

Oral Questions

recession now; the minister has forecast a 1 per cent decrease in the gross national product this year. So if the minister is going to answer, let him tell us if he will take action to help these millions of Canadians.

[Translation]

Mr. Bussièrès: Madam Speaker, the hon. member is deliberately ignoring the action taken by this government to fight this recession. He has come out strongly against the budgetary deficit of this government. The primary purpose of the deficit supported by the government was to counter the expected recession. There is statistical evidence that we are progressively coming out of this recession and that the economy is on the way to recovery. The hon. member should recognize that the decision to accept a much larger budgetary deficit than we would have wished has helped the country to get out of this difficulty and contributed to an economic recovery whose effects are already being felt.

[English]

Mr. Crosbie: Madam Speaker, I have a final supplementary question. The minister says we are moving out of the recession. Well, we are not going to move far because the high interest rates will stop that movement. With respect to the deficit, we had \$3.6 billion less in deficit last fall and we introduced the energy tax credit and a mortgage interest and property tax credit to help Canadians. This government is introducing nothing but more costs to Canadians.

My supplementary question is for the Prime Minister, Madam Speaker. It is a plea to the Prime Minister to take some interest. On October 30 of last year his finance critic proposed—

—a 14 per cent prime rate because . . . it will mean the loss of thousands of jobs, increases in the cost of living, it will bring the housing industry to a halt, it will put housing beyond the reach of most middle and lower-income Canadians, it will hurt small business and it will hurt farmers, and will add to the cost of food.

If that is what interest rates did last year, it is exactly what they are doing this year. Will the Prime Minister take some action now to help Canadians meet these increased costs, or was his finance critic last year just talking through his hat, giving us a lot of nonsense which he is not prepared to act on now that he is in government?

● (1120)

[Translation]

Mr. Bussièrès: Madam Speaker, the hon. member is once again raising the question of interest rates. Canada is often criticized for not following closely the interest rates in effect in the United States. I should like to point out to the hon. member the present gap between Canadian and American interest rates.

This gap has widened in the last few weeks, which may have very important side effects. This technique of adjusting each week the interest rates to the pressures exerted both on our currency and on the economy as a whole allows us to monitor more closely an interest rate better geared to the problems of

the Canadian economy. I firmly believe that the efforts made to fight inflation and bring about an economic recovery will enable us in the medium term to set more acceptable interest rates and will promote a healthy economy for the greater benefit of all Canadians.

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[English]

SMALL BUSINESS**REQUEST FOR EXTENSION OF DEVELOPMENT BOND PROGRAM**

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the Minister of State for Finance. In view of the new rise in prime rates, most small businessmen will be hard pressed to continue operation; in fact, many of them will not survive. I think a look at the bankruptcy rate will confirm that. Will the minister consider extending the small business development bond cut-off date from March 31 to at least December 31, 1981, to help the small business community bridge this gap and thus ease the difficulty they will be in with rising interest rates?

Mr. Nielsen: He will squirm out of that one too.

Mr. Crosbie: He is the government's squirmer.

[Translation]

Hon. Pierre Bussièrès (Minister of State, Finance): Madam Speaker, I do not recall the hon. member speaking so dramatically when his colleague for St. John's West raised the interest rates from 12.25 to 14 per cent on October 25, 1979. I would like to remind the hon. member that the fight against inflation and the fight to restore a sound economy is one which, as this government has always stated, must be fought by all sectors of the economy, namely, of course, farmers and small businesses, as well as all individuals and businessmen. Moreover, I would like to point out that as concerns the particular measure mentioned by the hon. member, the minister responsible for small businesses has been having regular discussions with the Deputy Prime Minister and Minister of Finance, who had already agreed to extend small business development bonds. I do not believe that decisions should be made in terms of one particular event, but rather that we should follow the normal course of the economic situation. In view of the signs of recovery that we now have, I am sure there will be no need to grant an extension for the bonds.

[English]

Mr. Kempling: Madam Speaker, my supplementary question is directed to the Minister of State for Finance—or should I say the minister in charge of government squirming. I should like to quote from page 1017 of *Hansard* for November 6, 1979 wherein the hon. member for Winnipeg-Fort Garry, the present Minister of Employment and Immigration, said:

—if there is a requirement to raise interest rates, there is an equal requirement to help those people who are hurt by those interest rate increases.

Mr. Nielsen: The chickens are coming home.