

*Oral Questions*

January, 1984, over January, 1983. In Canada housing starts decreased by 8,000 from 1983 to 1984. That means fewer jobs and a higher deficit. How does the Minister account for the fact that housing starts are decreasing in Canada and increasing in the United States?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I will have to check the Hon. Member's statistics and where he got them. The latest figures I have show that housing starts in January and February, according to the most cumulative statistics this year, picked up quite substantially from where they were in the latter part of 1983.

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**SMALL BUSINESS****EFFECT OF INCREASED INTEREST RATES**

**Mr. Otto Jelinek (Halton):** Mr. Speaker, my question is addressed to the Minister of Finance. As the Minister knows, most new jobs are created in the small business sector, yet we have witnessed the demise of small businesses as a result of high interest rates and ineffective government policies. Those businesses that survive are barely hanging on by the skin of their teeth. Any further increase in interest rates will kill what remains of this very important community.

Can the Minister tell the small business person what steps he is taking to protect this vital sector from further interest rate increases, or is he telling them to accept the Government's ineffectiveness, to accept higher interest rates, and go bankrupt? Is that what he is telling the small business community?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, on the contrary, we have supported the small business sector quite actively in the Budgets of April, 1983, and February, 1984. For us the small business sector is the most important element in terms of job creation. We have shown our determination to support it with the measures in the Budgets of last April and last February.

I would remind my friend that in terms of investment tax credits and support for research and development, we have privileged our support to small business in that regard by giving them additional incentives compared to the rest of the industrial sector.

As far as the last Budget is concerned, we proposed a great simplification of small business taxation which will do away with two-thirds of the income tax legislation affecting small business. It will add another \$150 million to that sector in tax savings.

The Government has indicated that it is a strong supporter of small business, and it has taken a lot of measures to confirm that support.

**Mr. Jelinek:** Mr. Speaker, the Minister is trying to pull the wool over the eyes of small businessmen. He knows very well that what he says is meaningless when interest rates are being

allowed to rise in the small business community. He knows that very well.

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**THE ECONOMY****GROWTH RATES IN CANADA AND UNITED STATES**

**Mr. Otto Jelinek (Halton):** My supplementary question to the Minister approaches the problem from a different angle. When Canada was experiencing the depths of the recession the Minister repeatedly pointed to the poor performance south of the border as a cause of the bad performance in this country. Now that the United States has pulled well past the recovery stage and has experienced almost four quarters of post recovery growth, can the Minister justify the widening gap between the Canadian and the U.S. economic performance in such key indicators as unemployment, real output, real income growth, consumer spending, new business investment, productivity and unemployment?

**Mr. Speaker:** Order. That is quite a supplementary in one go. The Hon. Minister of Finance.

[Translation]

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, as far as small businesses are concerned, I would like to point out to the Hon. Member that the measures I announced in my last Budget, and the one before that, had the unanimous support of the small business sector. In fact, at a meeting I had recently with small business representatives, they said they hoped the measures contained in the last Budget with respect to small businesses would be implemented as soon as possible. Again, I hope that the Opposition Parties will realize where the interests of small businesses lie and support the measures proposed by this Government when the legislation is introduced in the House very shortly.

As far as the Hon. Member's statements are concerned, I agree that in some cases, the American economy has been more vigorous in its recovery. Perhaps I may remind him, since he mentioned productivity, that the last figures I saw indicated that in Canada last year, the increase in productivity was greater than it was in the United States. This means we were able to do better than the U.S. in various sectors and at various times. I may also remind him that in the first three quarters of 1983, the Canadian economy experienced much faster growth than did the United States. These are all factors my hon. friend should remember. The same applies to job creation. If he would care to look at the number of jobs we have created here in Canada, compared to the United States, he will see that Canada's record is quite remarkable.