

Oral Questions

effect of each one-half per cent increase in interest rates results in a loss of \$375 million to the business sector". Given the fact that a figure like that, if calculated based on today's values, would be considerably higher than \$375 million, how can the Minister stand in his place and suggest for one moment that if interest rates rise by one-half of one per cent, albeit incrementally, there will not be a net loss in the number of jobs if there will be in fact a net loss in the amount of revenue that goes to every company in Canada?

Why does the Minister insist that it would be better to wait, hoping that nothing goes wrong, than to take an independent path for Canadians and establish, once and for all, that we have the power and the right to determine what kind of future Canadians ought to have?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I appreciate the very nice rhetoric of the Hon. Member. It would be very interesting if the NDP were to put this into mechanics and show us what they would be proposing specifically, in terms of policy and mechanics, and how they will have interest rates in Canada that are significantly lower than in the United States while still having growth in this country and still increasing the real income of the workers. It will be very interesting to see what they will come up with, rather than the rhetoric they are giving us.

With respect to his question, again I refer him to the period that preceded the recession we experienced in 1981-82. At that time interest rates went up quite rapidly and significantly.

Mr. Deans: Incrementally.

Mr. Lalonde: Businessmen still kept investing and borrowing. We knew very high rates of growth while interest rates were growing. Obviously we reached a point when there was an abrupt stop, and then decline and recession, but if my friend checks the facts he will learn that, during the rise of interest rates, investors in this country, businessmen, continued to borrow and invest very rapidly and significantly.

You must look at these things in terms of the context of the situation. At the present time there is no reason to believe that the slight increase we have known in the prime rate will lead to a decline in employment.

Mr. Deans: If it does?

Mr. Lalonde: We will see in the next few weeks and months exactly what will happen in the economy. We are monitoring the situation carefully. If need be, we will make the necessary adjustments. In the meantime I see no reason to change the basic policy that we have been following.

Mr. Deans: What adjustments?

GOVERNMENT ADVERTISING

RAIL EXPANSION ADVERTISEMENT

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, my question is directed to the Minister of Transport.

Mr. Deans: What adjustments?

Mr. Speaker: The Hon. Member for Kindersley-Lloydminster has the floor. The Hon. Member for Hamilton Mountain had seven minutes and two supplementaries.

Mr. McKnight: I certainly hope you are as lenient with me, Mr. Speaker, as you were with that Member.

On March 8 of this year an erroneous and misleading advertisement, entitled "Canada's Rail Expansion Program", appeared in *The Financial Post*. It stated that \$16.5 billion of investment would be made by the railroads by 1991, and some 375,000 new jobs would be created. The Minister knows that his own Department estimates that the investment by the railroads by 1991 will only be \$12.5 billion, and the railroads' admission is that there will only be 155,000 new jobs created. Will the Minister stop this self-serving and misleading advertising paid for by the taxpayers of Canada?

Hon. Lloyd Axworthy (Minister of Transport): Mr. Speaker, it is unfortunate that the Hon. Member did not attend the full meeting of the Transport Committee last Thursday when we spent several hours talking about the whole grain expansion program.

Mr. McKnight: You haven't spent several hours yet.

Mr. Axworthy: It would have given us an opportunity to have a much broader and more diversified discussion. I would point out to him that the impact of the Western Grain Transportation Bill is still very substantial. In this year alone some \$1.1 billion of new capital investment will be going into the Canadian economy, providing a number of major acquisitions, purchases for new equipment, and facilities across the country, from Trenton, Nova Scotia, to the Hamilton area with, of course, substantial investment in the western provinces in which I know he is interested.

The whole point of the advertising is to bring to the attention of the Canadian business community the opportunities that exist under the Grain Transportation Bill for the possibility of a number of new sales and new supplies for the railroads. It is the whole point of the advertising which I hope the Hon. Member will endorse because it is a very strong opportunity for Canadian business to get into a new area of product development.

Mr. McKnight: I will repeat my question to the Minister but, as an aside, the Minister has not spent several hours in the Standing Committee on Transportation since he has become Minister.