?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has prefaced her question by linking the current interest rates to policies pursued either by this government or by the Bank of Canada. In that statement she is wrong, because we are not pursuing policies that are bringing about these interest rates. These policies are being pursued by the Federal Reserve Bank in the United States. Everybody who is observing the situation knows that. I do not think it adds to the understanding of the Canadian people of the current serious economic situation to falsify and distort the record in the way it has been by members of the opposition yesterday and today.

Miss Carney: Madam Speaker, the finance minister has just proven that he has no understanding of the basic facts of Canadian economic life. While interest rates are partially affected by outside influences, as the minister has stated in the past, they also reflect the policies followed here with regard to inflation and the budget deficit.

I would like to give a specific example of Canadian policy to the Minister of Finance. I am advised by members of the investment community that the small business development bond, which offers some refuge to small businessmen and gives them some shelter from interest rates, is too inflexible and for too short a period of time to be useful. Will the minister direct his officials to review the legislation under which this bond has been introduced and possibly make revisions to offer more aid to the small business community?

Mr. MacEachen: Madam Speaker, I should point out to the hon. member that despite the pressure that is existing on Canadian currency and on Canadian interest rates, current Canadian prime rates or short-term rates are about three points lower than they are in the United States.

Mr. Crosbie: So what? They are still intolerably high.

Mr. MacEachen: There is no way the Canadian economy can drop off the planet—

Mr. Crosbie: Why don't you try it?

Mr. Kempling: Without a parachute.

Mr. MacEachen:—or that the Canadian people can drop out of the world economy. That seems to be the sort of primitive economics that we are hearing from members of the opposition who ought to know better and who want to be making repentance on this twelfth of December, 1980, for their misdemeanours of a year ago and their lack of intelligence.

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SOCIAL DEVELOPMENT**INQUIRY WHETHER BENEFITS FOR NATIVE PEOPLES WILL BE
WITHDRAWN**

Mr. John Kushner (Calgary East): Madam Speaker, my question is for the Minister of Finance. It has to do with the federal social services program for native peoples in Canada. Is the minister planning to withdraw social services programs, in so far as benefits are concerned, from native peoples who do not live on the reserve, and indeed pass the buck to the provincial governments to pick up the tab, and, if so, why?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is not the intention of this government and certainly not the intention of the Minister of Finance to withdraw from a basic priority social programs in Canada. The hon. member will realize that under this government and previous Liberal governments, social programs have been expanded from an expenditure of about \$11 billion to \$33 billion within a period of ten years, a very dramatic increase which attests to our concern about social development for all groups in the country. I want to assure the hon. member there is no lack of interest or concern in this party about social programs. However, if the former government had been in office, with the 10 per cent expenditure rule that had been espoused by the former minister of finance we would have witnessed deep cuts in social development.

Mr. Kushner: Madam Speaker, I wonder if the minister really knows what is happening in this regard. It is quite clear that the minister is confirming the statement in the Auditor General's report which says that the government has lost control and that the department's bureaucrats do not even know what their role is. What is this government planning on taking away next as a result of its inability to control spending? Is the minister denying that the government is not going to take away the program from those native peoples who do not live on the reserve?

Mr. MacEachen: Madam Speaker, I have no particular knowledge of that item of our social program. The hon. member ought to address that question to the minister of Indian affairs.