

Borrowing Authority

When we think of the business sector of Japan, we ought to think of large firms such as Honda, but when we look into the fabric of business in Japan, we find that eight out of ten businesses in Japan are classified small and medium-sized businesses. Eight out of ten businesses in Japan are run by small entrepreneurs. These businesses include small shops and small plants, not the large and grandiose operations most of us probably think about when we think about Japan. Yes, in Japan it is in the small business sector where jobs are created. That sector responds to the needs of society quickly and in an innovative and creative way with the support of government. This is a very important phenomenon which my friends to the right must accept. They simply must not abandon that whole concept in their discussions.

We should look at other prosperous countries such as West Germany which, again, is a country with a long tradition of government participation. We would be hard pressed to identify operations in that country which are not going very well, indeed. It is a successful land with a successful and stable economy. That is the type of country we should be looking to as a model for the type of industrial strategy and productivity building we should have in our country.

My hon. colleagues to my right hold up as an example that bastion of free enterprise to the south, the United States, and point out that the economy of the United States operates without government participation and government involvement. I suggest if they look closely at the United States economy, large business and small business alike, they will find that government and business are extremely closely interwoven.

There is a military industrial complex in the United States. The military plays a very crucial role in what is happening in various parts of the United States. I listened with interest when Ronald Reagan spoke about the wonderful world the military will create. He is a leader who is obviously catering to more growth in armaments, and the result will be a "better" society in the United States! That is a sorry comment, perhaps, but nevertheless I think it demonstrates very clearly the very close relationship government, industry and business have even in that bastion of free enterprise called the U.S.A.

Some serious problems exist. The thought of going out and in a sense blindly borrowing \$14 billion poses many questions. It certainly must cause some concern.

This is a small item, perhaps, but one notices in various publications across the country these days reference to a Government of Canada bond issue valued at \$1 billion or \$1.2 billion. The Bank of Canada has agreed to acquire a minimum of \$315 million of this particular issue. Government bonds are being sold to the Bank of Canada. When we start looking at some of the implications of that kind of financial transaction, it becomes very clear that if we are buying our own bonds, we are in serious difficulties financially.

Many previous speakers have outlined the problems associated with foreign borrowing, the extent to which we are becoming indebted to foreign banks and foreign lending insti-

tutions and the obvious problems that will create in a country like Canada.

We in the New Democratic Party appreciate the need for government to work co-operatively with the public and private sectors. There is a need for government to work with the private sector to ensure that investment is made in the best interests of Canadians. In Canada we are essentially encouraged—and perhaps even required—to do that more than in other countries.

Let me give a couple of reasons for saying that. One of the growing industries in Canada today is the tourist industry. Tourism is a growth industry. Many provinces are now saying it will become their number two industry very quickly in terms of generating dollars for their populations. The Government of Canada too has recognized the role of tourism and what it can mean to the Canadian economy. The federal government is taking a number of steps to move positively in that direction.

One of the problems the tourist industry faces is climate. There is a number of ski hill operators in my constituency and, if it does not snow in the wintertime for one or two seasons, they have serious problems. Large capital investments are made on lift gear, chalets and so forth, and if there is no snow for just a few weeks of the year serious problems arise.

Mr. Lapointe: Is the Liberal Party responsible for that too?

Mr. Riis: I would not say the Liberal Party is responsible for the weather. I certainly would not blame the Liberal Party for that.

Let me go on to other tourist-related industries such as holiday resorts, beaches and so forth which depend very much on the weather. Various fishing camps and recreation areas in the north depend on weather to a crucial extent. In other words, risk is extremely high. I suspect that often the traditional lending institutions of Canada are not enthusiastic about supporting high risk tourist-oriented projects. Therein lies the need for government programs at both provincial and federal levels. There is a need for risk and venture capital for entrepreneurs who are prepared to try new ideas for attracting tourists into Canada and for creating new jobs in the tourist sector. The traditional conservative lending institutions are reluctant to participate in such ventures. If we are to see growth in this very sensitive and risky area, there will have to be co-operation between government and the private sector to see that this evolves in a positive way.

Difficulties are also created by the vast Canadian geography. It is often necessary to move goods and services over vast distances in order to develop difficult resource deposits and to move finished and unfinished products over vast distances. My friends in the Tory party would say that the private sector can easily take care of all that. Quite frankly, I doubt that. I doubt if we could find many countries in the world which are making serious breakthroughs in resource development today in which there is not serious government participation with the private sector.