

Income Tax Act

minister wants to compare Canada with other economies, Mr. Speaker, I think he should do it in an open and honest fashion. He should examine the strongest economies in the world today and compare Canada with them. I refer especially to the economies of Japan, Germany, the United States, and Switzerland, which are the four strongest in the world today. Those economies were not built, like Canada, on natural resources, and the abundance of fossil fuels that we are able to take advantage of. In spite of that, however, those economies have been developed to a point where they are now placing this country in serious economic difficulty. This is not being done on the basis of cheap labour, although that is a misconception held by many people in Canada.

I should like to point out to the minister: that although we are in a difficult economic situation it is not for the same reasons that other countries, with which we compare ourselves, have had to face. They have surmounted their problems and in many cases are now in a better position than Canada, in spite of the resources that we have. This has come about because of the way they have managed their economies, by increased efficiency of production, by entering world markets with car production and other things, and by the way they have adopted science and technology as a basis upon which to build an industrial economy.

The minister referred to his budget speech and to an earlier budget. In April, 1980, he mentioned in a ways and means motion many measures that were included in the former budget. I question how much credit he should take for that however, and whether he has given proper credit to the people who instituted those measures. I see an hon. member shaking his head. When I read that I found it difficult to understand whether the minister referred to something he had put forward or something that had been put forward by the former minister of finance, the hon. member for St. John's West (Mr. Crosbie).

On page 4 of the press release the minister referred to industrial development and the grand total of \$12 billion to be allocated over the next three years to essential productivity and supply initiatives. He said that this should help reduce inflationary pressures by increasing supply.

I have heard mention in this House, as have my colleagues, of the possibility of a government industrial strategy being introduced. We have yet to see any specific policy that would bring this about although we are all waiting expectantly for it. A program for the expenditure of \$350 million has been established to promote industrial restructuring and manpower retraining in areas of particular need. I am not sure where the areas of particular need will be, nor exactly what kind of retraining will be involved, and I question whether that is the direction that an industrial strategy should take. Perhaps we should proceed in the same fashion that other nations have, by providing a true industrial strategy and investment for the future.

The third point I should like to make concerns the minister's comment that he would like to reiterate the support given in the budget for the monetary policy pursued by the Bank of

Canada. I have several comments about that, Mr. Speaker. The first is that by allowing the Bank of Canada to have a floating rate, the minister has taken himself away from the responsibility of setting interest rates in our country. That in itself was politically expedient and I give the minister credit for doing that. It took a lot of pressure away from him. It also takes the government away from the responsibility of looking at what the Bank of Canada is doing with the bonds it is bringing forward. Putting extra bonds on the market really forces interest rates up and by doing that it has control over interest rates. This point has been brought out by other members on this side of the House and is something which impacts particularly on industry and on the farm community, both of which are important to the economic health of the country.

● (1740)

My understanding is that the Bank of Canada is selling more bonds than it needs to, and these treasury bonds are one of the reasons why the interest rate in Canada is staying as high as it is. The Bank of Canada may believe that by keeping interest rates high and restricting money for lending it will help fight inflation. That may be so, but it is at the expense of the economy, small businessmen, farmers and others who are needed to generate activity in the country. If the minister is supporting the policies of the Bank of Canada, I suggest that he needs to do it in a very honest way by saying he is abdicating the responsibility, if he chooses to take it, for the monetary policy of the country.

I would like to touch on some specific issues. There is one major issue on which I questioned the minister a few days ago. It concerns the Small Business Development Bond. Like a good many other economic measures, people are starting to question what the priorities of the government are, and whether or not the government is putting effort into the areas that need it, in order to look after the affairs of the nation. We all agree the constitution is important, and all the things concerning energy are important. But the economic basis and the structuring of institutions which lend money for businesses are matters in which we are all interested. The Small Business Development Bond is a specific instance which comes to mind. This bond was brought forward at least 13 months ago. It was given support about nine months ago, I believe on April 21, by the government in a ways and means motion. Since that time and up until now it has still not been put in place nor has it been defined in such a fashion that the business community understands what it is all about.

The minister said his department spoke to banks and that he understood they knew what it was all about. However, I must question that. I suggest that if the minister or his parliamentary secretary looked into it he would find by going beyond the big cities and into banks in some smaller rural areas that the bank branches do not understand what that bond is about, and there is limited access to funds. The larger branches have kept the money or have given directions to their smaller branches in such a way that people have not had access to that funding opportunity. That is a very important point, because here we