

*Employment Tax Credit Act*

proposition considering predictions of the Minister of Finance (Mr. MacEachen) on Monday night—the net decrease in the unemployment figure would amount to a mere 5 per cent under this program. In actual fact, Mr. Speaker, the number of unemployed in this country is likely to skyrocket and this program may well have the distinction of lowering the number of unemployed to, say, 1.45 million from 1.5 million. Not a very distinguishable difference, in my opinion.

I said at the outset that I have very mixed feelings about this bill, that I could hardly lend it my unqualified support. There are two basic reasons why I find the bill difficult to support, but I suppose that basically they both boil down to the question of interest rates.

The first reason I have for not supporting this bill unequivocally concerns the nature of the program itself. This program is based on the assumption that in Canada today there are all sorts of small businessmen just waiting to expand their operations and hire new employees. Mr. Speaker, that may have been true two years ago when this program was first established, though I have no idea whether it was true or not. But to suggest that it is true today is to believe in the Easter Bunny; it is to deny every economic reality facing small businessmen in Canada today. I defy the government to find 50,000 businessmen in Canada today who have even the slightest intention of going to their local bank or credit union and borrowing the capital required to expand their businesses and hire new employees, tax credits or no tax credits.

Mr. Speaker, you would think that the Minister of Employment and Immigration (Mr. Axworthy) and his cabinet colleagues had been living in a cocoon for the past four months, that they had not talked to any small businessmen since their election. I have spoken to small businessmen in my riding on a regular basis and I have heard their pleas for action. They have not been pleading for an extension of the employment tax credit; they have not been requesting that the government give them extra tax concessions. Mr. Speaker, their pleas have been much more serious than that. They have been pleading that this government stop strangling them, that they loosen the noose before they are forced to go bankrupt.

Small businessmen in Canada today are crying out for one thing and one thing only—lower interest rates. Who in his right mind would go out and borrow money in order to expand his business when he is being asked to pay upwards of 20 per cent interest? The tax credit is irrelevant. It does not mean anything because the assumption on which it is based is ridiculous.

I often wonder what great minds are at work in the Department of Finance, when the economic signals coming from the government are so totally contradictory. On the one hand, we have the Milton Friedman economists whose monetary policies are so conservative that they were even rejected in Chile. These people are forcing interest rates up to absolutely insane levels. And the main reason for this policy is that they want to discourage borrowing. They want us, to quote the hon. member for St. John's West (Mr. Crosbie), "to tighten our belts and live within our means."

The fact that the Canadian people rejected this philosophy on February 18 does not appear to faze these monetarists. They have never been particularly concerned with such radical theories as voting and democracy anyway, so they sit in one room in the Department of Finance thinking of new schemes to raise interest rates and discourage borrowing. And then, for all we know, across the hall sit the small "I" liberals who designed the employment tax credit program and who are recommending that it be extended for another year. These are nice enough fellows in their own way, but it seems they never talk to their colleagues across the hall because this program is designed specifically to encourage borrowing. It is based on the assumption that businessmen will dash out and borrow the money required to hire extra employees in order to qualify for the negligible benefits which the tax credit provides.

If I had to choose between one or the other of the groups in the department, Mr. Speaker, I would side with the group that drafted this bill. But it is not that simple. Every possible positive contribution which this bill is likely to make will be negated by the high interest rates dreamed up by the monetarists across the hall.

What is more discouraging is that if, and I do mean if, this bill has even the most minimal effects and does provide an incentive for even just a few businessmen to go out and borrow money in order to expand, it will only encourage the Department of Finance and the Bank of Canada to immediately raise interest rates once again.

● (1610)

That is a Catch-22 situation which those of us in this corner of the House find impossible to tolerate. That is why we have been demanding a decrease in the interest rates. It is time that the Government of Canada tells these monetarists what the people of Canada tried to tell them in February, that they do not agree with their ideas and do not want them messing up our economy any more.

I have one other reason for being less than enthusiastic about this bill, and it relates a little bit more to my constituency. I represent a part of British Columbia which relies heavily on the forest and lumber industries for employment. In February, Statistics Canada reported that my region had the highest unemployment rate in western Canada and, with the exception of Windsor, the highest unemployment rate west of Quebec. The reason for this crisis can be summed up in three words—high interest rates. The high interest rates have resulted in a depressed mortgage market, which in turn has meant a downturn in construction, which finally has meant a serious slowdown in the forest industry.

This bill will not put one unemployed woodworker back to work, and for that reason I consider it inadequate as a method of dealing with unemployment in my region. There is only one way of dealing with that problem and it is very simple—lower the interest rates. So long as they are high, the men and women who are unemployed in my riding will stay unemployed, regardless of what "Mickey Mouse" programs the Minister of Employment and Immigration is toying with. He