

thinking, hoping and praying that interest rates will drop. Only short term and demand money is available to the small and medium-size enterprise sector of Canada, with terrible pressure being exerted on any attempt to improve productivity in those sectors.

In the United States, on the other hand, long-term money at lower interest rates is available for long-term purposes, such as new and more productive plants and new productive capacity. We do not have that edge available to us in Canada, particularly for the small and medium-enterprise sector. In this area, our financial structure is different and it should not, in my opinion, be blindly following the interest rate monetarist lead of the United States. We have a different need entirely.

For over three years there has been an initiative for long, low, long-term interest rates on the bureaucratic merry-go-round between the Department of Finance, and the Department of Insurance and the Department of Industry, Trade and Commerce. Powerful establishment interests have all but smothered this private sector initiative that would loosen up all the savings my colleague from Qu'Appelle-Moose Mountain (Mr. Hamilton) was talking about that are now dammed up in the pension funds, RRSPs and tax shelters of Canada. All those funds need is a covenant of guarantee in order to be released on a 20 and even 30-year-term basis at 0.3 and 0.4 points under prime.

In July 1980 I asked the present Minister of Industry, Trade and Commerce what he was doing to get this initiative out of the tangled web of bureaucracy of the federal government. I remind you it has been there for some three years. That initiative has been denied to the private sector of Canada. This is something that members on both sides of the House should be concerned about and should address.

We have examples of banks lending long-term money in Canada to specified projects at rates well below prime and on a long-term basis. If banks have surplus funds to lend on a preferred long-term basis to some projects, why do we not examine why that is and why it is not available to other good, solid, secure activities in the Canadian market? Why are we so selective? That is the question I ask. The interest rate problem in Canada has and is aggravating our productivity factor. Both the Prime Minister (Mr. Trudeau) and the Minister of Finance know that the only way we can climb out of this national, even world, dilemma is by improving our productivity. Yet the interest rate policies of this government are deliberately working against that important need.

• (1610)

Our productivity in the last year has dropped 1.4 per cent. Some of us in this House do not even understand what productivity is, for I heard the hon. member for Willowdale (Mr. Peterson) needling my colleague, the hon. member for York-Peel, regarding the pride shown in having created 300,000 new jobs in Canada. Not one of those jobs is in an area which creates wealth. It is only jobs which are in the process of adding to the value of goods that can carry the payrolls of those not involved in that economic process. In other words,

Canadian Economy

300,000 jobs are not productive jobs; the same work and goods could be produced in Canada with 300,000 fewer people. That is the burden that government policy is putting on those who do true-value work in this country.

There are games being played that I do not understand. For instance, the federal government is a dominant factor in issuing extendable bonds. They talk about their bonds bearing 16 per cent interest for three years. Those bonds now have an extension for a further ten years at a higher rate of interest. The budget will show the lower rate of interest as the cost of financing, but nowhere in the projections is it reflected what the higher cost down the road will be. These are half-truths and games which we do not need any more in this country if we are going to address the serious problems that should be dealt with on a truthful, factual and thinking basis.

The Minister of Finance and the Bank of Canada are correct in saying that higher interest rates can control inflation. As I said during question period today, it is correct to conclude that government policy is to squeeze the public until there is no discretionary spending left. We heard the Prime Minister's answer to my question today. He does not have the slightest bit of consideration for those people in this country who have put in their work, done their jobs, are in retirement but have absolutely no discretionary spending.

Today all Canadian business in the general stream of commerce is hooked on the short-term changing interest rates which create havoc with our productive capacity and costs, and benefit only the paper pushers and the banks. There is little if any reward left in Canada for those who create jobs and maintain payrolls. All the rewards go to the developers, the industrial landlords, the banks, the chartered accountants, the lawyers—the paper pushers. The guy who has to manage, has to balance things, has his guarantee on the line, risks his home and his lifetime of work, is almost at the point, if not at the point, of no return. There are very serious complications and a lack of incentive today for those capable of managing and creating productive units. In fact, in my opinion, this is rapidly becoming a national crisis.

Labour laws today allow secondary picketing.

An hon. Member: Oh!

Mr. Huntington: You bet they do, and there is an inability to adjust to production costs and to market realities with our swinging interest rates. All of these things are creating an impossible situation, even to the point where a non-productive and unsuitable person can hardly be removed from a payroll today.

This government refuses to give the job-creating sector tax points for research and development incentives. Their servants continue to insist that innovators come cap in hand to the bureaucrats who say yea or nay to these projects. Some of them have just too much pride, and most risk takers in the small and medium enterprise sector are just too busy to find the time for this cap-in-hand process. The rules of the game in business are being constantly changed and this damages any chance of improving productivity levels. Intervention in struc-