process of trying to prevent foreigners from buying Canadian farmland. This seems to me to be silly considering that we are sending money out of the country because we cannot reach an agreement on oil prices in our own country. Our countrymen are not asking for world price but for a percentage of it. At the same time as this is refused we are, in effect, paying foreigners to buy our farmland with Canadian dollars used to buy foreign oil.

For a long time those of us who come from western Canada have been concerned about transportation. I would argue that it is part of our heritage and should have special attention. If there were some leadership forthcoming from the federal government, we would not face the prospect within two or three years of insufficient transportation facilities to move our raw products. If we could ensure transportation, it would help our foreign exchange problem, our balance of payments deficit, interest rates and the value of the dollar. We see no leadership in this area whatsoever.

I am puzzled why the government would give top priority at this time to buying Petrofina which will add nothing to our production capacity. It simply buys out a bunch of gas stations, a refinery, some real estate and some reserves already in the ground. The $1.5 billion will be taxed away in the form of a 3.5 cents per gallon increase in the cost of gas at the pumps and in the form of an increase in taxes on natural gas.

I have in front of me a letter from Union Gas which points out that a further $18 per year increase will come into effect on July 1, in addition to the $18 per year increase to the consumer which came into effect on May 1. That means that the average consumer of natural gas in Ontario will pay an additional $36 per year—not to make Canada more self-sufficient or to increase the supply of natural gas or tar sands oil or any kind of synthetic oil in this country, but to let the government buy Petrofina.

It seems to me that if the government were genuinely interested in making the economy more productive and thereby keeping down the rate of inflation instead of adding to it and to the burden on consumers, this money would be spent on increasing production in Canada.

My constituents do not understand why the government persists in trying to attack inflation only from the demand side. That is precisely what the government permits the Bank of Canada to do when it allows the governor and the board of directors of the bank to pursue the fight against inflation through monetarism. The Minister of State for Finance (Mr. Bussières) said something that I took down as best as I could, so it is close to a quote. He said: "High interest rates have not had a major impact on slowing down growth and credit". I am pleased to see the minister is in the House. He quoted statistics to back up his statement. If that is the case, can the minister not see that the monetarism which he supports adds to inflation? This is certainly a possibility. I see the minister shaking his head.

I should like to give the minister an example, Mr. Speaker, one which affects all small businessmen and farmers in this country. Many small businessmen are not in a position to carry inventory at interest rates of 25 per cent. We now have a prime rate very close to 20 per cent in this country, that is compounded monthly. On an annual basis, that approaches 22 per cent or 23 per cent. Small businessmen cannot afford to carry inventory at those rates, so when a customer comes to buy something, it has to be ordered from the factory. That accounts for two or three months of supplies that the business would normally carry and in turn, this puts people out of jobs. It does nothing to fight inflation; it hurts on the supply side. This would apply to a furniture dealer, a clothing dealer, a lumber yard or any business that has to carry much inventory. There is a limit to how much interest a businessman can pay. He has to pay interest costs out of profit, and if he does not have enough profit to carry inventory, he simply cuts back.

This is the planting season in Canada, but many farmers will not be able to obtain a line of credit, and so they will not plant or buy feeder cattle to put on pasture. They are not going to plan on planting the kinds of crops which will have to be marketed through livestock. The results will show up in the food the consumer buys next fall because there will be less food around and that hurts on the supply side. That is exactly what the government is doing deliberately by simply supporting straight monetarism and not doing anything to take account of the very serious effects which these ridiculously high interest rates have on the supply side.

• (1800)

I see that you are on the edge of your chair, Mr. Speaker. I do not think it is because of my speech; I suspect it is because it is getting close to six o'clock.

May I call it six o'clock?

The Acting Speaker (Mr. Blaker): Agreed.

It being six o'clock I do now leave the chair until eight o'clock this evening, at which time the Chair will recognize the hon. member for Portage-Marquette (Mr. Mayer) if he is present in the chamber.

At 6.01 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Portage-Marquette had the floor.

Mr. Mayer: Mr. Speaker, as I was attempting to point out to the Minister of State for Small Businesses and Tourism (Mr. Lapointe)—and I repeat we all appreciate his presence in the House—the Canadian economy is in a very serious situation. I contend, and I am sure many others do as well, that interest rates above a certain level, certainly over 20 per cent, on an annual basis add to inflation more than they help to prevent it. I was using the examples of farmers and small businessmen.