

Mr. Speaker, if you want to look at a list of those whose reaction was simply unqualified condemnation of the United States in this case that list involves Libya, Nicaragua, Cuba, Iran, the New Democratic Party and the Liberal Party.

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RESEARCH AND DEVELOPMENT

Mr. Jim Peterson (Willowdale): Mr. Speaker, my question is for the Minister of Finance.

This government's excessive, compulsive fixation with high interest rates is choking exports, it is stifling investment, it is driving up our deficit and it is costing Canadians jobs.

On top of all this, yesterday the Conference Board announced that Canadian industry plans a major cutback in research and development. Canadian business is losing confidence with this government's monetary policy. For Canadians high interest is not a level playing field, it is a quagmire of quicksand.

Will the minister admit to the House today that these cuts in R and D prove that his policy just does not work?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, this government is very much aware of the importance of low interest rates. We ensured during the earlier part of the last Parliament that we would push very hard for low interest rates because we thought it was appropriate at the time. But we have seen in the last year and a half some upward inflationary pressures. Those pressures are still there.

If the hon. member wants us to ignore those pressures, then we will be right back to the late 1970s and early 1980s when we were in that huge recession which did such damage to the economy, to investment, and to research and development—all on a permanent basis.

An hon. Member: There is no comparison.

Mr. Wilson (Etobicoke Centre): Hon. members say there is no comparison. I would just like to remind them that in 1976, I think, the inflation rate was about 5.5 per cent, about what it is today. About four years later it was 13 per cent.

An hon. Member: Internationally.

Mr. Wilson (Etobicoke Centre): Internationally, he says. If hon. members want to look at what is happening

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in other countries, they will see that inflation is creeping up in a number of other countries. Interest rates in Japan have been moving up. Interest rates in Germany have been moving up. Interest rates in the U.K. have been moving up. So they are up in a number of countries in the world.

If we do not want to avoid this problem getting worse and prevent getting into a repeat of 1981-82, then we can follow exactly the course that the Liberal Party and the New Democratic Party want to follow which will lead us into inflation at much higher levels and cause a permanent loss of the competitive position that is so important to this country.

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[Translation]

SMALL BUSINESS

Mr. Alfonso Gagliano (Saint-Léonard): Mr. Speaker, my question is also for the Minister of Finance. During the Finance Committee hearings, it was clearly shown that the GST will be an administrative nightmare for small business. My question is very simple: Why did the minister yesterday abandon small business when it will have difficulty collecting a consumption tax in Canada, which is the only country in the world to have 10 consumer tax systems? Why does the finance minister want to kill the entrepreneurial spirit of small business in Canada?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not know where this hon. member has been. He has been in the House since 1984.

During that time he has seen the number of things that we have done for small business, to encourage the small business community. These have been systematically opposed by the Liberal Party. First, there was the \$500,000 capital gains exemption. Second, there is the substantial increase in the small business loan authority. Third, there is the increase in the refundability of research and development credits that are there only for small business—again, a very strong encouragement to the small business community.

In this particular GST proposal we have brought in a number of measures, streamlined accounting, a low-income threshold for those who do not have to report and just two weeks ago tomorrow I met with—