

Oral Questions

Mr. Crosbie: You better go to Brazil.

Mr. Stevens: That is what the Brazilians used to say.

Mr. Speaker: Order. The Minister of Finance has the floor.

Mr. Lalonde: Not only can the Tories not look forward, they cannot even look backward to learn the history of this country. I invite them to look back and see how this country was built. It was built by a large influx of money from abroad, either in the form of borrowing, investment, or both.

As far as the specific point raised by the Hon. Member is concerned about what will happen, I must remind him that in the last two years we have had the largest trade surplus in our history and our current accounts are on a positive, not negative basis. We have had a surplus on our current account basis.

The story is to keep on being as effective as we have been in terms of competing in the world markets, exporting as we have been doing, and ensuring that we remain in a positive situation on our national accounts basis.

Mr. Wilson: I shudder for this country when I see the Minister of Finance keeping his head in the sand as he did in that particular response. Surely he understands that the bankers of this world had confidence in Brazil and Mexico, yet look at the situation in those countries today.

EFFECT OF INCREASE IN INTEREST RATES

Hon. Michael Wilson (Etobicoke Centre): The weak dollar is clearly the reason why interest rates are rising today. High interest rates will bury some small businessmen and farmers who are only now struggling to get out of the mud in which the Government put them in 1981 and 1982. Will the Minister reassure these small businessmen and farmers, who create about 75 per cent of jobs today, that some of the alternatives he was talking about yesterday will be brought forward and directed to the problems that they are facing, so that they will not begin to lay off people and increase the level of unemployment?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, perhaps my hon. friend would care to refer to some statements by a number of economists who have pointed out that an increase in interest rates like the one we experienced in the last few days will not necessarily lead to a slow-down in economic growth. As my hon. friend is aware, many other factors play a role in decisions regarding economic growth.

I may also remind him, for instance, that as far as small businesses are concerned, the Government announced a number of measures in its Budget last April, adding further measures in the Budget brought down in February of this year. These measures are more specifically concerned with substantially simplifying taxation for small businesses. We are going to cut three-quarters of the small businesses tax legislation, and we shall be giving small businesses a tax advantage of

\$150 million, as a result of the measures I announced in the Budget.

I believe these measures are an indication of our firm belief in the importance of small and medium-sized businesses in this country as far as job creation is concerned, and of our willingness to take steps to ensure that this sector will experience enough growth to create the jobs we need in this country.

[*English*]

MONITORING OF INTEREST RATES—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Finance. He just said that there is a great need for foreign investment in Canada. I remind the Minister of Finance that he gave corporations in Canada almost \$3 billion in blank cheque giveaways in his last Budget and that the same corporations invested about \$2 billion outside Canada last year. If he did something about that he would have less need to be concerned about more foreign investment.

Since he said in response to a question from the NDP yesterday that he was monitoring the interest rate situation and would be prepared to take action at some point, at what point will the Government take action? Will it be when interest rates reach 12 per cent, 14 per cent, 16 per cent, or when?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Leader of the New Democratic Party has expressed interest in the question of foreign investment. He is concerned about money going out, for instance, and I must remind him that he should also look at money coming in. I want to tell him that in 1983 this country had a net capital inflow. When the money that goes out is compared to the money that comes in, it can be seen that we had a net capital inflow of \$5.5 billion last year. We had a net inflow into this country of \$5.5 billion in foreign investment in 1983. My friend should look at both sides of the picture and realize that Canada has been a net beneficiary of foreign investment in 1983.

With respect to the specific question which he raised, let me repeat what I stated yesterday, that we are always monitoring the situation and carefully looking at the evolution of the economy, but there was no reason to make any change to the provisions I had put forward in my Budget of February 15. I still believe that the measures that were contained in that Budget are those required in the current circumstances.

Mr. Broadbent: I say to the Minister of Finance that that simply will not do. It is not just the members on this side of the House who want an answer as to when the Government will be prepared to take action, it is the home owner who must renew his or her mortgage next month, and the business person or farmer who is desperately trying to stay afloat right now.