

tions made to the hon. member for Rosedale when he was minister of finance. It is certain that he did not give us the same consideration as did the present minister, so again I commend him for this.

I was interested in some of the comments made regarding interest. Of course the interest for legitimate business is deductible, and that is plain common sense because the government will end up with more money in its coffers by making that allowance than by having businessmen borrow from some place else and putting the policy up as collateral.

Although it might be difficult to come up with the exact figure, I would assume that the amount in insurance policies is in the billions of dollars and the great majority of these policies are of a long term nature. The ones on which loans would be made which would be eligible for business interests would be, for the most part, whole life policies or even an endowment. In those particular policies there would be no profit on the policy whatever so far as the cash value is concerned. In other words, the amount of loan value on them would certainly not bring a profit, if the minister understands what I mean, because if you borrowed \$10,000 on it, you would have paid in at least \$10,000 and perhaps \$12,000. So there is a very small percentage of people who will apply. Because of the small number who might, I do not know why the minister would keep this provision. In other words, a few will borrow more than they paid in, and I bet you could count them on your fingers and toes. Does the minister not think that?

Mr. Chrétien: I think the hon. member is right. Because of the very small proportion involved perhaps we should not have imposed that, but I would like to give the technical explanation to the hon. member tomorrow when we resume discussion on this bill.

[Translation]

The Assistant Deputy Chairman: Order. It being ten o'clock, it is my duty to rise, report progress and request leave to consider the bill again at the next sitting of the House. Is it agreed?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Adjournment Debate

REGIONAL ECONOMIC EXPANSION—REASON FOR GRANT TO ITALIAN COMPANY TO MANUFACTURE REFRIGERATORS IN QUEBEC

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in the time I have been here I have learned not to expect Liberal economic policies to make sense, but I must admit that the action the government has recently taken with the small refrigerator and freezer industry makes less sense than most other policies it has enunciated.

● (2202)

We know that a few years ago the government permitted the merger of the appliance division of GSW Limited and Westinghouse Canada to form a new venture, Canadian Appliance Manufacturing Company Ltd., or CAMCO, located in London, Ontario. This was done to rationalize that industry and make it more cost competitive, with the eventual hope that CAMCO would eventually capture foreign markets. There was surely some hope for this because in this sector of the small appliance industry Canadian firms have done very well. In fact in 1975 close to 500,000 small appliances were sold in Canada, and 99.3 per cent of them were produced in Canada.

Yet, in spite of these government policies and some success in the industry, what has the government done? It has turned around and given an Italian firm, Merloni Finanziaria, over \$2.5 million as an incentive grant under DREE to set up a compact refrigerator firm in Granby, Quebec. What is the rationale for the grant by DREE? In its release the department said the company would create 179 jobs and that within three years 50 per cent of its products would be exported.

As it happens, Merloni is expected to produce somewhere in the neighbourhood of 100,000 units a year. That means that at least 50,000 units a year are going to go into the Canadian market, a market which this year has declined to less than 300,000 units.

The only thing more baffling than the DREE decision was the decision by the Foreign Investment Review Agency last May to permit the investment. If the rationale by DREE was sublime, then the FIRA rationale was ridiculous. They said in their release that "imports of compact appliances should be reduced considerably" by the Merloni investment. I suppose the considerable reduction in imports will cut into the 0.7 per cent of the market which is presently served by imports!

So if the company is not going to reduce imports and it will throw thousands of units onto a market which is already using only 60 per cent of its capacity, what will be the result? The obvious eventual result will be that they will take part of the market from the other four Companies in Canada—or rather five, because in the minister's response to my question he alluded to the fact that DREE is giving yet another grant to a compact refrigerator company, Astral Refrigeration, this time in Moose Jaw.

What will happen is that, as this company begins to produce more refrigerators, the other companies will produce less in Canada. What will happen is that as jobs are created by Merloni in Granby and Astral in Moose Jaw, others will be