

*Oral Questions***THE CANADIAN ECONOMY****STEPS TO REDUCE PRESSURE ON BUSINESS CAUSED BY LARGE NUMBER OF BANKRUPTCIES**

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is for the Minister of Finance. Following the release on bankruptcies by Statistics Canada, Dunn and Bradstreet reports that the loss to the Canadian economy is in the order of \$800 million, which is twice as much as the figure for 1976. Now that the minister has added to the problem by increasing interest rates, can he tell us whether his department is doing anything to reduce the pressure on business, particularly on the small business sector which is dramatically affected by these bankruptcies?

Hon. Jean Chrétien (Minister of Finance): The hon. member has not mentioned the fact that interest rates today are .5 per cent lower than they were about 18 months ago, so I do not think he can complain that interest rates have been a significant factor in this situation. As he knows, we were forced to raise the interest rate by half a point some ten days ago, after the spread had been reduced from four points to less than a point with the U.S.A., in order to maintain a situation in which some funds flow into the Canadian economy from outside. To do this we had to enlarge the spread to one point, but we are still far from the four-point spread we were dealing with a few months ago.

● (1422)

Mr. Kempling: Mr. Speaker, there was a first ministers' conference in Ottawa a few weeks ago, and today ten premiers, ten provincial legislatures, more than one million unemployed Canadians and this House are all waiting for the federal response. I want to know when the minister is going to call a finance ministers' conference—I hope not later than next month—to prepare specific proposals for ratification at the next first ministers' conference. When is that conference going to be held?

Mr. Chrétien: Mr. Speaker, since the first ministers' conference, I am disappointed to see that the governments of Newfoundland and Ontario have decided to increase taxes. At least I am not doing that at this time.

Mr. Kempling: It is rather obvious that the government has nothing to offer. Nearly half the bankruptcies recorded in the Statistics Canada report were in Ontario. Will the minister tell the House why, at the GATT negotiations, he has allowed the Canadian negotiators to go in with nearly everything up for grabs, while the American negotiators went in with a list of industries which are to be excluded from the negotiations? Why has the minister not followed through with his promise made at the first ministers' conference to inform the premiers of the provinces of this list Canada is taking into those negotiations?

Mr. Chrétien: Mr. Speaker, there is constant consultation between the federal government and the provincial governments with regard to the GATT negotiations. I am surprised

[Mr. Horner.]

that the hon. member is not taking that into account. We are in a position at this time to make some offers, and we will see what other offers there will be. We will make a final decision when we see what we can gain from those negotiations.

Canada is a trading nation. In relation to its population, it probably trades more than any other country. I think we have to be very careful before we begin too much protectionism, because it is very difficult to sell if we are not in a position to open our markets. That is a position with which the government of Ontario agrees.

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GOVERNMENT EXPENDITURES**MAILING OF LIBERAL PARTY PAMPHLET WITH FAMILY ALLOWANCE AND PENSION CHEQUES**

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the absence of both the Prime Minister and the Deputy Prime Minister, I have a question for the Acting Prime Minister. The Treasury Board office confirmed this morning that a piece of blatant Liberal propaganda, a copy of which I have in my hand, is being mailed out to all recipients of family allowance cheques and old age pension cheques. The leaflet contains no information either about family allowances or pensions, but it does contain blatant propaganda about the government's economic performance. Is the Acting Prime Minister aware of this leaflet, and is he aware that Treasury Board confirms it will cost \$100,000 to mail? Does he not think this constitutes a clear violation of the Election Expenses Act?

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, if the leaflet tries to convey the impression the leader of the New Democratic Party suggests, the people who prepared the leaflet would have been well advised to colour it red rather than green.

Mr. Clark: Everything is in the red over there.

Mr. Chrétien: I am not sure that the cost of the leaflet is the cost indicated by the hon. member. I am amazed, because hon. members opposite always claim that we do not make enough information available. When we do, the information is called propaganda. I think the policy of the government is that we should inform the public. I remember that when Mr. Dave Barrett was premier of British Columbia, coloured pictures and propaganda were sent all around the province.

Some hon. Members: Order!

Mr. Broadbent: Mr. Speaker, I have the distinct impression that this government would not recognize a bucketful of slime if it fell into it.

Some hon. Members: Hear, hear!

● (1427)

Mr. Broadbent: No member on either side of the House could object if the government sent a leaflet to pensioners