capital outflow. Sure, we have had a balance in favour of money coming into the country, but let us look at the reason for it. The money coming into the country to offset the huge outflow is money which is going into government bonds and bank deposits. Why? Because we are paying record high interest rates in Canada. The Bank of Canada is told to jack up interest rates to bring in this money, to retain the balance in our balance of payments and to hold the Canadian dollar so that it does not slide down to 70 or 75 cents. If we did not have the original outflow of capital, we would not have to increase interest rates and try to draw in capital which is seeking one thing and one thing only—high interest rates.

The Minister of Finance said that he wished the opposition would tell him how we could have lower interest rates and a stronger Canadian dollar. It is very, very simple. Those countries which have strong currencies have lower interest rates. The policies which Canada is following are putting pressure on the currency and are forcing up interest rates. If we had policies which drew money into the country, we would have a strong currency and lower interest rates.

I should like to refer to a speech which was made last weekend by the President of the Treasury Board (Mr. Johnston), wherein he said:

> To the extent that equity replaces borrowed capital, it reduces the upward pressure on our interest rates.

If we have equity capital being invested in the country so that we do not need high-cost borrowed capital from other countries, we would have lower interest rates. The President of the Treasury Board is saying exactly the same thing. I think the Minister of Finance should come down from his ivory tower into the real world and understand what is going on. I suggest that he speak to the President of the Treasury Board.

The government must change its policies. We must change the budgetary policies in the way outlined by the Leader of the Opposition, such as the anti-investment and anti-job-creating aspects of the budget. We must change the National Energy Program, but not by the tinkering which was done in the House three weeks ago.

Turning to FIRA, I heard the Minister of Finance again distorting the words of the Leader of the Opposition. We have no desire whatsoever to scrap or abandon FIRA, as he tried to distort the words of the Leader of the Opposition. We are saying that the nature of FIRA should be changed so that it does what it was originally intended to do—to screen foreign investment coming into the country and to get it in on the best possible terms for Canada. Right now it is an obstacle because it is under the direction of the Minister of Industry, Trade and Commerce (Mr. Gray), who is a nationalist extremist in the way he has administered this policy. He is forcing foreign investors to withhold investing money in the country in a way which would create jobs. Surely jobs are what we need the most.

The fourth area to which I should like to refer is the need for a genuine program of restraint. We have seen the budget deficit of the government run totally out of control. It is up around $16 billion to $18 billion. I was hoping the Minister of Finance would tell us that figure today. The market needs it. It is one of the reasons the dollar is weak and interest rates continue to rise.

These four initiatives must be at the heart of any stabilization of the Canadian dollar and at the heart of any road to recovery if we are to get the economy moving again. They are not the full answer. I make no claim that they are the full answer. That awaits a budget in the fall. But they are alternatives which we put before the House and I urge Liberal members to respond to these and tell us why they think they are not the answer.

I hope Liberal members of the House will support our motion to lower interest rates, to increase the value of the Canadian dollar and to increase production. Surely that is the direction in which we in the House should be urging the Minister of Finance and the Prime Minister to move. These are the first steps to recovery and the first steps to a reduction of lay-offs, a reduction in the number of bankruptcies, a reduction in high mortgage rates and a reduction of the high inflation rate. If we have a strong Canadian dollar, we will have lower inflation. Every economist will agree on that.

In the economic figures which have come forward over the past six to nine months, we have seen all parts of the country being affected by the weakness in the economy, some parts of the country more than others.

[*Translation*]

As a result of the federal government's economic policies, Quebec, a province represented by 74 Liberal members, is paying a very high price for those disastrous policies. No doubt the 74 are proud of the fact that there were 1,950 commercial bankruptcies during the first five months of 1982, an increase of 49 per cent over last year.

● (1700)

Nearly 2,000 bankruptcies mean 40 per cent of the total number of bankruptcies in Canada. No doubt they are pleased with the fact that since April last year, 156,000 jobs were lost in Quebec, compared with 161,000 in the rest of the country. I would ask the gang of seventy-four not to put the blame on the provincial government. After all, the provincial government does not represent Quebecers in Ottawa, nor does it develop federal economic policy, or set interest rates at levels that are strangling small-and medium-sized businesses. In 1968, there were 350,000 people unemployed in Canada; today, we have about the same number in Quebec alone. The 74 members who are suffering from inertia should explain to these people that they are unemployed because their members opted for the wrong policies or, even worse, because these policies are causing more hardship in Quebec than elsewhere because their members have failed to give them adequate representation.

[*English*]

Today we have proposed a number of motions to show how a Progressive Conservative government would restrain growth in