

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER FOR THE CAPITAL
TERRITORY, OF AUSTRALIA

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of the Hon. William Michael Hodgman, Australian Minister for the Capital Territory and Minister assisting the Minister for Industry and Commerce.

Some hon. Members: Hear, hear!

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PENSIONS

EFFECT OF BUDGET

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I am pleased to see that the Prime Minister has finally admitted that the energy negotiation delays were the key factor in the cancellation of the Alsands project. He never admitted that before, and now we know.

I have a very simple question for the Prime Minister regarding pensions of senior citizens. Will he explain to this House how a pensioner is better off when inflation is up 11 per cent, as is projected, and his pension cheque will be up only 6 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as what the hon. member calls an admission about the cancellation of the tar sands is concerned, I do not think he has to feign surprise in that regard. It is certain that for a period of many months the federal Minister of Energy, Mines and Resources was saying that we were prepared to go ahead with the tar sands. He said this in answer to many questions in this House, and the hon. member knows that the answer was that the Premier of Alberta said that he would not go ahead with the tar sands unless the whole energy agreement was settled. Therefore, the stalling on the Alsands was not by the federal government; we had made the concessions needed there. The reason why they did not proceed 18 months before was because the Premier of Alberta, as is his right, wanted to look at negotiations as a whole package. That is the reason why Alsands did not proceed earlier.

In so far as the question on pensions is concerned, Madam Speaker, I am afraid the Minister of Finance did not succeed in convincing the opposition of what is behind this whole budget when he talks of a 6 per cent future. I am confident the people of Canada will have got the message and that they, and many of the economic decision makers in this country, the businessmen and even labour leaders, will be prepared to recognize that it is in our interest to bring inflation down to 6 per cent next year. If we can do it—and we can only do it collectively—there will be no reduction even in the speed of the increase in old age pensions. Six per cent is what they will get, 6 per cent will be the CPI if we have co-operation—

An hon. Member: If!

Oral Questions

Mr. Trudeau: If! If! I know it is a lot to ask the opposition to co-operate in bringing this country back to its feet.

Some hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, all we are trying to do with these questions is to expose the dishonesty of the previous answers which were that the pensioners will be getting more. They will not be getting more; they will be getting less in real terms.

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THE ECONOMY

INTEREST RATE LEVELS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, one of the other very important concerns of Canadians is the question of high interest rates. The federal government budgetary deficit of \$20 billion is clearly a major obstacle to achieving low interest rates, and when you combine that with the \$44 billion of government debt coming due between now and the end of the year, the obstacle is almost insurmountable. What measures is the minister proposing to lead this country to a lower level of interest rates in the face of those two obstacles?

● (1440)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is obvious the hon. member has not yet grasped the central message of the budget—

Some hon. Members: Oh, oh!

Mr. MacEachen:—that is, to bring inflation down to 6 per cent. That is the surest way to bring down interest rates. It is the hard way, but it is the surest way and the one that will have lasting results.

REQUEST FOR TAX INCENTIVES FOR INDUSTRY

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Minister of Finance. Today the stock market dropped like a stone because the minister has failed to recognize that this country faces a full-scale financial crisis. Major corporate bankruptcies are pending because companies are staggering under their debt load and they cannot generate cash to keep their doors open. Instead of bringing in major tax savings and tax incentives, the minister is proposing to consult with industry over the next few months on a variety of proposals, which is like consulting with a home owner whose house is burning down on whether to get a pail of water.

Why does the minister not introduce tax incentives and savings incentives now, immediately, when the economy desperately needs them? Why is the minister waiting until later when all these companies will be broke and the jobs will be lost?