

THE BUDGET

INTEREST DEDUCTIBILITY PROVISIONS

Mr. Scott Fennell (Ontario): Madam Speaker, my question is addressed to the Minister of Finance. Considering the universal opposition to his November 12 budget, and keeping in mind the spirit of Christmas, would he consider during the recess getting away from his rigid stand of removing interest deductibility, and instead permit interest deductibility for small corporations, that is, those earning less than \$200,000 a year and up to \$1 million? This is their only means of raising equity financing, and it is absolutely important to them if they are to develop this country.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the spirit of Christmas to which the hon. member referred, may I say that I regard his suggestion as very valuable, and I will take it under consideration.

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EXTERNAL AFFAIRS

POLAND—CANADIAN CONTRIBUTION TO INTERNATIONAL RED CROSS RELIEF FUND

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, in view of the fact that the House leader of Her Royal Majesty's Official Opposition refused to second a motion under Standing Order 43 which proposed that Canada should continue to provide assistance to the Polish people through the most efficient means, would the Secretary of State for External Affairs please tell the House, in addition to the \$100,000 the government gave to the Canadian Polish Congress, and in addition to the \$500 million grain credits which have already been given, is the government prepared to give the Polish people further assistance, and through what means?

Mr. Clark: Talk it out, Mark.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I thank the hon. member for his question. I am pleased to be able to tell him and the House that the government is able, in response to an appeal by the International Red Cross for food, clothing and medicine, to announce today a grant of \$500,000 to the International Red Cross for Polish relief.

Some hon. Members: Hear, hear!

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AUTOMOTIVE INDUSTRY

REQUEST THAT NEW AUTOMOBILES BE EXEMPTED FROM SALES TAX

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Finance. The minister is

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no doubt aware that just today there were lay-offs announced in the auto industry which will affect Oshawa, Toronto, and Ste. Thérèse. In the case of Oshawa and Toronto they are of a temporary nature, but the Quebec lay-offs are permanent. Will the Minister of Finance reconsider his refusal to reduce or eliminate temporarily the sales tax on new automobiles, and enter into some kind of program to stimulate the auto industry now, and encourage consumers to purchase the backlog of automobiles sitting in showrooms and on the lots of the various companies in order to try to get this industry back on its feet?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker the hon. member has made a suggestion with respect to a tax change. I accept his suggestion, and if and when it will be possible to make further tax changes, I will take his suggestion into account.

Mr. Broadbent: What did you say, Allan?

Mr. Deans: That is something like the aid given to people renewing mortgages last summer.

REQUEST THAT MINISTER MEET INDUSTRIAL REPRESENTATIVES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, in addition to the commitment the minister has just made, I wonder if he might consider sitting down with the industry and the provinces most affected and attempt to work out a program of assistance which would enable the industry to recover at least some of the share of the market which has been lost to cars imported from various parts of the world.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in his preamble the hon. member raised a matter to which he has referred earlier, namely, high mortgage rates during the peak period. I undertook to have some discussions with the banking institutions. The hon. member will be pleased to know, as I am, that the Royal Bank has undertaken to renegotiate over 10,000 mortgages which had been put into effect during that period of high interest rates. That is a very positive step.

Mr. Lawrence: Thanks to Ontario government pressure.

Mr. MacEachen: In view of the benefits which flow from the hon. member's suggestions, I will take this further one under consideration and deal with it, I hope as effectively as with the former one, namely, successfully.

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THE BUDGET

EFFECT ON THE LIFE INSURANCE

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of Finance. In light of the universal opposition to his budget and, in particular, to that portion dealing with taxation involving life insurance, will