

### *Interest Rate Policy*

advantage. Public policy can serve either to support the development of a viable long-term position or, at worst, add to the costs of an industry. Although we have been slow to encourage research and development in Canada, and despite the fact that a good deal of innovation is controlled by foreign corporations, we can build on our limited domestic base. Our investment in technology must relate in large part to the specific market opportunities in the future which should be undertaken with a sense of urgency and an expectation of significant achievement. The success of Telidon is an outstanding example.

I have spoken of one or two of the factors in our economy making for inefficiency and hence, by extension, contributing to inflation. In conclusion I want for a moment to touch upon the fact that here in Canada provincial governments have erected economic barriers which frustrate the realization of the full benefits of the Canadian common market. We must be economically integrated. We must not be the victims of balkanization if we are to prosper in a highly competitive world. Most Canadians, for example, would assume they have the right to travel, live and work anywhere in our country, but because of actions that provincial governments have mistakenly taken in the past, we have had to guarantee that right in the constitutional proposals before this House.

There have been other examples of obstacles to the free flow of capital, goods and services. These obstacles to production must be reduced and eliminated if we are to compete in a difficult world and ensure that our industry is as efficient as it can be and, as a result, we shall reduce and eventually eliminate inflation.

To conclude, Mr. Speaker, I have touched on one or two of the longer term possibilities for combating inflation. I have alluded to some of the major components of this government's industrial strategy and touched on the benefits for all Canadians in the National Energy Program. I have also drawn attention to several significant contradictions in the opposition arguments which I believe indicate once more that they have been unable to convince the Canadian people that they have any constructive alternatives to offer.

**Mr. Fred McCain (Carleton-Charlotte):** Mr. Speaker, it is indeed time that this House devoted itself to a debate on the economic affairs of this nation. Under the guidance of this government we are moving into a state of economic feudalism. It was in the middle ages that feudalism bloomed and prospered in a different way than today. It was a matter of armed force under the lords or ladies of that day that controlled society in every way. It was then that we had restricted ownership, share croppers, tenants and peasants. Over the years we grew out of that structure only to find that under the leadership of this government, in an economy which may be approaching a state of uncontrollability, a different type of feudalism is emerging.

We have small storekeepers being bought out by larger ones and the owner may be installed as manager. We have small plants being bought out by large plants and the former owner

installed as manager. We have people who are going to leave their farms by virtue of bankruptcy and they may or may not be employed by the next owner as manager. The feudal system of our economy is frightening, fearful, devastating and unacceptable.

**Some hon. Members:** Hear, hear!

**Mr. McCain:** Small business cannot survive in this environment. It is our largest employer and covers a wide area of our economy, and it is the patient who suffers most in the economic malaise in which we find ourselves. Fishermen, farmers, storekeepers and home owners cannot stand the punishment government is dealing out by virtue of its fiscal and monetary policies. They do not have the power in the marketplace that big business, the feudal barons of today's economy, have. They do not have the market power, the buying power or influence with government. They do not have the power, period. They are therefore caught in the trap of the economy which has been generated by this government. They do not have the pleasure or the luxury of the protection which should be afforded them by law, and which at one time was afforded to them.

● (2040)

Today, for instance, if one has the good fortune to have \$100,000 in loose change one can place it with a financial institution on a 30-day basis at 18.1 per cent. This was one quote I received. I do not have that kind of money, but I wanted to find out what an investment of that sort would be worth. On the other hand, let us take a look at what would happen to the guy who renewed his \$40,000 mortgage today—and this did happen. He was advised by the man who advanced the money that his monthly payment would go up \$240. Let us assume that this guy who arranged his mortgage pays 18.1 per cent interest to the mortgagor. He will pay \$7,200 a year—\$600 a month in interest alone, with no capital improvement in his position. What has happened to this guy is that he is now of little use to the economy of Canada, except as he serves himself to pay his interest to stay under his own roof. He has nothing left over to take to the marketplace to make a demand, which in turn creates employment. This is what is happening to the economy. What else can he buy? What contribution can he make?

What about the farmer who must borrow to put in a crop? If he is compelled, as many are, to borrow all his working capital for planting, a combination of inflationary history of the last ten years, plus the increased rate of interest he must pay, this will cause—and this is what I want to draw to the attention of the last speaker—a ten to fifteenfold increase in interest costs for an acre of crop. That is he must pay ten to 15 times more in interest in 1981 than he would have paid in 1970-1971. That is a real inflationary pressure.

Let us take a look at what it might cost a potato farmer to get into business this year. The following are a few remarks made by Joe Drozdowski of the New Brunswick Potato