

finance more or less blackjacked the Minister of Finance (Mr. MacEachen), who is essentially a creature of academia in the House of Commons, without the street smarts that some of his predecessors had as ministers of finance who recognized the difference between the way things are and the way they ought to be. I think there is something in that. It is also very clear that this government opposite is facing a very severe dilemma. When the Liberals were in opposition for that all too brief a period in 1979, they made some very unctuous and sanctimonious predictions of what was going to happen if we as a government did not do something with interest rates. I remember well the Prime Minister's statement when he was campaigning, about two years ago in Toronto, when he promised that he would manage the economy in such a way that interest rates would in fact come down because the economy would be administered in a sounder way.

● (2110)

We all remember the famous pronouncement on national TV by the present Minister of Regional Economic Expansion (Mr. Gray) when he promised to resign if something was not done about rising interest rates. Now this evening I look across at my colleagues and I am reminded of that bit of doggerel published many years ago when the country had a problem and the Liberals were in power. I think it went something like this:

Look upon the Grits, the grimy, grizzly Grits  
 What a woebegone expression across their faces flits;  
 For they're thinking, thinking deeply how to run the country cheaply,  
 And they wonder how in thunder it is going to be done.

Well, we as a government faced some of the same dilemmas they do now, Mr. Speaker. We perhaps were fortunate, while admittedly following a policy on interest rates similar to that which is being followed today, that the interest rates did not go through what I would refer to as a threshold of stability. They did not go up to the astronomical heights which measure the difference between something you can bear and something that is intolerable.

There was another thing that we as a government were about to do and which I would heartily recommend to this government, that is to give relief to those suffering from high interest rates, not only for the purpose of helping in their personal lives, but to induce the business sector to create jobs. Let us not forget that while Americans are at present suffering from high interest rates, they are much more able to cope with them than we are because they have possibilities for deductions that we do not. They can deduct some interest charges that we cannot. Whereas we were prepared to give the taxpayer a break with respect to their mortgage interest costs and their tax costs, and were prepared to give relief to people suffering from high energy prices, this government is not.

Therefore, because of the various circumstances it becomes apparent that we can no longer afford to tie ourselves absolutely to the American financial and interest patterns. Many of the provincial premiers are making this same case and in a much more learned and effective way than I am. I am like the Minister of Finance, neither an economist nor the son of an economist. I only have a passing acquaintance with the great

### *Employment*

economists of the day, such as Arthur Laffer and Milton Friedman. Once I heard the Prime Minister speak about Schumpeter at Harvard. However, I have never heard the Minister of Finance speak about any economist. As a matter of fact, I understand he resolutely shuns places where economists are. He has never written anything about economics and does not really wish to learn. I am sorry about that, and so is the country, but those appear to be the facts.

Now, Mr. Speaker, it is not being entirely responsible to criticize the government without offering alternatives. I really believe it would be feasible for the Bank of Canada and this government to get together on a lower interest rate policy, even if the dollar were to fall to the 75-cent level. I say this because it seems to me obvious that some changes should be made in our taxation policy and some of the incentives should be put back that the Liberal government began to choke off when it imposed capital gains taxes, and left them on even though we are now being taxed on inflation since 1971 and are suffering absolute confiscation by the state in the sense that any person who tries to build up a business is not only being taxed, but taxed on inflation. If that atmosphere were removed and something were done to stimulate the economy and put back some incentive for people to create jobs, the fact that the dollar would fall temporarily would not necessarily mean a flight of capital—of that I am sure. There would be Swiss, German and American money lured into Canada by the fact they could make 30 per cent or 40 per cent on the front end, as they say. And then, as the economy strengthened and the resource sectors were put back to work, our currency would firm up as our productivity and economy expanded, and they would make money again, on the rise.

However, leaving that for a moment, I would like to talk about job creation and things that could be done to help some of our industries. First of all, I would like to talk about my own region. We know, Mr. Speaker, it is not necessarily being responsible to urge unrestricted spending to help an industry when sometimes a change in policy will do the trick. We have a couple of very relevant industries in Nova Scotia which seem to fall squarely within the purview of the new ministry of regional, international, or whatever it is called, economic development. I still do not have the title quite straight in my own mind; all I know is that DREE is gone and there is nothing so far to replace it. All of the former agreements involving forestry and agriculture are hanging in limbo, and the economy is suffering.

However, there are two industries which concern me and I wish to make a pitch, as it were, to the minister responsible, as I already have today in a letter. I am talking about Sydney Steel Corporation in Sydney, Nova Scotia, and Hawker Siddeley in Trenton, Nova Scotia. These two industries together employ 5,000 people when things are going well. They both have a very high potential for export as well as domestic production.

Sydney Steel desperately needs more rail orders from the CNR. At the present time they are getting about 88,000 tons per year. They should be getting double that amount because