

**LEGISLATIVE ASSEMBLY OF ALBERTA**Title: **Thursday, October 25, 1979 2:30 p.m.**

[The House met at 2:30 p.m.]

**PRAYERS**

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF VISITORS**

MRS. LeMESSURIER: Mr. Speaker, I am very pleased to introduce Mr. Salmon, Dean of Fine Arts, University of Calgary. Dean Salmon is in the members gallery. I would ask that he rise and receive the welcome of the House.

head: **TABLING RETURNS AND REPORTS**

MR. SPEAKER: I have for tabling the report of the Chief Electoral Officer under Section [38] of The Election Finances and Contributions Disclosure Act.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. R. CLARK: Mr. Speaker, it's my very real privilege today to introduce to you, and through you to members of the Assembly, a pioneer citizen of the town of Olds, Mrs. Sophie Johnson. She's accompanied by friend Mrs. Dorothy Chalmers. Both ladies are in the public gallery. I ask that they rise and receive the recognition of the Assembly.

[Two members rose]

MR. SPEAKER: The hon. Member for Three Hills followed by the hon. minister.

MRS. OSTERMAN: Mr. Speaker, there is some advantage to being a woman.

Mr. Speaker, I would like to introduce to you, and through you to members of the Assembly, a class of grade 9 students from Beiseker school. I believe 18 are here today. They are accompanied by their teacher Mr. Ray Courtman, bus driver Bob Riendeau, student teacher Nancy Pelkey, and Mr. and Mrs. Ed McNair. If they would rise and receive the welcome of the House.

[Dr. McCrimmon rose]

MR. SPEAKER: I hesitate to interrupt the hon. minister, but perhaps I should say that there is probably no advantage to being a woman or a man in this Assembly. But there should occasionally be some advantage to being an upper bencher.

DR. McCRIMMON: Thank you, Mr. Speaker. It's my privilege today to introduce to you, and through you to members of this Assembly, a group of students from across northern Alberta representing the Federation of Metis Settlements. They are under group leader Lynn

Davis and are seated in the public gallery. I would ask that they now rise and receive the welcome of the Assembly.

MR. KNAAK: Mr. Speaker, it's my pleasure to introduce to you and the House a group of 48 students from Steinhauer school, accompanied by their teachers Miss Angus and Mrs. Langstone. I might also point out that among the group of students is David Johnston, the son of our minister Dick Johnston. I'd like them to stand and receive the welcome of the House.

DR. CARTER: Mr. Speaker, it gives me great pleasure to introduce to you, and through you to members of the Assembly, 25 persons from the Alberta Vocational Centre in the downtown portion of Calgary Millikan. They reside in various parts of Calgary. They are accompanied by their group leader Ronald Smith and are seated in the public gallery. I ask them to rise and receive the welcome of the House.

head: **MINISTERIAL STATEMENTS****Treasury**

MR. HYNDMAN: Mr. Speaker, this morning the Bank of Canada announced a further increase in its prime lending rate by 1 per cent to 14 per cent. This 14 per cent rate is an historic high. Eleven such increases have occurred in relatively rapid succession over the past year and a half. This uniquely high prime lending rate, which we hope will be of short duration, will have an impact on thousands of Albertans in the weeks ahead.

The availability of money and the rates of interest charged for it have been key concerns of a growing western Canada ever since pioneer days. Alberta today, as the fastest growing province in Canada, crucially needs a continuous flow of capital and investment. The small businessman in Alberta is a key element of our growing manufacturing and services sector strength.

Accordingly, Mr. Speaker, I wish to advise the Assembly that I met this morning with the Deputy Provincial Treasurer and the superintendent of the treasury branches to explore generally the ramifications of this latest Bank of Canada prime rate increase. I suggested, and they agreed, that the treasury branch might usefully consider special arrangements with respect to existing lending policies as they affect small business in Alberta. Such arrangements would be in effect on only a short-term, temporary basis. The treasury branches have, since their inception, emphasized assistance and service to rural areas and to Alberta small businesses.

Over the days and weeks ahead we will, as a government, monitor and assess the impact of the new bank rate. During the interim assessment period, we will be directing that all loans of the Alberta Opportunity Company and the Agricultural Development Corporation be frozen in respect of any upward movement in interest rates. With respect to direct lending programs of the Alberta Home Mortgage Corporation, we have asked for an immediate review of the implications of the new Bank of Canada rate on those loans.

MR. R. CLARK: Mr. Speaker, in responding to the ministerial announcement made by the Provincial Treasurer, I have three observations. First of all, we're indeed pleased that the government has seen appropriate to freeze the loans of the Agricultural Development Corporation and the Alberta Opportunity Company. I'm sure members will recall that last week in the Assembly we asked the Minister of Agriculture to do that. We're very pleased the government has moved in that direction. One has to be very much concerned, though, about the guaranteed loans from both organizations. We'll be exploring that particular area in question period.

Secondly, Mr. Speaker, I would say that one looks at the quarterly financial statement of the treasury branches and notices that the profit for the last quarter is \$5.06 million. Projected over the year, that would mean a \$20 million profit for Alberta's treasury branches. I would have hoped that some more definitive action would have been taken by the government in that particular area.

Thirdly, Mr. Speaker, I would urge the government to take the same action with the Alberta Home Mortgage Corporation that they have with regard to freezing loans in AOC and ADC, so that Albertans acquiring homes under the Alberta Home Mortgage Corporation would get the benefit of interest rates at least being frozen where they are now. I would further hope that in all three areas the government would give some serious thought to some rollbacks as far as those loans are concerned.

#### head: ORAL QUESTION PERIOD

##### Interest Rates

MR. R. CLARK: Mr. Speaker, I'd like to direct the first question to the Provincial Treasurer. What formal representation has Alberta made to the government of Canada with regard to the question of interest rates? I'd ask the question since last week the question was posed.

MR. HYNDMAN: Mr. Speaker, yesterday there was a meeting in Winnipeg of the Minister of Finance, Mr. Crosbie, and the four provincial treasurers of the western provinces. On that occasion I took the opportunity to point out the continuing concern about the interest rate situation that has been expressed by this government and indeed by the four western premiers over the previous weeks and, as well, by the premiers of the 10 provinces in the La Malbaie meeting in August. For example, with respect not only to interest rates but the Canadian balance of payments, I pointed out that a national policy which involved the export of natural gas, bearing in mind that the future use and supply for Alberta and Canada had to be protected, would be one dramatic and useful alternative policy to examine with respect to looking at options of the steadily increasing interest rate.

MR. R. CLARK: Mr. Speaker, to the hon. minister. I appreciate that discussions were held yesterday. But, other than those discussions, what concrete thing has this government done since the last increase in interest rates to advise the government of Canada of the views of the people of Alberta?

MR. HYNDMAN: Mr. Speaker, I think the hon. opposition leader should understand that we have what are called Members of Parliament in the province of Alberta, who make submissions with respect to matters within the jurisdiction of the Parliament of Canada.

SOME HON. MEMBERS: Oh, oh.

MR. HYNDMAN: I indicated that a monitoring program would be initiated, and that has been initiated. So I'm not sure what the hon. opposition leader is suggesting. I'd very much like to hear what kind of monetary approaches the Social Credit leader has to suggest at this time, in 1979.

DR. BUCK: Sure, when the going gets tough you slough it off, Hyndman.

MR. R. CLARK: Slough it off. [interjections]

MR. R. SPEAKER: Mr. Speaker, the hon. minister says, sit down, because I'm standing up. If this government would stand up once in a while and do something, then we'd get somewhere.

SOME HON. MEMBERS: Order.

MR. R. SPEAKER: They're always sitting on their fannies. So I think it's about time . . .

My question to the hon. Provincial Treasurer is very direct: is the hon. minister prepared to go to Ottawa to make well known the case of Alberta about interest rates and the present needs of Albertans? Is he going to make a trek to Ottawa or just sit in the chair here in Alberta?

MR. HYNDMAN: Mr. Speaker, I think the proper forum, quite clearly, was to make direct representations face to face with the Minister of Finance of Canada. That was done, and we're not going on bended knees to some parliamentary committee in Ottawa.

SOME HON. MEMBERS: Agreed.

DR. BUCK: Mr. Speaker, a supplementary question to the hon. Provincial Treasurer. He's indicating going on bended knees. Would he go with a stiff backbone and indicate the problems that Alberta businesses are having because of the increased interest rate? Would the minister take that stance?

MR. SPEAKER: I wonder if the hon. minister wishes to get into this area of orthopedics.

DR. BUCK: Mr. Speaker, is the minister saying that the discussions they had in Winnipeg are all the government is going to do?

MR. HYNDMAN: Mr. Speaker, I think I made myself clear as to the way in which representations could be made and have been made simply within hours. Certainly, the degree of backbone will be far greater than any expressed over recent years by members of the opposition.

MR. R. SPEAKER: I remember when you used to tell us to go to Ottawa. You should take your own advice, Lou.

MR. R. CLARK: Mr. Speaker, it's amazing . . .

MR. SPEAKER: Excuse me. While the hon. leader appears to be starting to debate, there's an hon. member who wishes to ask a supplementary.

MR. KNAAK: Thank you, Mr. Speaker. I'm certainly pleased to hear the ministerial announcement today, in light of my question Monday.

My question is to the minister. Would the definition of small business include farmers? And can the minister advise when he feels the details would be sufficiently clear to advise the House further?

MR. HYNDMAN: Mr. Speaker, I think the assessment of how such modifications might be made would have to include a look at the definition of small business, which I concede is certainly a broad definition. That will have to await the assessment which is going on at the moment.

In respect of the second question, hopefully we could have some further and more detailed information next week.

MR. R. CLARK: Mr. Speaker . . .

MR. SPEAKER: I hesitate to interrupt the hon. leader, but I have just learned that he has not yet received a copy of the statement made by the hon. Provincial Treasurer. Of course, when the *Standing Orders* were changed, it was done with a view that ministerial statements might be the subject of questions in the question period. I'm not suggesting the hon. Provincial Treasurer is remiss; perhaps there has been some slip-up in the staff.

MR. HYNDMAN: I have a copy here, Mr. Speaker.

MR. R. CLARK: Mr. Speaker, while the copy is being delivered I would pose a further supplementary question to the Provincial Treasurer. In light of the new stance of this government that they're not prepared to go to Ottawa, has the Provincial Treasurer taken the initiative of meeting with the federal MPs and expressing the view of this government, so the great wave of Conservatives, be they provincial or federal, will in fact know the thinking of Albertans on this question of interest rates?

MR. HYNDMAN: Mr. Speaker, the last time I looked, the people the Members of Parliament of this province were representing were the same ones the Members of this Legislative Assembly were representing.

MR. R. SPEAKER: Why don't you talk to them, then?

MR. R. CLARK: Mr. Speaker, has the minister taken the initiative to express the concern of this government to the federal MPs, or aren't they speaking today?

MR. R. SPEAKER: Have you or haven't you, Lou?

MR. R. CLARK: Have you or haven't you?

MR. R. SPEAKER: What are you doing?

MR. HYNDMAN: To answer the question, Mr. Speaker, I think it would be completely inopportune to try to

. . . If the hon. opposition leader is suggesting an individual meeting of me and all provincial Members of Parliament, that is not the way to make an impact, as he well knows. A face to face meeting with the Minister of Finance of Canada is where the representations were made.

MR. R. CLARK: Mr. Speaker, how many other times has this government met with Alberta MPs to express a point of view to Ottawa? They do it on energy matters; we've heard the Premier talk about it.

MR. SPEAKER: Order please. At best the hon. leader is asking for statistics.

MR. R. CLARK: And obviously the government has none.

#### Loans from Government Agencies

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Agriculture with regard to the Provincial Treasurer's announcement today. Could the Minister of Agriculture indicate whether there will be an expansion with regard to direct loans being made available to the farmers of Alberta, as well as a freeze on the interest rates at the present time? Will there be an expansion of direct loans being made available?

MR. SCHMIDT: Mr. Speaker, the aspect of direct loans available to those in the agricultural industry through the Agricultural Development Corporation will not change. Of course, by the announcement, the 9 per cent that has been established as the interest rate will remain frozen until a complete review is done. All those who qualify for a direct loan have always been and will continue to be eligible for that 9 per cent.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the Minister of Agriculture. Will the minister be reconsidering some of the guaranteed loans that have been made to the farmers of Alberta, and changing them into direct loans? This would take a change in policy.

MR. SCHMIDT: Mr. Speaker, both the statement today and some of the answers to questions in the last two weeks with regard to the activities of the Agricultural Development Corporation were that the interest rates are under review. That entails both the direct and the guaranteed programs that are available.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. In view of his statement, is he in a position to assure the Assembly that the interest rates to those who have guaranteed loans will not go up, in view of the increase in the bank lending rate yesterday?

MR. SCHMIDT: Mr. Speaker, the frozen interest rate we are discussing is the direct lending program, which is 9 per cent and will remain at 9 per cent until such time as a total review is done and a report is brought back.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the Minister of Agriculture. In light of the emergency which exists, when will that review take place?

MR. SCHMIDT: Mr. Speaker, we recognize the problems the interest rates create, not only in the agricultural industry. Of course, the guarantees are a factor in the future and progress of agriculture in this province. I can only say to you that that review has been started. Indeed, we'll press on with utmost haste because of the rising rates and the implications they have for the agricultural industry.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Provincial Treasurer. Is he in a position this afternoon to outline to the Assembly what priority the government is placing on substantially increasing the funds made available both to the Agricultural Development Corporation and the Alberta Opportunity Company, so we can move, in the case of the ADC, from dealing with the banks with backed loans to direct loans and, in the case of the Alberta Opportunity Company, to get into more aggressive competition with other lending institutions?

MR. HYNDMAN: Well, Mr. Speaker, I don't think that relates directly to the statement. If it does, that would be one of the aspects of the overview and assessment.

**Interest Rates**  
(continued)

MR. ZAOZIRNY: A supplementary question to the Provincial Treasurer. Can he give the House some indication as to the alternatives presently under consideration to ease the interest rate situation?

MR. HYNDMAN: Mr. Speaker, that's what will be explored by the assessment of the various alternatives and options available.

**Beny Collection**

MR. R. CLARK: Mr. Speaker, I'd like to direct the second question to the Minister responsible for Culture, with regard to the collection that Albertans have recently acquired — or are in the process of acquiring if Mr. Beny has had the time to sign the agreement today. When one takes into consideration the total cost of the collection plus the facilities needed to store it, what is the total price now?

MRS. LeMESSURIER: Mr. Speaker, we stated yesterday that the cost for the total commitment would be \$545,000. At a later time it was indicated that the cost of reproducing some of the transparencies or slides would be vast. We find some of the figures that were used to be rather high. In our own government services we have equipment to reproduce these transparencies for approximately \$10.

I'd also like to point out, Mr. Speaker, that the most important black and white slides, transparencies, or negatives will be duplicated immediately and placed in cold storage, apart from the main collection. These are included in the total price of \$545,000.

MR. R. CLARK: Mr. Speaker, is the minister in a position to indicate what the reprinting and duplication will cost? What portion of the \$575,000 is this reprinting and duplicating, to use the minister's own words?

MRS. LeMESSURIER: Mr. Speaker, we felt that the most important ones, until they are finished being catalogued ... I imagine the curators and the people over there studying the collection will choose a size. But I will take that question as notice, Mr. Speaker, and get the exact number for the hon. member.

MR. R. CLARK: Mr. Speaker, I'd like to direct a further supplementary question to the minister. It relates to the Mrs. Clark — no relation, I might add — whom the government commissioned to do the appraisal of the collection. Would the minister indicate to the Assembly whether that appraisal was asked to be done on a historical basis or an artistic basis?

MRS. LeMESSURIER: Mr. Speaker, Mrs. Clark was chosen by Mr. Beny to do it on an artistic basis.

MR. R. CLARK: Mr. Speaker, to the hon. minister. Mme. Minister, is it possible for you to give an assurance ...

MR. SPEAKER: Would the hon. leader please use the customary parliamentary form.

MR. R. CLARK: Mr. Speaker, is it possible for the minister to give an assurance to the Assembly today that the appraisal, which was paid for by the people of Alberta and done by a consultant selected by Mr. Beny, could be made available to the Members of the Legislative Assembly immediately?

MRS. LeMESSURIER: Mr. Speaker, I believe I spoke to that question yesterday.

MR. R. CLARK: Mr. Speaker, I would put a further supplementary question to the minister. In light of the new information that Mrs. Clark was selected by Mr. Beny to do the assessment of his collection, which appraisal the Alberta government then accepted, is the minister prepared to give a commitment to the Assembly that she will table that appraisal here in the Assembly at the earliest possible date — within the next day or two?

DR. BUCK: No, Crawford says just ... [inaudible]

MRS. LeMESSURIER: Mr. Speaker, two people appraised that collection. One was Mr. Ridge from the Provincial Archives; the other was Mrs. Clark from Florence, Italy. The province chose Mr. Ridge to examine the collection also.

MR. NOTLEY: Mr. Speaker, a supplementary question. Will the minister simply assure the Assembly that she will table the appraisal in the Legislature so we're all in a position to assess it?

Why not?

MR. CRAWFORD: Mr. Speaker, [inaudible] that question was directed to me ...

MR. NOTLEY: It was not! Sit down. [interjections]

MR. CRAWFORD: Mr. Speaker, on a point of order. There has been enough, I suggest ... [interjections]

DR. BUCK: Bull. Stonewall, Crawford. That's what you're doing.

MR. CRAWFORD: Mr. Speaker, I think I should like to listen to the hon. gentlemen opposite long enough to count whether all five of them are talking at the same time or only three or four.

But in any event, the hon. members of the opposition have asked over and over again in regard to a matter which follows accustomed procedures in the House; that is, whether or not the government will in a particular case provide a particular document. All hon. members in the opposition know so very, very well that their proper course is to put that on the Order Paper. If I must make such an elementary point, Mr. Speaker, by way of a point of order, I must do so. I think I was invited to do so.

SOME HON. MEMBERS: Agreed.

MR. R. CLARK: Mr. Speaker, speaking to the point of order raised by the Government House Leader, might I point out to you, sir, and the members of the Assembly that at the rate this session is moving and at the rate the present motion for a return on the Order Paper has been referred for the past two weeks, this session will be clearly out of the way before we get to that motion for a return. It would be a very nice way for the government not to table the information.

We're asking the government to table a report done by a consultant who was selected by the man the collection was being purchased from. I can't understand why the government wouldn't table that report immediately to remove any suspicion of its validity.

MR. NOTLEY: Mr. Speaker, speaking on the point of order. First of all, the point of order somehow implies that a question that asks for the tabling of a document is out of order. I would remind the hon. Government House Leader, who has now been in this House eight years and some weeks, that over the last eight years we've had innumerable questions from both sides of the House, including government members. I find it rather strange that the first time any Government House Leader rose to make a point of order on a simple question to request tabling was today, when the government is obviously embarrassed but in my view has an obligation to table the information. To suggest that it's out of order to ask the question — the government may very well decide and take the flak from the public for not tabling it, but the question to request tabling is clearly in order.

MR. SPEAKER: I must say that I'm unaware of any parliamentary precedent or authority which inquires as to whether the government or a minister is willing to table a report. The request on the Order Paper, by way of a motion for a return, I think has a somewhat more compelling effect. I'm quite prepared to consider this just an interim solution, if you want to call it that, and to take the matter under further consideration. But as I say, at the present moment I am unaware of any authority which would say that a question asking about the government's willingness to table correspondence or documents — something of that kind — is not in order.

As for which minister a question is being directed to,

it would seem appropriate to get that information from the person asking the question.

MR. R. CLARK: Mr. Speaker, I would like to pose one further supplementary question to the Minister responsible for Culture. Was the contract entered into, or in the process of being entered into between the government of Alberta and Mr. Beny, on the basis of the historical or the artistic value of the collection?

MRS. LeMESSURIER: Mr. Speaker, I believe that question has been asked for the last two days.

DR. BUCK: Is the answer the same?

MR. R. CLARK: Mr. Speaker, a further supplementary question to the hon. minister. We've had a variety of answers, and change from one day to the next. Is the contract which has been offered to Mr. Beny based on the historical or the artistic value of the collection?

Well, don't you know today?

DR. BUCK: She's been told not to answer.

MR. R. SPEAKER: Told to sit down.

MRS. LeMESSURIER: I believe I've answered that for the last two days.

MR. NOTLEY: A supplementary question to the hon. Minister responsible for Culture, Mr. Speaker. Is the minister in a position this afternoon to assure the House that of all the negatives, transparencies, and prints we are obtaining, 50 per cent will still be Alberta and Canadian pictures?

MRS. LeMESSURIER: Mr. Speaker, I wish to correct that. I inferred it was 50 per cent. Until all the slides have actually been catalogued; I would say that would be a fair time to say if it was 50 per cent. I would like to be excused if it's not 50 per cent.

MRS. FYFE: A supplementary question, Mr. Speaker. I wonder if I could ask the Minister of Education if he feels that any of the pictures in the Beny collection could be utilized in development of Alberta curriculum or textbooks for Alberta curriculum.

MR. R. CLARK: History of the Shah of Iran.

MR. SPEAKER: With great respect, this would be a matter of opinion and it might take a great deal of time to answer. That's not any reflection on the hon. Minister of Education, but rather on the extent of the collection.

MRS. FYFE: Thank you, Mr. Speaker. I wonder if there's any information that these pictures could be utilized in curriculum development.

MR. SPEAKER: Even with that, I think we're getting along the same line of questioning.

With regard to questions to the hon. minister being repeated, I must say that it's a little difficult for the Chair to keep in the memory bank a list of all the questions and to judge their similarity or identity with questions asked before. But it does seem that we are getting into the area of repeating questions. In addi-

tion, we're getting into some points of detail which really should be put by means of a question on notice.

MR. KING: Mr. Speaker, with respect to the question asked, to which I believe an answer can be made other than with respect to opinion, I would like to state that it is my understanding, subject to correction from my colleague, that when the material becomes the property of the province of Alberta it can be put to uses such as curriculum development, the production of material. We will be able to reproduce the material available in the collection, and of course we would be interested in doing that. At times in the past, and I would think of the state of Government House, the heritage of this province has not been so well preserved . . . [interjections]

MR. SPEAKER: Order please. With respect, I'm sure the hon. minister is aware that matters of very much past history are not suitable topics for the question period.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister responsible for Culture. It's with regard to the collection presently at the University of Calgary. I wonder if the minister could indicate whether the collection now being purchased has any of the same photos as those already in Calgary.

MRS. LeMESSURIER: Mr. Speaker, that is a completely different collection.

#### **Loans from Government Agencies** (continued)

MR. L. CLARK: Thank you, Mr. Speaker. My question is to the Minister of Agriculture. I wonder if his department has given any thought to changing the concept of the ADC loans from last-resort financing to a kind of one-time subsidized-interest loan for starting farmers. I would use as a model for that maybe the Veterans' Land Act, which had that type of funding and worked very well.

MR. SCHMIDT: Mr. Speaker, the review that has been started, and indeed will continue, has looked at the aspect of a lender of last resort. Before the review is finalized, some decisions in that direction are going to have to be made.

#### **Rural Gas Lines**

MR. STEWART: Thank you, Mr. Speaker. My question is to the Minister of Utilities and Telephones. There is an extensive program of replacing defective pipe in the rural gas co-ops, particularly one in my area, co-op 52. I wonder if the minister has given any consideration to changing the formula of the cost replacement on this pipe?

MR. SHABEN: Mr. Speaker, as all members know, about a year ago the government agreed to assist the rural gas co-ops which had installed a considerable amount of 3306 pipe, by providing up to 90 per cent of the cost of replacing this pipe. In the last several months I've reviewed the situation with a number of rural gas co-ops. Some 22 have 3306 pipe in the ground, 13 of which have significant quantities. The

government has decided to provide 100 per cent of the cost of replacing this pipe.

MR. STEWART: A supplementary, Mr. Speaker. Will the co-ops continue legal action to recover the cost of this pipe from the original manufacturer?

MR. SHABEN: Mr. Speaker, prior to the government's making a decision, department officials had discussions with lawyers representing the co-ops, who have commenced action against the extruders and the manufacturers of the resin. Legal counsel for the co-ops have advised that they're prepared to continue with their action.

MR. PURDY: A supplementary, Mr. Speaker, to the Minister of Utilities and Telephones, regarding natural gas lost because of leaks in this pipe. Will any assistance be available to any of the 22 co-ops that lost a large quantity of natural gas and had to pay the source?

MR. SHABEN: Yes, Mr. Speaker, that program is going on. We are assisting the co-ops by providing funds to them for losses incurred as a result of the leaks.

MR. STEWART: A supplementary, Mr. Speaker. Could the minister give us any indication of how complete the program of replacing this damaged pipe is, so that loss of natural gas will cease to be a problem?

MR. SHABEN: Mr. Speaker, when we undertook the pipe replacement program we expected it to take approximately three years. During this first year of the program, it now appears that approximately one-third or slightly more than 800 miles of the pipe will be replaced. We hope the program will be completed in the next two years.

#### **Vehicle Safety Standards**

MR. KNAAK: Thank you, Mr. Speaker. I have a question for the Minister of Transportation. It concerns a news story about two weeks ago on the regulation of modified cars for prevention of the danger in having raised bumpers and exposed gas tanks.

Is the minister considering taking steps to legislate a prevention of this dangerous kind of vehicle? If so, will the legislation be coming in in the near future, and will it require that existing cars be modified back?

MR. KROEGER: Mr. Speaker, in the course of the next week or so a new Act, The Highway Traffic Act, will be introduced. Part of the contents of that Act has to do with bringing in changes so that bumper heights in Alberta will conform with Canadian safety standards. I can't tell you the exact time of the introduction, but it will occur in the next week to 10 days.

MR. KNAAK: Mr. Speaker, a supplementary to the minister. Will the individuals with the modified cars be given a time period in which to modify the cars back, or do they have to?

MR. SPEAKER: With great respect to the hon. member, apart from the feature of the question which deals with the confirmation or otherwise of a news report —

which of course is not a subject for the question period — in view of the assurance of the hon. minister concerning the introduction of the Bill, it would seem that that will provide ample opportunity for going into this matter more fully, rather than to anticipate it now during question period.

MR. GOGO: A supplementary question, Mr. Speaker, to the hon. minister with regard to the answer he just made. Could the minister assure the House that, with the introduction of the Bill he's proposing, sufficient time would be left before passage so that interested parties may have an opportunity to make representation to their member, so that that could be considered in the debate?

MR. SPEAKER: With great respect to the hon. member, it would appear that that point might with eminent propriety be raised after the introduction of the Bill.

**Beny Collection**  
(continued)

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister responsible for Culture. I wonder if the minister would consider tabling the purchase agreement between Mr. Beny and the government of Alberta.

MRS. LeMESSURIER: Mr. Speaker, I would suggest that the hon. member place the matter on the Order [Paper] as a notice of motion.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister in light of the answer. In placing the motion for a return on the Order Paper, would the material be available within a week's time?

MR. SPEAKER: Order please. Surely that is something that ought to be dealt with when the matter comes up on the Order Paper.

MR. R. SPEAKER: She raised it; I didn't. She could do it right now and get it over with.

DR. BUCK: Mr. Speaker, in light of the fact there probably isn't anything to table, I'd like to ask a question of the Minister of Education. Can the Minister of Education indicate what discussion took place between the minister's curriculum branch and the department of Culture as to the use of the life history of the Shah's Beny collection ...

MR. NOTLEY: The palaces.

DR. BUCK: ... in our schools? Can the minister indicate what consultation took place between the minister's curriculum department and the ministry of Culture?

MR. KING: No discussion has taken place yet, Mr. Speaker. That suggestion was only made a few moments ago by a colleague across the floor. It hadn't earlier been ...

MR. NOTLEY: You were just playing it by ear, Dave.

MR. KING: ... suggested by anyone, including my hon. friend from Clover Bar.

**Lamb Processing Plant**

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Agriculture. Could the minister indicate what progress has been made toward selling the Lambco plant at Innisfail to the private sector?

MR. SCHMIDT: Mr. Speaker, interest is being shown in the Lambco plant, and we're pursuing that interest at the present time.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Could the minister indicate whether the plant is operating at a profit or a loss at the present time?

MR. SCHMIDT: Mr. Speaker, I believe the month of August was on the right side of the ledger. We made a modest return.

DR. BUCK: Mr. Speaker, can the minister further elaborate? Can he indicate what the net profit picture was in the months other than August?

MR. SCHMIDT: Mr. Speaker, I think I indicated that August was a modest return on the right side of the ledger.

DR. BUCK: Mr. Speaker, then just on a point of clarification. Is the minister indicating that the other months showed a negative profit?

AN HON. MEMBER: What's a negative profit?

AN HON. MEMBER: How do you get a negative profit?

MR. MOORE: We always make a profit there.

MR. SCHMIDT: I like that approach, Mr. Speaker. A profit — but negative.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the department or the government given any consideration to expanding or diversifying the operations at the plant at Innisfail?

MR. SCHMIDT: Mr. Speaker, the Lambco plant is a very modern structure and has the capability of diversification in its present state.

DR. BUCK: A supplementary question to the Minister of Agriculture. Can the minister indicate if he has any indication what the losses have been in the operations of the Lambco plant — ballpark figures, Mr. Speaker — just in the period before August?

MR. NOTLEY: For the last year.

DR. BUCK: We won't be worried about — you know, ballpark figures, Mr. Minister.

MR. SCHMIDT: Mr. Speaker, offhand I don't have the negative profit factor. Perhaps it would require some study of the documentation.

**Lamb Industry**

MR. APPLEBY: A supplementary question, Mr. Speaker. I wonder if I could into the ball game here, and ask the minister if he could give us some figures as to lamb production in Alberta or western Canada. Is it increasing? What is the situation?

MR. SPEAKER: Is this also in relation to the ballpark?

MR. SCHMIDT: Mr. Speaker, this is quite a game.

In reply to my colleague's question, we're very pleased to see an increase in both interest and numbers in the sheep industry in the province of Alberta. Indeed, there is a definite increase, not only in lambs being brought to market but in those showing up across the province in various areas of breeding stock. So I would say that the sheep industry in the province of Alberta is on an upward trend.

**Lamb Processing Plant**  
(continued)

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Agriculture. Has any consideration been given to the profits from the dinners being held for Dr. Horner by the Progressive Conservative Association of Alberta going towards defraying the losses of the Lambco plant?

MR. SPEAKER: The hon. member is getting into rather a woolly area.

MR. MANDEVILLE: One supplementary question to the hon. Minister of Agriculture. Could the minister indicate if the lambs being killed at the plant are all from Alberta, or are there imports from other provinces or the United States?

MR. SCHMIDT: Mr. Speaker, of course we've been handling the lamb slaughter for the province of Alberta. Indeed, because of the diversity of the plant itself and its availability to handle greater numbers that are going through the plant at the present time, we have had available to that plant lambs other than Alberta lambs.

**Game Farm**

DR. BUCK: Mr. Speaker, I'd like to address my question to the hon. Minister of Tourism and Small Business. Can the minister indicate if any discussions have taken place with the minister's department or other agencies of government as to the moving of the Alberta Game Farm from the Ardrossan area to other parts of the province? Have any discussions been going on relatively recently on the moving of the farm, possibly to the southern part of Alberta and the Bon Accord area?

MR. ADAIR: Mr. Speaker, no formal discussions.

DR. BUCK: Mr. Speaker, is the minister in a position to indicate if any application has been made to any of the government agencies the minister is responsible for, for the granting of assistance in moving part of that farm to the Bon Accord area?

MR. ADAIR: Mr. Speaker, at this point in time I'm not aware of any formal applications for assistance, monetary or otherwise.

DR. BUCK: Mr. Speaker, to the minister responsible for highways. Can the minister indicate if his department has received any application for help for an upgraded road into the proposed game farm in the Bon Accord area?

MR. KROEGER: Yes, we have, Mr. Speaker.

DR. BUCK: Mr. Speaker, can the minister indicate if the minister or the government has given any positive consideration to this?

MR. KROEGER: Mr. Speaker, since the road as it exists falls into the jurisdiction of the municipal area concerned, we are not in a position to comment on that. If we redesignate the road as secondary, perhaps we could. Or if the need is clear that we should assist, then certainly we'll be prepared to consider it.

**Loans from Government Agencies**  
(continued)

MR. MUSGREAVE: Mr. Speaker, I'd like to address my question to the Minister of Tourism and Small Business. I wonder if the minister could advise the Assembly if a lower rate of interest is charged on loans by the Alberta Opportunity Company to small businesses operating outside the large urban areas.

MR. ADAIR: Yes, Mr. Speaker, the policy of the Alberta Opportunity Company is to operate from a base rate, at the present time, of 12 per cent, with a fluctuation of up to 2 per cent below or 3 per cent above. A small business is eligible for a reduction of 1 per cent if it is a small business as defined by the Alberta Opportunity Company; and if it is in a small community as defined by the Alberta Opportunity Company it would be eligible for another 1 per cent.

I might go on, Mr. Speaker, to point out that, as defined by the Alberta Opportunity Company, a small community is a community of fewer than 10,000 people, and a small business is a firm with 25 or fewer employees.

MR. MUSGREAVE: A supplementary, Mr. Speaker. Could the minister advise how the number of loans given to date in 1979 compares to a comparable period in 1978?

MR. ADAIR: Mr. Speaker, actual loans are up quite substantially, from 196 a year ago to 257 at this point in time, for this half of the fiscal year. I should also point out that the majority of the loans are in fact to the category I just mentioned: the small-business sector in small communities. Roughly 66 per cent of the loans go to communities of fewer than 10,000 and businesses that have 25 or fewer employees.

MR. MUSGREAVE: A final supplementary, Mr. Speaker. I wonder if the minister could advise the House if businessmen in small communities are now framing their loan applications to the regular chartered banks in such a way that they are hoping to be



refused, so they can apply to the Alberta Opportunity Company to secure a loan at a lower rate of interest.

MR. ADAIR: Mr. Speaker, I have some difficulty responding to the first part of that question, in that I'm not sure exactly how the particular businessman may frame his application. But I should point out that the Alberta Opportunity Company is a lender of last resort, and the application by an individual businessman in the province of Alberta must have been refused by the conventional lending institutions before it will be considered by the board of the Alberta Opportunity Company.

### ORDERS OF THE DAY

MR. NOTLEY: Mr. Speaker, I'd like to rise under Standing Order 29(1). Having given notice to the Speaker as per *Standing Orders*, I request leave to move the adjournment of the Assembly to discuss a matter of urgent public importance, namely the question of interest rates.

Mr. Speaker, in briefly explaining why I feel we should exercise our rights under this particular section to set aside the normal business of the House to discuss the issue, I would argue that this is a major increase. One could suggest that there have already been 11 increases in the last 18 months; why should we worry about another one? There is a point in time where the cumulative effect of increases becomes very severe. In addressing this subject I recall the debate that took place in the spring of 1975 over the question of vacancy rates. At that time, as I recall, one of the issues that led to the Assembly's setting aside the business to discuss a matter of urgent public importance was this very question of the cumulative effect.

Mr. Speaker, I would suggest to members of the Legislature that the cumulative effect of the increases that have occurred, plus the decision of the Bank of Canada yesterday to increase the bank interest rate to 14 per cent — which to my knowledge is clearly the highest interest rate in the industrial world — the impact of that kind of increase can only be catastrophic to Albertans, whatever their walk of life. It is the kind of issue that is well suited for this emergency section of our rules. I believe it is fair to say that not only are the people of Alberta looking to the federal government, but they want to know as well what can be done provincially.

The Provincial Treasurer read a ministerial statement today. I think there are a number of points in that statement, as well as a number of options, that quite frankly need to be explored by the Assembly as a whole. It is therefore my submission, Mr. Speaker, that this particular motion that I present to you meets the test of Standing Order 29(1). I would ask the concurrence of hon. members.

MR. CRAWFORD: Mr. Speaker, perhaps it would be in order at this point if I responded briefly to the hon. member's motion.

I think it is clear that the motion is not one that comes within the standing order under which the hon. member would like to bring it. Standing Order 29, of course, is before all hon. members, and declares the procedural way in which the matter should carry on if

it is to be debated pursuant to that standing order. But Standing Order 29(7) states a number of conditions, and even though those appear under the procedural part of the standing order, of course they must be looked at in order to consider whether or not the motion can be found urgent as to the matter of debate.

I think a far more telling observation, though, Mr. Speaker, is that in *Beauchesne*, so often quoted in regard to the similar rule in the House of Commons — I am referring to the Fifth Edition — the point is made that it must relate to a matter within the legislative competence of Parliament, in that case. I suggest it's obvious that for any legislative assembly or parliamentary body undertaking consideration of the matter, that rule must apply. What urgency could there be to consider a matter in respect of which the legislative body had no legislative competence?

It is as clear as it could be to everyone here, I am sure, that the question of fiscal policies, including interest rates, is specifically the responsibility of the government of Canada. To make out the argument that a matter within the jurisdiction of some other body was urgent to debate here would take some extraordinary reasoning, which I suggest Your Honour has not heard.

More important again is the opportunity for debate. Mr. Speaker, I take it as being also well established in the precedents that if, within a reasonable time, there is another opportunity for debate of the matter sought to be debated under this standing order, the matter shouldn't be declared under this order.

The point I would like to make at this time is, as the hon. mover of the motion knows, that the government, anticipating no objection from the official opposition, did offer to the hon. member today the opportunity of bringing a motion on this subject matter without notice, to which we would unanimously agree in order to bring before the House any debate the House thought there should be in respect of interest rates. We indicated that since the hon. member's motion is designated today under Orders of the Day, we would agree to substitution of such a motion.

Mr. Speaker, had that been acceptable to the other parties, the result would have been that we would now be debating the hon. member's motion in respect of interest rates rather than drawing fine lines as to whether or not it's a matter that should be under Standing Order 29. I make that point in order to make clear the opportunity that would otherwise have been available to the hon. member to debate it. I have no doubt that he would be on his feet speaking in respect of that now, had he agreed.

That doesn't take away from the fact, Mr. Speaker, that to take a different approach and say that for some reason it should be brought under Standing Order 29 is something that in those circumstances we just can't lightly agree to. We can't say that an abuse of Standing Order 29 would be in order in such circumstances.

MR. R. CLARK: Mr. Speaker, we in the official opposition would support the proposition put forward by the Member for Spirit River-Fairview with regard to the emergency debate on interest rates.

I'd like to make three comments, Mr. Speaker, in taking part in this question. First of all, in our judgment the matter placed before the Assembly by the Member for Spirit River-Fairview fits within the terms of Standing Order 29. On the question of legislative

competence, which the Government House Leader raised, I would point out to you, sir, and to the Government House Leader, that in fact there is a wide variety of areas where this government can take action that would shield Albertans from the interest rates being imposed on Albertans by the government of Canada in terms of the Bank of Canada. I use the example of the treasury branches, but there is certainly a large number of loan programs where there's an opportunity for this Legislature to give direction to this government that shielding of Albertans take place through the guaranteed loan programs, where people are now paying 17 per cent and more for loans. There's competence for this Legislature to take definitive action in those areas.

Secondly, Mr. Speaker, with regard to the proposal put forward by the Government House Leader that in fact the government was prepared to accept a motion on this matter this afternoon, but not to debate it under Standing Order No. 29, I'm not making the argument for the Member for Spirit River-Fairview, but simply making the observation that that indication from the government reached our office after 2 o'clock this afternoon. The possibility of that being done one-half hour before the House commenced would be extremely difficult.

SOME HON. MEMBERS: Oh, oh.

MR. R. CLARK: The third point I would make, Mr. Speaker, would be simply this: it seems to me that the Government House Leader is making the point that this question does not fall under Standing Order 29. I believe that the question of interest rates is a matter of very real and genuine interest to Albertans today. I believe this opportunity would be a very worth-while forum for us to debate the question of interest rates.

One thing we must all keep in mind in this Assembly, Mr. Speaker: it is important to live within the spirit of the rules, but it's also important for this Assembly to be relevant to the issues of the day.

MR. KING: Mr. Speaker, would the hon. member permit a question?

MR. R. CLARK: Certainly.

MR. KING: Is the hon. member stating to the House that he is able to debate the question if it is posed as an emergency, but he is not able to debate it if it is posed as a resolution?

SOME HON. MEMBERS: That's what he said.

MR. NOTLEY: Mr. Speaker, I wonder if I could just take a moment to clarify a point that was raised by the Government House Leader. The Government House Leader indicated that the government would be prepared to see the issue debated. That's fair enough. Unfortunately, while this information was relayed to my assistant, it wasn't relayed to me until 2:35, just as I came into the House. That wasn't his fault; I was just unavailable at that time. [interjection]

DR. BUCK: We don't have as many puppets as you do.

MR. NOTLEY: So I would just say to the members of the House that if you're making the offer that it be

debated this afternoon, then don't make it contingent on this question. If you wish me to withdraw the request for an emergency debate so we can get on with the debate on the issue, and that's still satisfactory to the government caucus, that's certainly satisfactory to me. I think we want to get on to debate the issue, and not split hairs.

MR. CRAWFORD: Mr. Speaker, I believe that was the argument I made a moment ago.

MR. SPEAKER: It would seem that if there is going to be a setting aside of the *Standing Orders* and an arrangement of the kind which has been proposed by the hon. Government House Leader, then there isn't any question for me to decide under Standing Order 29, not that I want to shirk that obligation if it's necessary. But since the proposal is a departure from *Standing Orders*, to adopt it would of course require the unanimous consent of the Assembly. If hon. members have no objection, I would now seek to find out whether there is that unanimous consent.

HON. MEMBERS: Agreed.

MR. SPEAKER: As I understand it, it has been proposed by the hon. Government House Leader, notwithstanding the requirements for designating a motion, that the Assembly agree that the motion which the hon. Member for Spirit River-Fairview wished to debate under Standing Order 29 be debated instead as a designated motion this afternoon. Is there unanimous consent?

HON. MEMBERS: Agreed.

MR. SPEAKER: Does anyone object?  
It is so ordered.

MR. NOTLEY: Mr. Speaker, just before leading off debate on this, we'll probably want to go back to Motions for Returns before proceeding.

MR. SPEAKER: I'm sorry. I was distracted from the remarks just made by the hon. Member for Spirit River-Fairview. While I'm on my feet, might I suggest that as expeditiously as at all possible, it would only be fair that all members receive a copy of this resolution, which I believe is already in the hands of the Government House Leader, the Deputy Government House Leader, and the Leader of the Official Opposition.

MR. HORSMAN: Mr. Speaker, on a point of order, I think the hon. Member for Spirit River-Fairview suggested that we should return to Motions for Returns before proceeding to the designated motion. While I'm on my feet, I would advise that the government is prepared to accept that motion. For the hon. Leader of the Opposition, who moved it, I'd like to point out that that now clears the Order Paper of any Motions for Returns, leaving ample room for the motions that he was discussing earlier with the hon. Minister responsible for Culture. [interjections]

MR. R. SPEAKER: We don't need that kind of garbage.

MR. R. CLARK: Mr. Speaker, recognizing the sensitivity of the Deputy Government House Leader, one can hope that he stays there.

#### head: MOTIONS FOR RETURNS

114. Mr. R. Clark moved that an order of the Assembly do issue for a return showing a copy of the contract between the Minister of Transportation and Ferenc Pados of F. Pados Holding Ltd., regarding a study of motorcycle modifications in Alberta.

MR. SPEAKER: Having been moved, the matter is now before the House.

DR. BUCK: We just want to know when you're going to give us the answer.

MR. SPEAKER: Now that the motion has been made, I don't know whether the hon. Deputy Government House Leader wishes to agree to it, or whether I should put the question.

MR. HORSMAN: Mr. Speaker, we would be pleased to agree to the motion in question.

[Motion carried]

MR. NOTLEY: Mr. Speaker, I presume we go on to the next order of business, which would be the designated motion for this afternoon.

#### head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

MR. NOTLEY: I should just say to members of the Assembly that the Clerk's office would, I'm sure, have copies of the motion to be distributed shortly to members of the Assembly. I believe the Government House Leader has a copy of the request for permission under Standing Order 29.

Mr. Speaker, in leading off this particular debate I'd like to argue that the whole question of interest rates is a matter of crucial importance to every Albertan. The bank rate, now, of 14 per cent of course means considerably more than that to the average person. The prime interest rate, I'm told today, is now 15 per cent. But on consumer loans we're looking at 16 per cent to a maximum of 18 per cent.

We had the discussion in the question period about the whole issue of direct loans from the Agricultural Development Corporation. I'm glad to see that the government has announced today that we're not going to increase the direct loans. That's a fair and reasonable step forward. But as the Minister of Agriculture would be the first to admit, the bulk of loans in the agricultural field are not direct loans from the ADC at all, but are government guaranteed loans that are now subject to escalating interest rates as a consequence of the huge number of bank rate increases over the last year and a half.

Mr. Speaker, we in this Legislature can't just divorce ourselves from the question of the proper approach in dealing with the problems that the interest rise will cause literally thousands of farmers, particularly young farmers. But the same problem will be there as

far as businesses are concerned, too, with respect to the Alberta Opportunity Company. So, Mr. Speaker, in my view there are steps that the province of Alberta should take.

But before getting into that, I want to make a few observations about this rather strange theory that the way to fight inflation is to keep pushing up the interest rates in a seemingly Pavlovian fashion; whenever the American interest rates go up, our interest rates follow. You know, Mr. Speaker, before the federal Tories took office the speeches made by Mr. Crosbie, Mr. Clark, and others were very eloquent in their denunciation of tight money and the impact of tight money. Somehow it seems to me as if Mr. Bouey and the Bank of Canada are more interested in protecting the short-term prospects of the Canadian dollar than in seeing a monetary and fiscal policy that will develop a strong economy.

Now I know there's no question that because of our balance of payments deficit, the easiest way to stabilize the dollar at 82 or 83 or 84 cents is to push up interest rates whenever American interest rates rise. Then there will be enough foreign capital coming in to balance payments, and we'll stabilize our dollar. But the problem with this kind of policy, Mr. Speaker, is that sooner or later it begins to act as such a drag on the economy that we have increased unemployment and serious economic problems created by this sort of short-sighted policy. And in the final analysis, one of the ironies of this Catch-22 situation is that those people who speculate in the international money market will begin speculating against Canada in any case.

One of the reasons that people speculated against the British pound five or six years ago was because of the overall economic conditions of the country. When those economic conditions began to change, even though the pound dropped quite sharply for a period of time, as the economy of the country improved then slowly but surely the pound began to rise again and is now one of the stronger currencies in the world.

Mr. Speaker, that's the sort of choice that I think this country has to make as well. If we say we're going to continue to protect the Canadian dollar at 83 or 84 cents, we may protect it by increasing interest rates for a few months. But if we force the Canadian economy into a serious recession, we're not going to be able to stabilize that dollar at 83 cents because it will still go down. It will go down because people in the international money market will bet against Canada anyway.

So we're in a Catch-22 situation where, in my judgment, Mr. Speaker, we have to look at a fiscal and monetary policy which has as its objectives making it possible for industry, consumers, and farmers in this country to improve, expand, modernize, and become more competitive.

I well remember some of the arguments almost 20 years ago when Mr. Diefenbaker was in office. Members will recall the drop in the value of the Canadian dollar. It dropped down to 97, 96, 95. Finally it was pegged at 92.5 cents. We had all sorts of little 'Diefenbucks' that the Liberals spread from one part of the country to the other. But the government at the time — and they were right at the time — argued that one of the advantages of a devalued dollar was that it would make it possible to compete in markets that in other cases we wouldn't be competitive in. And you know that happened, and gradually the value of the dollar began to rise. Mr. Speaker, no one likes to see a

devalued dollar. If it makes it possible for us to compete in the markets of the world, that in turn will improve our balance of payments situation, and that in turn will bring the value of the dollar up.

Mr. Speaker, as I read the policies of the Bank of Canada today, what we have is a sort of slavish commitment to prop up that dollar, even if we have to throw the entire Canadian economy into a serious recession. As I said before, I think the inevitable consequence is that we will find that even in protecting the dollar, it won't work, and in the months ahead we'll find that dollar slipping below its present figure.

Mr. Speaker, what can the government of Alberta do? When the minister spoke on this particular question, he suggested that it's really all federal responsibility. I find it very interesting to watch this government, over the last number of years, quickly slip between what is federal and provincial responsibility. Whenever we get a hot potato, it's federal responsibility. When, because of that embassy fiasco, Joe Clark lost hundreds of millions of dollars worth of business for Canadians, a lot of which was business lost to Alberta-Canadians, all of a sudden we have the Minister of Federal and Intergovernmental Affairs and all the other ministers saying, oh, that's federal responsibility; we don't want to get involved; that's Ottawa's responsibility.

But when it comes to other things where it's more convenient, or had it been a Liberal government at the time, Mr. Speaker, all of a sudden they're prepared to rattle Confederation itself in order to make the point. We have a very selective approach to those federal issues that we're interested in.

You know, Mr. Speaker, the fact of the matter is that if this government is seriously concerned about interest rates, why don't we have a commitment from the government that the Provincial Treasurer will go and testify before the committee of Parliament that is looking at the issue of interest rates and make it clear — not just in a private meeting with Mr. Crosbie, but before the committee so all of Canada knows — that this government is not in favor of higher interest rates, and that this government wants Mr. Crosbie to say, perhaps very politely to Mr. Bouey, that we are not always going to follow American increases in the bank rate every month.

Are we going to have another increase next month? Where does it end? Are we going to have bank rates of 14 per cent, 15 per cent, 17 per cent, 20 per cent? What is the view of those people who argue that we have to use this kind of pre-Herbert Hoover approach to deal with the monetary and fiscal problems of Canada today?

So I think that as a start, Mr. Speaker, we could legitimately ask our Provincial Treasurer to go to Ottawa, or ask to go to Ottawa, and present the views of this government and the people of Alberta on the question of interest rates.

In addition, I would say that some steps could be taken. We look at the availability of funding in the heritage trust fund. We have two excellent agencies now: the Agricultural Development Corporation and the Alberta Opportunity Fund. But as the Minister of Tourism and Small Business and the Minister of Agriculture pointed out, both institutions are basically lending institutions not of the first call but of the last resort. So people have to be turned down by the banks at 15 per cent, 16 per cent, or 17 per cent before they can

go to Mr. Adair's department and say to the directors of the Alberta Opportunity Fund, we would like to be able to borrow at this shielded interest of as low as 9 per cent, or 8.75 per cent in some cases; or in the case of direct loans from the Agricultural Development Corporation, 9 per cent, with up to a 3 per cent interest rebate for young farmers. Fine programs, Mr. Speaker, but the issue is: are we now going to make sufficient funding available to these institutions so they can expand the direct loan program?

I think members of the House have to take a very close look at this matter. Why wouldn't it be possible to substantially increase the loan funding from the heritage trust fund to the ADC and the AOC? The Minister of Agriculture tells us it's under review as to whether we should make the ADC just a lender of the last resort. In most cases now, it is the last resort. I've had people come to me, and I'm sure other members have had young farmers come to them as well, and say, we aren't able to get money from the ADC because we qualify at a commercial lending institution or, as often as not, because we've run out of money.

Mr. Speaker, I suggest that a number of steps can be taken by this government. While it is fair and proper — and I was pleased to hear the Provincial Treasurer indicate today that we're going to freeze the rates of the ADC and the AOC; not a single member in this Legislature would disagree — that is not the crucial question. Because if you only have a certain amount of money available for direct loans, and young people still have to go the route of guaranteed loans related to a fixed and floating interest rate, they are still getting a one-way ticket to bankruptcy.

Mr. Speaker, we have to ask ourselves in this House whether we are prepared to make substantial additional investments from the heritage trust fund to both these organizations so we can begin to compete, not on a last call basis, but in direct competition with some of the lending institutions that are now charging rates of interest which quite frankly are so incredibly high that if we don't challenge this sort of thing, we're going to find that the economy of Canada and even eventually the economy of Alberta, notwithstanding the oil boom, will be in very serious trouble.

I conclude my remarks, Mr. Speaker — and I would certainly agree to waive private member's Bills. The first private member's Bill is one that I introduced and, while I wanted to have an opportunity to respond to some of the comments of the Minister of Education last week on the motion made by Mr. R. Speaker concerning the rights of the handicapped and the obligation of the provincial government to provide education for the handicapped, I can do that next week. If we need the time to have a thorough debate on what the monetary and fiscal policy of this country should be and the impact of interest rates, then I for one would be prepared to see us spend the entire afternoon debating this motion.

I close by saying to the members of the Assembly that we're really in a blind alley by following the advice, however respected Mr. Bouey and those in the Bank of Canada may be. The inevitable result will be the kind of slowdown and stagnation in the Canadian economy which will not in the long run prop up the dollar. It will simply mean that thousands of people getting started, not only businessmen and farmers but, for that matter, young people obtaining a mortgage or caught with high consumer loans at this stage of

the game — these are the people who are going to be suffering.

All one has to do is look at what has happened to interest rates on mortgages. A year ago the interest rate on a \$50,000 mortgage was 10.25 per cent. That worked out to \$477 a month. I've had my office check with various mortgage companies, and today that same mortgage will cost \$639 a month, or an increase of \$162 a month, because of the interest rates.

Mr. Speaker, there is a limit to what we can ask people to pay. I suggest that it is high time this government overcame some of its complacency in this area, and showed as much concern about rattling the federal government's cage on interest rates as they are so frequently prepared to do on energy prices.

DR. BUCK: Mr. Speaker, I would like to enter very briefly into the debate this afternoon. There seems to be a real absence of concern on the other side of the House as to the serious matter we have before us ... [interjections] ... in that today we have received a statement, hon. puppets across the way ...

AN HON. MEMBER: At least we're in the House.

DR. BUCK: At least we're in the House? Where's your leader, and where's our leader? They should both be here, right. [interjections] Where are they both? That's right.

MR. SPEAKER: I hesitate to interrupt the hon. Member for Clover Bar. While it certainly would not be my intention to interfere with any facetious or humorous remarks that are made in the Assembly, I am aware of the tendency for words such as "puppet" to escalate and, in the context of the resolution today, come back with interest.

DR. BUCK: Mr. Speaker, I apologize if I call the members puppets. I suppose the strings have been cut, but I hadn't noticed it recently.

MR. SPEAKER: Order please.

DR. BUCK: Mr. Speaker, I wish to say that I do not feel the government has taken serious notice of the problem before us.

MR. KING: Does your leader agree with you?

DR. BUCK: Mr. Speaker, I would like to bring to the attention especially of the hon. Member for Edmonton Highlands that if the member would speak to his constituents, they would indicate to him how serious they feel the matter is. Surely the Member for Edmonton Highlands must speak to the people to find out what happens to the small businessman, to the young couple when they are trying to arrange a mortgage.

Mr. Speaker, this morning I phoned a mortgage broker and asked him, what do you think about the high interest rates? He said, all I can say is, I'm numb. He said, the lowest second mortgage we can possibly sell is of 20 per cent. Mr. Speaker, I've had young couples come to my home and to my office with tears in their eyes because they are paying first and second mortgages where the cost has driven them out of their own home. They are not only losing their home, they're losing the down payment and investment in

that home. This government sits here and looks at the numbers growing and growing in the heritage trust fund and doesn't show sufficient responsibility to react to the realities of the day: the crushing high interest rates that we are seeing before us now.

I do not want to thrash old straw and repeat some of the things that have been said in this House before by the hon. member who moved the resolution. But it is very, very disturbing to see how we are playing politics because we now have a Conservative government in Ottawa and a Conservative government here. We do not go to Ottawa as forcefully as we should, representing the wishes of the people of this province. We go only when it is convenient. I would like to say that this charade — and that's what I say it is, a charade — that is going on between the Premier of this province and the Premier of Ontario, is for no other reason except to get the Premier of Ontario re-elected.

SOME HON. MEMBERS: That's right.

MR. NOTLEY: Prop up another Tory government.

DR. BUCK: We have heard the same thing, and we take the stand that the resources belong to this province. Everybody in Alberta knows that, and everybody in this Legislature supports it. But we have this ongoing charade to get the Premier of Ontario re-elected. Somebody said, why would the Premier of Ontario start that kind of campaign now, kicking Alberta around? I said, don't you think it might be a bad time to start your re-election campaign in the middle of February if 20 per cent of the people do not have heating oil? That would be bad timing.

But back to the point of high interest rates, Mr. Speaker. Alberta has the highest per capita credit debt in the country: \$1,590. Alberta has 10.2 per cent of all consumer debt in Canada. We have a high reliance on credit in this country. Mr. Speaker, I would like to say that past increases in interest rates do not seem to be solving the problem of discouraging credit buying or halting inflation. We all seem to use credit as a way of life.

At the end of April 1979, the chartered banks showed \$2.8 billion in consumer loans here, including \$2.2 million from credit cards alone: a \$43 million increase over a period from April 1978. Chargex, introduced just eight years ago, is held by 750,000 citizens of Alberta and the Northwest Territories. Loans outstanding to Alberta credit unions in March '78: stood at almost \$1 billion, almost a 50 per cent increase over the last 12 months.

Mr. Speaker, nearly 1,000 wage earners declared personal bankruptcy, an increase of over 50 per cent in the last five years. It's fine for the hon. Member for Lethbridge East to sit there in his brown three-piece suit, getting his \$55,000 a year. But he doesn't seem to be able to comprehend walking in the shoes of a person who's making \$12,000 to \$18,000 a year. That's the trouble with these Cadillac Conservatives. They can't bring themselves down to the level of the ordinary person on the street. [interjections] That's a fact.

Mr. Speaker, our own Department of Consumer and Corporate Affairs counselled over 3,000 people on credit usage last year. We have young people's programs — counselling young people, counselling Albertans. Some of the programs are called "Before you go under". This increased bank rate is going to make

them go under that much more quickly.

The government sits by and says, we have little discussions. Inter-relative discussions is really what they are. We have a little social get together in Winnipeg between the federal Tory Minister of Finance and our provincial finance minister. Well, the people of Alberta expect better than that, Mr. Speaker. They expect better of this government. Because when the issues are right, we go to the walls and we are going to uphold the rights of the people of Alberta.

MR. NOTLEY: Break down the pillars of Confederation.

DR. BUCK: Right. When it's politically expedient we take a strong stand. But when it's great to waffle, Mr. Speaker, we do a great job of waffling. But while the government is waffling, people are going bankrupt in this province. All the hon. Tory backbenchers have to do is listen to their constituents. Listen to the small businessman, the small farmer, and find out what increased interest rates are doing to those people.

MR. R. CLARK: And the young home-owner.

DR. BUCK: So it is an important discussion; it is an important topic. But more important than that, we want to see some positive action by this government, not just casual meetings between the Provincial Treasurer and his federal counterpart.

Mr. Speaker, I strongly support the resolution by the hon. Member for Spirit River-Fairview. I challenge the government backbenchers that we want to see their stands on a very critical issue in the province of Alberta.

Thank you, Mr. Speaker.

MR. KNAAK: Along with the two opposition members, Mr. Speaker, I certainly share a concern for the very high interest rate. I sense, too, that Albertans are feeling desperate about the very high rate. But one thing that surprises me about the opposition is that they've been here a long time and still don't know very much about the way this country is run. It seems to me that before you become indignant about government action or inaction, you should have a clear perception of what's within a government's realm of responsibility. I may cite to the opposition, as I do in my lectures on constitutional law, that notwithstanding anything in this Act "the exclusive Legislative Authority of the Parliament of Canada extends to all matters coming within the Classes of Subjects next herein-after enumerated ...." I'll name some in order here: banking, incorporation of banks, and the issue of paper money. It's very, very clear that the federal government has exclusive jurisdiction over interest. "Exclusive" means that the province has no interest and no right in that area whatsoever. We're talking about the setting of interest rates.

MR. COOK: The Socreds were buffaloes on that in '38, weren't they?

MR. KNAAK: I should mention treasury branches. The former Social Credit government did manage to get a few famous constitutional cases, and I should say they lost every one of them. [interjections] But we're going off the point here. The point is that I as an Albertan am very, very concerned about the federal interest rate and

really disagree with the federal Conservative government on its interest policy.

The bank rate is 14 per cent, making the prime rate in the neighborhood of 15 per cent. Most small businesses and farmers will be borrowing at 16 to 17 per cent per year. There's absolutely no businessman or farmer anywhere in Canada, I presume, who made projections when he went into business to pay 17 per cent interest for his costs. And if this interest rate continues, it's an absolute certainty that those people who started a business in the last little while will become insolvent and out of business in a very short time.

The question of interest rates is complex. There is a question whether you should fight inflation through fiscal policy, monetary policy, some combination of both, or wage and price controls. The American government is experiencing 14 to 15 per cent inflation per year. A 15 per cent interest rate or bank rate in the United States is not unreasonable at those kinds of inflation rates. In Canada, however, if you take the consumer price index as a measure of inflation, we have around 9 to 10 per cent. It seems to me that the historical relationship between the long-term interest rate and inflation has to be some guide, and that is the rate of inflation plus 2 per cent. That's the long-term historical relationship, and also for the long-term interest rate on those kinds of loans.

One more point I wish to make about the opposition's comments, which really disturb me, and again it's a lack of really understanding how governments function in the cause of this inflation. Governments in Canada have caused inflation to a significant extent by overspending, by not cutting back. The former federal Liberal government was notorious for its increases, and in fact caused inflation. Well, they're not in power now. Nevertheless they caused the inflation, and now it's businessmen — mostly small business — farmers, and unemployed individuals who are suffering. Mr. Speaker, when have you heard this opposition ever suggest a cutback in a government program?

MR. NOTLEY: The Roloff Beny collection.

MR. KNAAK: Always spend, spend [interjections] and really encouraging more inflation through the suggestion of programs. [interjections] Well, the opposition still doesn't know what they're talking about, and they're not even listening. They don't even want to learn, Mr. Speaker, and that's all right.

MR. R. CLARK: Coming from such an authority as yourself.

MR. KNAAK: The debate is really whether the interest rate should be at its normal market level or whether we should track and lead, in an interest rate sense, the American government. In fact we are now leading the American interest rate by 0.25 per cent. The purpose is to keep up our foreign exchange rate. That's the whole issue. Should we in Canada — and it's a federal government decision — keep the exchange rate up to sacrifice growth?

One of the arguments the federal government has made is: we need to slow down inflation. Well, in Canada we don't need a 15 per cent or 16 per cent market rate to slow down inflation. So the increase is really only to bolster our foreign exchange rate. I say,

let the foreign exchange rate drop to find its proper value, and permit businessmen to continue expanding and developing productive capacity.

One of the causes of inflation in Canada is a lack of productive capacity. This is one of the reasons the federal government is reluctant to drop the interest rate, because the foreign exchange rate will drop, increase in exports will be stimulated, and a lack of productive capacity. But surely with the American economy going into a decline, the demand for our exports will slow down. This is the time when a policy of modest expansion in the private sector for reasonable interest rates should be instituted.

I say again, for its size the federal government has one of the largest deficits of any western country. This is very inflationary. Why should the people of Canada and Alberta suffer because of this kind of policy? It's with some sadness that I say the Alberta government has very little influence, just about no influence, on the interest rate in Canada. Yes, today the Provincial Treasurer made an announcement — and I was very pleased to hear that announcement — that the treasury branch will change its long-accustomed policy and will in fact see what can be done for small business and farmers.

The Alberta Opportunity Company and the Alberta Agricultural Development Corporation are lenders of last resort. And so they should be. I don't favor this government going into the lending business in a wholesale way and going into competition with the private sector. I also suggest we have to be careful about subsidizing en masse the interest rate in Alberta. I know it's very, very difficult for Albertans with this interest rate. But really the direction for us and for Albertans to go at this time is to contact the MPs and pressure the federal government to reconsider the present interest policy.

Thank you, Mr. Speaker.

MR. LITTLE: Mr. Speaker, I am very pleased to speak to the motion of the hon. Member for Spirit River-Fairview. I would like to thank him for bringing this to the attention of the Legislature, but I'm at a loss to understand why it took him so long to do so.

Certainly we've had 11 increases in the interest rates in the last 18 months. We're all concerned about it. But the interest rate didn't cause the malaise in the economy of this country. It's been here for a long time. Why was it ignored for so long? I know I have spoken to it in the budget speech of the last two sessions.

The malaise has been extremely serious. On June 8, one of the Toronto papers published:

Canadian stock markets, hypnotized by the power of oil and gas stocks, are paying no heed to signs that the economy is in trouble. One would expect a poor performance in the face of rising energy prices, a poor Canadian trade balance, and the slowing of the economy in the United States. It's been here for a long time. I'm not happy with the high interest rates, and I certainly don't agree with the policies of the federal government on this particular point. But if it's done nothing else, it has brought very forcibly to the attention of Canadians a malaise in our economy, and we have to do something about it. As I see it: the falling dollar, inflation, and low productivity.

The last time the OPEC oil prices were increased, one of the leading American economists said, one

thing we have to face is that the American economy is \$10 billion poorer as a result of this increase. He said there is only one way to get it back: we can't print more money as we've been doing; the only way to get it back is to increase productivity in this country to a corresponding extent. I would suggest that one of the principal causes of the problem in this country is low productivity.

Another exceptional indicator of the malaise, not only in our own country but in the western world, is the gold price. At the time I spoke on the budget speech last spring, that very day gold was \$289, and we had a prediction it would reach \$300 by the end of the year. We reached our \$300 and we reached our \$400 long before the end of the year, and that is in American dollars. Take a look at the price of gold in Canadian dollars. The gold price is not an investment; it's a hedge against disaster. This indicated that those who were in charge, who recognized the problems, knew the problem was there.

Now we have accusations that the provincial government isn't doing a great deal about it. The policies are federal, and the members of the opposition are just kidding themselves when they try to shift the responsibility onto the province. But we have done some positive things. I would suggest that one of the most positive things we've done is create the Heritage Savings Trust Fund.

I remember I started working back in the '30s for \$50 a month. I was expecting somebody to say, you're overpaid. I remember somebody saying to me at that time, save your money — I don't know what money you could save — because the man who has \$5,000 in the depression is a rich man. Well, this is one thing that this province has done for the citizens of Alberta. Instead of spending all those dollars that came in from the royalties and making ourselves look like big fellows to the electors of this province, we have put that fund aside. Succeeding generations are going to thank us for putting that fund aside.

I would suggest that, to the extent of its ability, the province has done a great deal. A good number of Alberta small businessmen have been assisted by the AOC. It's only reasonable that it should be a court of last resort, not of first resort. It's only reasonable that their interest rate be only slightly lower than that of the commercial rates. If, at the present time, we were to empty large amounts of money into the AOC and the ag. development fund, it would upset the economy even more. As the previous member suggested, we have enough dollars to look after the immediate problem, but what would it do to the economy? Maybe the economy did have to be cooled off to a certain extent. But as I suggested in the introduction, the interest rate is not the cause of the present problem; it's one of the indicators.

Why did the market react so quickly to the 13 per cent? I don't know. I don't think any of us knows. Eleven increases came in the last 18 months, and there seemed to be that one key. When it hit the 13 per cent — and as many of you know, in the last 10 to 12 days the Canadian market has dropped almost 200 points. A great number of people say, so what, the stock market doesn't affect me. The stock market is a predictor; the stock market is a barometer of our economy. I am very, very disturbed as a Canadian and as an Albertan, when I see that stock market drop 200 per cent.

As I say, I'm very proud of the efforts this govern-

ment has made to assist and control the economy; I would say just the right amount of interference not to heat up the economy too much, nor to cool it too much. We're doing the best we can under the circumstances. But this present problem is strictly a federal responsibility, and the members of the opposition know it full well.

MR. MUSGREAVE: Mr. Speaker, I'd like to join in this debate. Speaking personally, I would feel much more competent to get up to talk today if I had known ahead of time what the subject was going to be. I think many of us, while we speak sometimes from the head, more often it's from the heart, and perhaps we're not saying the kinds of things we would be saying after a little study, consultation, and thinking.

Mr. Speaker, this rising interest rate has to be a concern to us. It's going to affect housing. It's going to affect the construction of small buildings. It's going to affect small business, and it's certainly going to have an effect on mortgage lending.

Mr. Speaker, I think it's a real concern to our federal government. For example, right now they're trying to float a new Canada savings bond issue. You can imagine the embarrassing position they've gotten themselves into. Just recently they raised the rate. Not only did they raise the rate, they're busily paying money to anybody who has any bonds at all, bought in the last seven years, I think it is, pleading with the citizens of Canada not to cash them in by offering them bonus payments: a totally unheard-of situation.

But if we don't do this, if we don't follow the American rate, we have to consider what it does to our economy. Many of the members here are from rural constituencies. Their farm constituents would be very upset if we didn't follow the rate, and the value they receive for their grain products dropped. This would happen if we didn't stay with the Americans. Likewise it would cost a considerable amount of money if we let the rate go, because imports into this country would become much more expensive.

Certainly we could take a different approach. We could let the dollar float. This has been done in the past. You can go back to 1957, I think it was. The Diefenbaker government let it float. It was quite a shock for a while but, those of you who remember the 92 cent dollar, it wasn't the worst thing in the world. Now we're suffering along with an 85 cent dollar.

Right now, Mr. Speaker, as the Member for Edmonton Whitemud brought out, many economists in our country are questioning the wisdom of our slavishly following the Americans. I know that our short-term money will flow out very quickly, and I know it's going to hurt many parts of our economy. But perhaps we should be thinking about this.

Mr. Speaker, I'd like to touch just briefly on some of the comments the hon. Member for Spirit River-Fairview made. He mentioned the strong currency of Britain. It was my good fortune to be over there last month. The British pound was certainly high. It's dropped a bit in the last few weeks. In Britain, interest rates on first mortgages on homes run between 16 and 18 per cent. The price of a gallon of gasoline in Britain is \$3.40, and they're getting \$23.50 a barrel for their oil from the North Sea. Now the hon. Member for Spirit River-Fairview said they had a strong currency. They certainly have, and they're suffering.

Because of this strong currency, cars from Japan and

Germany are cheaper than the ones they make in Britain. So guess what kind of cars the English people are buying today? Sales of these imports are rising and British Leyland has had an injection of almost £1 billion. It's a Chrysler Corporation scenario. The head of British Leyland went on national television and said: people, we have to stop making Triumphs and Jaguars and some of these other models, because they're not selling; we have to reduce our work force by 25,000 people; and if we do these things, maybe, just maybe, we can continue to compete with Germany and Japan. The reaction of some of the national trade unions was to go on strike.

Mr. Speaker, I suggest that's not the way to solve the kind of problems we're faced with. I would like to suggest that we should be conscious that this problem we have is a federal responsibility. Again, referring to the hon. Member for Edmonton Whitemud, I think one of the most important things for us to do is to convince our MPs that perhaps we should be going in a different way. I think it's interesting that when they were members of the opposition they were saying, good grief, why do you slavishly follow the Americans? I'm asking the same question. I know all these things I pointed out are problems they face. But we have to take a look. Perhaps the way we have gone in the past isn't the route we should be going.

I'd like to make just a few comments on the Member for Spirit River-Fairview saying that we say one thing at one time and another thing at another time, depending on what the particular subject is. As far as oil and natural gas are concerned, he feels we should take the federal position. But I would point out to him: what's going to happen to Hydro Quebec? Is that going to be the next thing the federal people will decide is in the national interest to be determined by one province? What happens in the case of the potash of Saskatchewan? Will they take that over eventually? After that, the wood products of British Columbia would become pretty valuable, so that should be taken over. And I suppose if worse came to worst, we'd even take over the fish from the Newfoundlanders.

Mr. Speaker, I believe the hon. Member for Spirit River-Fairview mentioned the money in the heritage trust fund. We have between \$5 billion and \$6 billion there right now. We could take the whole works, and it would be a temporary help. But right now, there is approximately \$3 billion in loans through the chartered banks in the province of Alberta. Two billion of this came from outside the province. I would suggest that if we try to lower the loans through AOC, the Agricultural Development Corporation, and such agencies, we would only be attacking a small part of this problem.

More important, what about all the other people suffering from high interest rates? How would you go about lowering the loan rate of the chartered banks or the credit unions? How would you lower the rates of those consumers who buy products wherein the higher rates of interest have been reflected?

Mr. Speaker, I think the only way we can do anything about this is to try to convince our federal people, and study this problem ourselves and be conscious of this as a national problem that perhaps we should have a full debate on.

There's no point in going after the head of Mr. Bouey, because unfortunately he's possibly — I'm not saying probably, but possibly — reflecting the policies



of Liberal senior servants. Maybe the government in Ottawa hasn't had an opportunity to take a look at this situation. Maybe that's the reason for their doing the things they were so severely condemning the Liberals for when they were in opposition. I'm not saying that is the reason.

MR. NOTLEY: What a rationalization!

MR. MUSGREAVE: Well, it may be a rationalization to the hon. Member for Spirit River-Fairview. But I happen to like my country, and I want to do everything I can to keep it together. If it means talking or rationalization, I'm prepared to do it, Mr. Speaker. The sooner that member adopts that attitude, the better it will be for all of us. [interjections]

Mr. Speaker, the hon. Leader of the Opposition or one of his colleagues suggested it's a typical Tory reaction. I'd like to suggest that one of the problems that faces our country is that the Liberals have been classed as slow Americans. In their hearts they really don't want us to be Canadians. They want to be part of the American scene. They have tended to do everything that will work to this. They had a North American policy of sharing resources, keeping our interest rates the same as theirs, and doing all this kind of things.

Sir John A. Macdonald said, we're going to go against everything that makes sense: we're going to go east and west instead of north and south, we're going to establish a country that's going to have two races that don't speak the same language and have different religions. We're going to do all these things, and we're going to take a constitution from Britain and make it work. There have been people in our society, in our community, and they're still there — and some of them are over here — who are doing everything they can to get rid of our country.

MRS. OSTERMAN: Mr. Speaker, I realize that there are people sitting in this Legislative Assembly who are far more qualified than me to talk in terms of economic things, and what are federal and provincial issues. But I just wanted to mention briefly something that is of great concern to me. It's a result of listening to the hon. Member for Spirit River-Fairview and the hon. Member for Clover Bar. The same parochial view that they bring to us causes many of the problems in this country right now; that is, when there is a problem, immediately the government must be the one to solve it. If there is an attitude in this country right now that is getting us into trouble, it's the fact that many people look to the government to solve it.

I would put forth the view that many European countries are coming out of their temporary slumps because they have not counted on the government to support them. They realize they are not an island unto themselves; they must compete in the world market. As to a continual subsidy to people in business and so on, I realize there are times when a temporary shelter is needed to look at the short term so that there isn't a long-term mortality rate. However, I believe that we can go so far as to promote many businesses which will be in business only for a short time. We promote people getting into an area that's not economical, and they can't compete in the world market.

MR. PAHL: Mr. Speaker, it compels me to rise on this debate. I have to agree that rising interest rates are a

very serious problem. "Numbing" and "horrendous" are the sorts of things I get in letters. It's been very interesting sitting here: we had a little lesson on monetary policy from the hon. Member for Spirit River-Fairview, the Member for Edmonton Whitemud provided us with a constitutional lesson, the hon. Member for Calgary McKnight added some history, and the hon. Member for Three Hills added some common sense. I hesitate to suggest what I'm going to add. I guess I'll have to let history and the next speaker comment on that.

Interest rates are, of course, the cost of the commodity of money. Can you imagine paying 16 to 18 cents to rent a dollar for a year? Hell, in a year it won't be worth that much, the way they're going. That's really the problem. It's just ridiculous.

It's interesting to note that, in relation to the price of another important commodity in our country, oil, the price of that commodity called money has risen something like 25 or 30 per cent in the last little while. Mr. Speaker, that's gone on without very much murmuring and with a little bit of hand-wringing from our federal government. I just wonder, if the provincial Treasury were in charge of raising the price of money in Canada, whether we'd have the same sort of support as we've had with respect to our oil. That's a thought.

The question has been raised: what has this government done about the problem of rising interest rates? That's a fair question. I think we've shown leadership. The wage guidelines of the past years have tried to point out to Albertans, in the spirit of restraint, that we can't live beyond our means. This Conservative government has lived with the spending guidelines in the face of all sorts of temptations, ambitions, and requests to go on a spending binge with our Heritage Savings Trust Fund; those have all been resisted. The leadership shown by the Provincial Treasurer in his statements this afternoon are all part of that. Mr. Speaker, I think the people of Alberta supported that leadership in their mandate of March 14, and that's something we should bring to the attention of those here.

I wanted to mention that it's nice to have an opportunity to debate something that I think is more properly debated in the House of Commons. In addition to that leadership, there's one thing I'm going to do. I'm going to be writing to my Member of Parliament.

The people of Alberta have suggested that they like our responsibility with their mandate, in terms of how we've tried to keep the lid on a very inflationary situation — the cost of money and the demand for an ever-decreasing, in relative terms, amount of commodities chased by more and more dollars. They've told us, by their mandates and their assessment of this government's record over the last two terms, how they think about our performance. The very same people have elected 21 Members of Parliament. We, as citizens of Alberta in the federal system and, if you will, as victims of these horrendous interest rates, need to let them know that they need to be responding on our behalf.

Thank you.

MRS. CRIPPS: Mr. Speaker, the motion presented this afternoon gives me a chance to reiterate some concerns I raised on October 15 in the debate on Motion 15 with regard to the critical rate of interest.

Representing a rural constituency makes me extremely sensitive to the impact of high interest rates on

agriculture. "Negative profits" is a term we understand. The imposition of high interest rates makes special problems for small agricultural operators. With an interest rate of up to 15 per cent, a farm purchased at the average book value in Alberta, \$168,000, will have a monthly interest payment of \$1,500. This interest alone, exclusive of payments on the principal, is 9.2 per cent of the average farm income.

MR. SPEAKER: I apologize for interrupting the hon. member, but we have somewhat passed the allotted time for a designated motion. What is the wish of the Assembly?

MR. HORSMAN: Mr. Speaker, I move that *Standing Orders* be suspended for the remainder of this afternoon to permit continuation of the debate for such time as is necessary.

HON. MEMBERS: Agreed.

MR. SPEAKER: I take it there is unanimous agreement in the House?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MRS. CRIPPS: Thank you, Mr. Speaker.

This is the second largest component of farm operating costs, exceeded only by machinery costs. Few farms are in a position to return 15 per cent on a farmer's investment, as well as pay anything for his labor.

The livestock industry is a long-term investment, with interest payments due long before the cattle can be marketed. Feeder cattle are traditionally purchased on borrowed money. If the average feeder calf is \$500, the interest on that, at 15 per cent, is \$75. The result has been a marked drop in feeder prices. That's a question I posed to the Provincial Treasurer earlier this week.

The high interest rates can only aid the expansion of the agribusiness sector. Large commercial operators have access to funds at considerably better terms than do local smallholders. This gives them an advantage in producing with lower costs, and certainly a better advantage in the financial market place.

Small businesses are the backbone of Alberta. Production in the oil industry is made up of hundreds of small businesses. These people have expressed their concern with the high interest rates to me. With the prime interest rate at 14 per cent, and running as high as 15 and 16 per cent, small businesses find it increasingly expensive to maintain lines of credit and financing for inventories and stock. I've heard many small machine companies say they had to reduce their stock because they can't afford the interest.

These additional costs will undoubtedly lead to increased numbers of bankruptcies and business failures as well as increased costs, which must be passed on to the consumer. That will result in an increased number of business failures or bankruptcies. This makes small businesses poor credit risks. If they are poor credit risks, they will have a far harder time finding financiers willing to take that risk. Businesses which have a high inventory, a long delay between receipt payments, and an unreliable cash flow — such as farm or retail outlets, dealerships, implement dealers, as well as wholesalers and retailers who extend their own line of credit

arrangements — will be especially susceptible to the pressures of high interest rates. Alberta businesses are feeling the effects. Last year, bankruptcies were 40 per cent over the previous year's bankruptcies. In 1978 the construction rate was 92 per cent over 1977. These bankruptcies have a snowballing effect on all Albertans.

I am pleased to have a chance to discuss this important question, but as yet I haven't seen the motion, if there is one. There is no question as to the importance of the interest rate on our economy. A number of government members have discussed it in the debate on Motion 15. I have heard questions posed, but I have not heard any concrete suggestions for remedies. The hon. Member for Calgary McCall is correct: the interest rate is only a symptom of the economy, which has become too dependent on crutches, especially for its export markets; the crutches of cheap fuel, discounted Canadian dollars. Maybe the low productivity of Canadians is the real problem.

The problem is Canadian in nature, but provincial in consequence. The initiative taken by the Provincial Treasurer today hopefully will result in all lending institutions taking a new look at their interest rates.

Thank you, Mr. Speaker.

MR. THOMPSON: Mr. Speaker, like the rest of the people in this Assembly and outside the Assembly, I am very concerned about what's happened in the last year and a half to our interest rates in Canada. It's a very complex subject, and I doubt if very many people in this Assembly can debate it very intelligently. But that gives us a real chance to come out with most anything we feel.

There's no doubt that the interest rate, as the hon. Member for Calgary McCall says, is a symptom. I have no idea how credit has increased in this country in the last 10 years, but it has been phenomenal. As far as that's concerned, I don't think we have a handle on credit any more in this country. I think the increases in interest rates in the last year and a half have been an attempt to cut back and control credit. I don't think they have done it, and this may not even be the last increase we have.

I think small business and the farmers of this province are probably affected by high interest rates as much as anyone. When it comes right down to it, the farmer needs a direct line of credit. Besides that, suppliers who supply the farmer with his needs also need credit for their inventory. Of course, when interest rates go up, that has to be added to his costs.

I was thinking today as I was sitting here that, as most farmers realize, when you haul a load of grain to an elevator, you are paid for that load of grain. But the Wheat Board borrows the money, and eventually the farmer pays the interest costs of this wheat. I honestly believe that is one area where we will never really know the amount of money that comes out of the farmer's pocket over this increase in interest in the last year in this pool. We don't seem to find out those figures. I don't know whether I don't read them or what, but I do know that we as farmers pay for interest on the money the grain companies pay us for our grain until that pool is finished up at the end of the year.

I think our government is making an attempt to shield small business and farmers, and I think that is wise. But before I sit down, I'd like to say that we have no control over the federal government policies, and

maybe it's good that we don't. I'd just like to leave this one thing with you: the average Canadian pays considerably more of his income on income tax than on food.

Thank you.

MR. ZAOZIRNY: Mr. Speaker, it's always somewhat difficult when you're far down on the list of speakers, because so much of what you wish to say has already been stated very eloquently. However, I have some experience with this dilemma. Carrying a last name that starts with a Z, as mine does, is of some assistance here.

I would like to make some remarks by way of supplement and by way of new ideas. First of all, as I listened to the comments from other hon. members, for a moment I closed my eyes, not because of a lack of interest but just to get a sense of mood. One really did feel as if they were sitting in the House of Commons in Ottawa. I am very happy to be here in the Legislative Assembly of Alberta, but I make that point simply to emphasize the remarks of the hon. Member for Edmonton Whitemud, who is quite correct in pointing out that the determination of the lending rate of the Bank of Canada is totally out of our hands. He gave us the sound constitutional basis for that.

Having placed that caveat before the House again, I suppose I should say I was somewhat astonished at the remarks of the hon. Member for Spirit River-Fairview. He suggested that he felt the views of this government on interest rates aren't being made very clear. It was particularly astonishing in light of the ministerial statement by the hon. Provincial Treasurer today in this public arena, with the media in front of us. Similar statements have been made, and we well know the effectiveness of the media in communicating ideas. I think it's grossly unfair and inaccurate to suggest that the views of this government aren't being expressed.

Rather than our Provincial Treasurer wandering off to Ottawa, I am very pleased he is here in the province of Alberta, paying attention to the concerns.

DR. BUCK: Where is he right now?

MR. ZAOZIRNY: Right now he's probably meeting with representatives of the treasury branch, as he did earlier in the day and yesterday. I am very pleased he is tending to his responsibilities right here in our own back yard.

I suppose my principal feeling in listening to the lead-off speakers in this debate, members of the opposition parties, was really disappointment. I always enjoy listening to the hon. Member for Spirit River-Fairview in the House. I find his language particularly colorful, the jargon quite remarkable. But I was disappointed.

This afternoon he came before us with the demand for an emergency debate. We, I think properly, found a way to facilitate that debate. Gosh, he showed a distinct lack of enthusiasm in his remarks. I thought surely he would talk about some sort of Gestapo-like attack on the borrowers of the province. But all that color, zip, and zeal was lacking. As I say, I found it surprising, particularly in this debate, which he called as a matter of utmost urgency. He tried to invoke the provisions of Standing Order 29. He also stated he was prepared to debate all day, to go on until we come to a resolution of this matter. But I watched the clock rather closely,

Mr. Speaker, and after less than 10 minutes he sat down. He didn't seem to have a lot to say once the appropriate flailing of arms and gesticulation had been carried out.

I think what we did here was the usual ritual about complacent government. Again, those remarks are anticipatable from members of the opposition; I suppose that's part of their responsibility as they see it. But I was listening with interest and not hearing the innovative ideas I was expecting of the hon. Member for Spirit River-Fairview. I think members of the opposition have a responsibility to provide alternatives to the people of Alberta and assist in governing the province in that way, but I didn't hear any innovative ideas. I've heard that we should be doing a little more with some of the various agencies already in place. We really didn't need an emergency debate to hear those tired old ideas trotted out again. But where are those ideas? Perhaps he's going to save them to wrap up the debate. [interjection]

I'm going to comment for just a moment on the remarks of the hon. Member for Clover Bar. Oh, I see the hon. Member for Spirit River-Fairview has awakened and wants to rejoin the debate. We'll be pleased to hear from him if time permits.

I then listened to the hon. Member for Clover Bar. His innovativeness and enthusiasm consisted of reading from the most recent *Alberta Report* about the state of consumer credit in the province of Alberta. I read that issue too and found it most interesting, but I thought that surely, with such a distinguished member of long experience in this House, we'd expect a little more. However, maybe I shouldn't be quite so critical. It's not normally my nature. I suppose there is plenty of time left for those eye-popping ideas to come forward a little later in the program.

Dealing more substantively with the issue before us, I want to emphasize again the remarks of the hon. Member for Calgary McCall. He talked about the interest rate situation being an indicator of a very unhealthy economy in this country. We're very fortunate that we happen to live in this province; we have in the past been shielded from economic downturns, but the reality is that this economy is in desperate condition. Those interest rates reflect that and have brought the cold hard facts of life to the public who didn't want to recognize that reality:

I also thought he made a very important comment when he talked about the Heritage Savings Trust Fund. It brings me back to Motion 15. When the hon. Member for Spirit River-Fairview was talking about it, in his view, Albertans generally didn't see that fund as a savings account; they saw it as simply a mechanism for diversification. I wonder if, in the ensuing months, we'll be hearing the hon. member take that approach. I rather suspect that as the months go by the word "savings" is going to be viewed in capital letters even by that hon. member. Here is the clearest evidence of the need for that kind of savings fund.

I would like to venture into the arena of putting forward some specific proposals. In fairness to hon. members of the opposition who have talked about expansion of the programs of the Alberta Opportunity Company and other similar agencies, including our farm credit organizations, I think an expansion of those programs should be very carefully reviewed. In line with that, of course I was excited by the comments of the Provincial Treasurer. I thought he took a very

bold initiative in meeting with representatives of the treasury branch.

DR. BUCK: Have you read it, John?

MR. ZAOZIRNY: Yes, I have. Perhaps some members of this House, members of the loyal opposition, would launch off hither, thither and yon with programs that seemed, on about 20 minutes consideration, to be of lasting value. But I'm pleased to see that our Provincial Treasurer doesn't carry out his responsibilities in such a cavalier fashion. In fact, he's doing the right and proper thing in not launching into trivial and expedient ideas without carefully canvassing the long-term implications.

DR. BUCK: He isn't here listening. Or is he out studying?

MR. ZAOZIRNY: I have faith, and in question period I intend to pursue with that minister what the specific proposals will be. I think he's taking the required time to explore those potential programs.

Further, I would like to say a word about the Alberta Opportunity Company and some concerns I have with administration. As a member of the legal community, I've had a certain degree of experience with clients who have made application to that agency. I think we have to be constantly on our guard to ensure that we minimize the red tape in applications. Frankly, I think it has taken too long in the past. While that's somewhat the norm with lending institutions, I think we certainly have an obligation to minimize the time frame involved in approving applications.

Also, one of my concerns as a solicitor has been the incredible amount of security documentation required to put financing into place. You see some instances of a rather small loan, and the degree of security required is perhaps not in proper relation to the amount of money involved. I note the attendance of the minister responsible in this House, and I make those comments as helpful ones and hopefully ones that would allow the Alberta Opportunity Company to serve the citizens of this province in an even more effective way.

I also listened with interest to the remarks of the hon. Member for Calgary McKnight when he expressed some concern about venturing into degrees of subsidization. I want to put very clearly on record that I'm a strong believer in private enterprise and individual initiative. But I share the view expressed by the hon. Member for Three Hills. Times do come when, in order to ensure that there are no long-term adverse implications, we have to have government intervene in the private sector to assist, to carry us over on a temporary basis. I think we may very well be confronted with one of those situations at this point in our history.

That's why I would like to suggest to hon. members of this House, and the Provincial Treasurer in particular, that while we're canvassing the various alternatives open to the treasury branch, we should turn our minds to the possibility of some type of special legislation that might be viewed as a temporary interest rate reduction program; that would try to assist — and I don't minimize the difficulties in trying to put forward an equitable program — all those in this province who are so hard hit by those incredible interest rates of today.

Of course that includes the small businessman in

particular. He or she is an individual who in most instances is operating in an efficient manner, who has made projections of future costs of doing business and profitability based on interest rates dramatically lower than those they're faced with today. I think it would be highly unfair to see those individuals pushed into bankruptcy or economic ruin through no fault of their own; not as a result of mismanagement or not working hard enough, but simply because of the economic state of affairs they are confronted with.

In addition to the small businessman, of course it also includes people who wish to purchase homes. There we get into that very difficult area of mortgaging. Again I don't minimize the immense difficulties of trying to provide some sort of assistance to them. But I think we have to be cognizant of the size and role of the construction industry in this province; it is a very major component of industry. It occupies and includes a very large number of the work force. If the housing industry in this province undergoes a dramatic tailing-off, the implications in terms of loss of jobs, unemployment, and economic chaos are very significant. I think we have to look at measures to assist those individuals and keep the housing industry buoyant.

Of course, we then have the whole range of borrowing on credit. As the hon. Member for Clover Bar, who I see has now left the House, pointed out from his readings from the *Alberta Report*, we do in fact have a situation of high borrowing in Alberta. I think there's a positive dimension to it, because it reflects the belief the people have in the future of this province. But there's no getting away from the serious implications of that. I simply say to this Assembly that we have to take a look at that kind of across-the-board assistance.

I agree with members of this House who have expressed concern about the policy being enacted by the federal government at this time through the governor of the Bank of Canada. I'm one of those who happens to believe that you don't cure inflation by giving us a depression. I don't use that term "depression" lightly; I recognize just how much of a psychology is in the market place. I personally don't think we're headed for anything that serious, but certainly the term "*recession*" has to have application here. I sincerely hope that we're going to see a review of the fiscal policy of this government in this country we live in.

In somewhat of a rambling fashion, Mr. Speaker, I've tried to lend some assistance to this House and put forward some specific proposals. I think there is no mistaking that every single member of this House is greatly concerned about the interest rate situation in this country. I know that members of this House, including members of the opposition, are going to do what they can, to try to ameliorate the situation and ensure that we have continued prosperity in the province of Alberta.

Thank you, Mr. Speaker.

MR. JOHNSTON: Mr. Speaker, I wanted to join in the debate initiated by the Member for Spirit River-Fairview and deal with some of the concerns he raised in his introduction of this resolution. As one member did say, we're not altogether sure what the resolution is. It sets out a series of concerns, and as the other speakers have indicated, they also share the concerns that have been outlined. But, in fact, I think the resolution is not one which can really focus on the question. It seems the Member for Clover Bar also added to part

of the confusion by leaving the issue behind, talking around the points, and not really dealing with the particular aspects of the question before us.

I think other members have pointed out, and properly so — I would only take a second to reinforce the point — that in fact this is a federal responsibility, clearly given to the federal government under the BNA Act. I think in some respects we have to understand that in those clear areas it is their responsibility to fulfill that jurisdictional control. In this case it's the control of the money supply.

However, in the past 18 months we have experienced a series of increasing interest rates, not only in the United States and Canada, but across all industrial countries; interest rates which really speak to the serious problems of inflation and the balance of payments crisis, which is building up in every jurisdiction throughout the industrialized world. In part, we can agree that that is because of energy price changes and the difficulties which the energy price has added to most of the strong economies in the world.

But, in fact, a lot of it is the conspicuous consumption that many people in Canada and elsewhere have become used to in their day to day life style. We have had many statements about the size of bank credit in Alberta and Canada. We've seen people financing substantial payments through consumer loans and the use of large department store credits at rates of 21 to 25 per cent. It doesn't seem to daunt their desire to consume these expensive commodities.

At the same time, we've had a serious foreign exchange rate problem. Our dollar has been declining substantially against most of the world major currencies, and those other currencies have been increasing at a dramatic rate, particularly in Japan and Germany. So we can say that the reason for the difficulty we're in now can be accounted for in terms of both external and internal reasons.

We have had a couple of comments on the reasoned and, to some extent, the short understanding of the phenomenon of interest rates. The Member for Edmonton Whitemud pointed out quite properly that interest rates are an understanding or an expectation of what the inflationary rate is going to be in the next year or two. In fact, interest really only returns an amount of 2 to 5 per cent above the inflation rate which is expected. In fact, if you have your money in one form, whether in a home or an asset, and it is mortgaged, you're making a real cost of only 3 per cent. Your property is increasing on one hand, and the cost is increasing on the other. Of course, the difficulty: is at what point do you measure that inflation rate, and at what point do you measure what the real cost of interest should be? That has excited economists for some period, and I'm sure it will continue to do it.

However, we can't assume that the rate of interest is the way in which we control the money supply itself. We've gone through a history of change in monetary policy in this country in the past three to four years, and we've seen the effects of that. Up to 1975, the M<sub>1</sub> balances were expanding at a rate of approximately 18 per cent per annum. That can do nothing but encourage the rate of inflation in our country, and therefore bid up the wages. As a result, we get back into this wage/price spiral once more. At that point the central bank policy was to control the rate of monetary expansion by a change in interest rates. However, since 1975 the rate of the money supply has been able to

target within narrow limits, moving from approximately 8 to 12 per cent now, down to 6 to 10 per cent.

When my friend from Spirit River-Fairview says that we've been in a tight money policy, nothing could be further from the truth. We've had a very liberal monetary policy over the past and a liberal policy as a result of moving away from wage and price controls. Most economists now believe that the old Keynesian philosophy, to which both my colleagues referred, has gone out the window. It's now into the monetary supply, and the supply is controlled by levers other than the interest rate. So we have that as well.

But there's no question that if you were to allow the money supply to move as we did through that period '75-78, you'd have an unbearable rate of inflation. You'd have to resort to other kinds of controls which would inhibit not only the federal government, but more particularly would inhibit responsibilities clearly spelled out for the provincial government, as we saw on October 13, 1975, when the federal wage and price controls were imposed.

What about the balance of payments in Canada? At this point it's \$7 billion. Most of that is on goods and services. The merchandise account is not that serious, perhaps, but the goods and services account is a \$7 billion deficit, the largest current account deficit in relation to the gross national product of any country in the world. Think for a moment what the economic impact would be if you were to allow the ratio between gross national product and deficit to expand. Absolute economic chaos for us.

How do you finance that deficit? That's really the problem the federal government and the central bank is asking itself today. You're going to have this flow of money out of the country. You're going to have an increased desire for you and I to buy these expensive imported goods. If you don't have a relative tracking of our interest rates with some foreign interest rates, in fact, there will be an outflow of money as it tends to seek the highest rate of return. One of the major problems the central bank is now facing is that we have to mark and track that international rate.

It's not a nice conclusion to reach, to say that in fact our fiscal and monetary policy is set, to a great extent, in Washington, Germany, Japan, or someplace else. But unfortunately that is really the relative fact we're facing today. We're up against it. We have no other course.

I have to give the Member for Edmonton Whitemud credit. He suggested that perhaps we could let our currency deflate and seek its own level. Let me make a couple of observations on that point, Mr. Speaker. I think it's important that we note that; it is an option we should carefully consider.

However, I doubt very much if our dollar would decline fast enough relative to the international monetary system to accommodate the inflow of currency. What is really at the heart of it is this terrible economic deficit we're facing. We could not possibly allow our dollar to drop far enough to allow for the stimulation of more money and more purchasing to flow back into Canada. Why is that? Generally, because our manufacturing industries are moving at full capacity today. We don't have any slack capacity. Therefore, we can't step up our production, and therefore the flow of funds back into Canada won't come fast enough. We'd be back in that same old problem.

In addition, on the notion of the falling currency

and uncertainty in the Canadian dollar, there would be a fleeing into other kinds of international currency. Mr. Little quite properly pointed out that the uncertainty as measured by the demand for gold today has to be a classic example.

MR. SPEAKER: I hesitate to interrupt the hon. minister, but there have been a number of instances this afternoon of members being referred to by their names. May I respectfully suggest that it's a most serious thing in the tradition of parliament for a member's name to be used. That's done only when he's in serious difficulty.

MR. JOHNSTON: Mr. Speaker, I apologize. I was so concerned about this issue that I forgot the member was from Calgary McCall. I'll attempt to make that modification in the future.

With the attempt to allow the dollar to decrease, there would be this fleeing of currency, a rapid change or substitution of other kinds of dollars. If you had any excess money, you'd be buying other currencies, probably Deutsche marks or some Japanese money, or you'd be into a gold commodity. That would cause an acceleration in the decrease of the value of our dollar and you'd have a substantial increase in the price levels in our country; the point being, you'd be right back at the difficult inflation period we're trying to avoid. You'd have a decrease in the living standard resulting from a low dollar. You'd have inflation generated by a dollar that could not buy as many items on the foreign market, and you'd be back again into the wage and price spiral. So I say to you in terms of the alternatives before us, let's not cast the one that allows high interest rates at this level for a short period as the worst of the possibilities.

There's no question that in the short term I'm going to have to pay more for a loan to buy my wife or my children various commodities. There's no doubt there's going to be a softening in terms of the short-term demand for some large items that affect our gross national product. There's no doubt that the rate of job creation is going to be slow across Canada. But I say to you, Mr. Speaker, and to the members of the Assembly, I'm not altogether sure that is not the best possible alternative for us to consider in the short term. The point is, do we want to make the stand to fight inflation today? Or do we want to give up the short-term expediency of suffering some slowdown and decline for a longer term absolute, as the hon. Member for Spirit River-Fairview pointed out: chaotic and drastic reaction for the people of Canada.

In my view, we should fairly consider the position of the bank. I draw to the members' attention for their leisure reading that Mr. Bouey appeared today before the standing committee of the Commons on finance. There is a very effective lesson in that statement, and I would direct all members to it. I think, Mr. Speaker, that this may well be one of the best alternatives for us in the short run, so let's not cast it aside as quickly as some may attempt to do.

Mr. Speaker, to turn briefly to the question of Alberta. I've already said that I agree that the monetary controls of this country should be centrally held; however, by our own wisdom we have our own monetary aggregate stimulants and controls, which we've talked about. The member has pointed out very clearly that there have been our own attempts to adjust the

monetary supply in this province, to ease the expansion of the M<sub>1</sub> balances or demand balances through the statement today by the Provincial Treasurer with respect to the policy on those important lending institutions in this province.

Mr. Speaker, with the short-term fiscal policy of this government, which is one of constraint, and now with our joint monetary position with the federal government, and because of the energy-related investments we can contemplate through 1980 because of the strong economic climate we have here, in fact we in Alberta can ride this one through and in the longer term be better off because we will have shot down and held back the rate of inflation.

Mr. Speaker, I leave it there with one final word of caution. As I said before, let's not be too quick to criticize, because in fact some of the alternative courses of action can be infinitely more drastic.

Thank you.

MR. SCHMIDT: Mr. Speaker, I rise to take part in the debate regarding the resolution on interest rates. I'd like to confine my remarks to interests as they pertain to the Agricultural Development Corporation.

Mr. Speaker, I hear many members of the opposition discuss the interest rates in the corporation and the agricultural corporation's total responsibility to agriculture in this province. I think it would only be fair to bring the members back to the basic function, first of all, of what the corporation was established to do, the areas of its loaning powers, the members in the agriculture industry that it serves and, finally, how the changes in the interest rate affect, not only the Agricultural Development Corporation but indeed agriculture. The function of the corporation is not to replace other lenders, but to meet the legitimate credit needs of Albertans involved in the agriculture industry who are unable to borrow from other sources. In other words, a lender of last resort.

Mr. Speaker, let's look for a moment at how agricultural funding is established throughout the province of Alberta. Over 40 per cent of farm credit in this province is provided by chartered banks. The Farm Credit Corporation provides another 25 per cent. The Agricultural Development Corporation's portion, its financial responsibilities to the province, is 10 per cent of the total. The 10 per cent ADC provides is done through direct loans, guaranteed loans, and guaranteed loans to agribusiness.

The direct loans fall under a basic 9 per cent rate. Of course, the announcement this afternoon guaranteed that that 9 per cent would remain in effect until the total review and monitoring had taken place. That 6 per cent, plus the 3 per cent incentive rebate, lends itself to a booster package for those involved in agriculture and the beginning farmer. Those two are the original 9 per cent with a 3 per cent incentive rebate. So in actual fact the earned interest would be 6 per cent.

A direct loan to a farmer is tied at the full rate of 9 per cent. The disaster loan is the one flexible loan that the Agricultural Development Corporation handles. Indeed, the interest rate is no greater than 9 per cent and fluctuates with the degree of severity of the disaster.

Of all the loans ADC handles, the majority falls into the 9 per cent — not in total dollar amount, but in the number of individuals helped. A guaranteed loan basically is a government guarantee to a lending institu-

tion that provides the funds. What are guaranteed loans set up for? A guaranteed loan was established to complement programs regularly provided by other lending agencies. Mr. Speaker, if I had an area of concern, it indeed would be in the area of guaranteed loans. Guaranteed loans, as handled by the Agricultural Development Corporation, are prime plus one. We've had varying degrees of interest rates bandied around this afternoon, but it would be somewhere around 15 per cent. Those guaranteed through the Agricultural Development Corporation would add one per cent over and above that prime. Indeed a concern.

The balance of loans available to agribusiness are the same: prime plus one. All loans that exceed the 10-year base, both in guaranteed loans to farmers and to agribusiness carry a 1.5 per cent at the present time. So indeed, Mr. Speaker, we in Agriculture are concerned. Interest rates that are paid, whether they be 6, 9, 12, or 15 per cent, are all input costs to the farmer, and of course the input costs have to be deducted from the intake to find out exactly what the net revenue will be.

Mr. Speaker, if we wish to look at interest rates in total, I would have to say that, at 9 per cent, the Farm Credit Corporation's responsibility has been met. If 15 or 16 per cent will be the going rate, 9 per cent is the lowest throughout this province. The Farm Credit Corporation is established at 12 per cent, and of course other lending agencies would be higher. We have the guarantee that the 9 per cent will stay until a total review is completed.

Mr. Speaker, I have the feeling that in discussing interest rates we're also discussing, and thinking in our own minds, that there should be some basic changes to the philosophy of the Agricultural Development Corporation. That of course is another argument, which I would be quite happy to discuss and debate in this House on another day. But at the present time, we too wish to join with each and every one who shows interest and concern for that high rate of interest as it affects ADC and its guaranteed loans to both farmers and agribusiness. I would think the corporation is indeed meeting its responsibilities through the announcement today and the 9 per cent being frozen. Of course the 9 per cent affects those people who could least afford any changes in the interest rate: beginning farmers, borrowers of last resort, disaster loans, and people who are trying to consolidate short-term loans into long-term financing.

Mr. Speaker, some time ago we gave assurance to this House that the philosophy of the programs that existed of the Farm Credit Corporation, would indeed be under review. We feel programs should be reviewed to see if they are achieving basically what they were designed to do. In doing that total review, of course interest rates have to be part of the program. The statement today has given this House assurance that programs, and indeed interest rates, will get that review. That, coupled with the responsibilities we as a department have to review the philosophies of the Agricultural Development Corporation, should not only meet some of the questions that have been raised this afternoon; hopefully it should meet most of the needs of people involved in agriculture and still maintain the philosophy of what the Farm Credit Corporation or the Agricultural Development Corporation was established to do.

Mr. Speaker, I join with my colleagues in looking

forward to the ongoing review and discussion on interest rates and on philosophies and policy.

MR. R. SPEAKER: Mr. Speaker, in entering into the debate before us, I think we all agree at the present time that there's great concern with interest rates and the implications of those rates — certainly in the areas of agriculture, small business, and whatever.

The question that seemed to be raised earlier in the debate was whether we should really be talking about interest rates in the Alberta Legislature. To me that is of great concern. I think that if there's a concern in the minds of the people of Alberta, we should have the opportunity to discuss that matter. I'm sure that if we travelled to any community in Alberta today and talked to anyone in whatever financial stratum, interest rates and the implications of those interest rates on their livelihood would be on the minds of 95 per cent of the people. So, Mr. Speaker, I think the topic is urgent and certainly of great importance at this time.

In my comments with regard to interest rates, I'm not going into the academic background, as the Minister of Federal and Intergovernmental Affairs has done, as to what can happen and what the implications are. I think the debate today, on behalf of the opposition and members of the government, should be to impress upon the Minister of Federal and Intergovernmental Affairs and the Provincial Treasurer that we want a message sent to Ottawa . . .

AN HON. MEMBER: Agreed.

MR. R. SPEAKER: . . . that we're concerned about interest rates; that they are having implications on our farm communities, on our small business, and on economic development in Alberta today and in the future. I was concerned when we heard the press release today and we listened to the Provincial Treasurer answer questions in question period. The Provincial Treasurer said: I don't have to go running to Ottawa; we have 21 MPs who can make representation for Alberta; I'll wait here and the federal government can come to me. That was the implication. Mr. Speaker, we need a Provincial Treasurer who will go to Ottawa and make our case for us. [interjections]

I can recall, a number of years ago one of the namecards on this side of the House was Lou Hyndman. Day in and day out he attempted to tell the government that we should get on the plane, go to Ottawa, and tell them about our problems.

AN HON. MEMBER: Why didn't you?

MR. R. SPEAKER: Lou Hyndman, the present Provincial Treasurer . . .

MR. COOK: Will the hon. member permit a question?

MR. R. SPEAKER: Mr. Speaker, the time of the day — the hon. member can ask me in the next day's debate. [interjections] Mr. Speaker, the hon. member can take his time later if he wishes.

The Provincial Treasurer is taking a stance that I recall was taken even by some of our own ministers in the Social Credit government. They didn't rush onto the plane to confront Ottawa. After eight years we have the same person in a role where we're saying to him, go to Ottawa and tell the message. What does he say?

I'm going to stay in Alberta. There's no way I'm going to go to Ottawa. They can come to me and meet me face to face in Alberta. [interjections] Mr. Speaker, that's just not good enough at this point in time. Interest rates, a major concern in the mind of every Albertan, and the Provincial Treasurer says things are okay.

Mr. Speaker, two or three members have referred to the press release as an item where this government's really going to get into action. We read the words in it. The hon. minister says: we're going to explore generally; we're going to look around a little bit. Over the days and weeks ahead, we as a government will monitor and assess the bank rate. We're not going to get too excited or care too much.

AN HON. MEMBER: What would you do?

MR. R. SPEAKER: It goes on to say that we might usefully consider special arrangements. It's sort of in between. Things will go on, and let's not hurry too much. We're fat cats; we're doing okay in Alberta. Everybody here has enough money to look after himself, no debts. A big increase in wages is coming up in a couple of weeks. Why worry?

That's the state of affairs, Mr. Speaker. I think in eight years this kind of complacency is a total disaster.

MR. NOTLEY: The complacent Conservatives.

MR. R. SPEAKER: The complacent Conservatives. The Cadillac has been parked and the motor isn't even idling. Mr. Speaker, that just isn't good enough at the present time.

I think we should have some commitment from the Provincial Treasurer. I thought he would enter this debate and say, look, I think there's enough concern by every member in this Legislature; I'm going to go and tell Ottawa what to do. I'll stand face to face . . .

MR. NOTLEY: Eyeball to eyeball.

MR. R. SPEAKER: Eyeball to eyeball. Right. I remember even that comment a number of years ago. You should go down to Ottawa, eyeball to eyeball. The Provincial Treasurer, when he was a member of the opposition, set that as his ground rule. He said, when I become a member of the government, it's going to be eyeball to eyeball, and I'm going to go to Ottawa. [interjections] What a laugh.

MR. HYNDMAN: Mr. Speaker, on a point of order, we can't go to Ottawa because we had the federal Minister of Finance coming west to Winnipeg . . . [interjections]

MR. R. SPEAKER: What happened, Mr. Speaker? They came to Winnipeg and nothing went on.

MR. R. CLARK: They raised the interest rates.

MR. R. SPEAKER: The interest rates went up last night. The late news says the interest rates are up again.

MR. NOTLEY: No more meetings in Winnipeg please, Lou.

MR. R. SPEAKER: Then we get the Minister of Federal and Intergovernmental Affairs announcing the policy of this government, that they approve the interest rate. They said that's the only alternative, and as members of this Legislature we should accept it and not go rushing around for other alternatives. Now that we know where the government stands, I guess that's the way it is. [interjections]

MR. R. SPEAKER: So, Mr. Speaker, you know . . .

AN HON. MEMBER: That's where we stand.

AN HON. MEMBER: Where do you stand, Ray?

MR. R. SPEAKER: It's important that this government stand and talk for the people of Alberta. It's unfortunate they haven't done it to this point in time. [interjections]

MR. R. CLARK: They won't meet with the MPs.

MR. R. SPEAKER: Mr. Speaker, my colleague says we've asked them to meet with the MPs for Alberta, and they said they wouldn't do that either.

AN HON. MEMBER: I met yesterday with . . .

MR. R. SPEAKER: Well, what a bunch of inaction.

Mr. Speaker, in terms of the time, I'd like to adjourn the debate. [interjections]

MR. HORSMAN: Mr. Speaker, on a point of order. Before putting a motion to adjourn debate, I would ask that the motion we have been debating this afternoon be put on the record.

AN HON. MEMBER: Pretty hard to do, Jim.

AN HON. MEMBER: How are you going to go about it?

AN HON. MEMBER: So it was a motion?

MR. SPEAKER: The text has gone out to the Clerk's office. But it's my understanding that the text has been agreed upon by the House leaders on the government side, as well as the Leader of the Opposition and the hon. Member for Spirit River-Fairview, which pretty exactly reflects the proposed subject for emergency debate suggested by the hon. Member for Spirit River-Fairview.

HON. MEMBERS: Agreed.

MR. SPEAKER: If I may take just a moment, this raises the question of what is to become of the motion first designated for this afternoon, namely Motion 219. Under our *Standing Orders*, that motion, not having been called, doesn't automatically disappear from the Order Paper. Perhaps I should ask what the Assembly would wish to do with that motion.

MR. NOTLEY: Mr. Speaker, my understanding is that it would drop to the bottom of the Order Paper. [interjections] I would like to see it redesignated. But I gather there's some difficulty with Standing Order No. 8(3), unless there were unanimous consent, to be



able to designate it at some future date. But in fairness to other members who might wish to designate motions next Thursday, I would think that the only appropriate thing would be to allow it to fall to the bottom of the Order Paper.

MR. HORSMAN: Mr. Speaker, before we make a final decision on this matter, in view of the unusual nature of the occurrence this afternoon, I would urge that the motion retain its place on the Order Paper until such time as we are in a position to research more accurately the circumstances relating to that particular motion.

MR. SPEAKER: Does the Assembly agree with the suggestion of the hon. Government House Leader?

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, as everyone knows, the House will not sit this evening. As for tomorrow's business, I would advise that we will be in Committee of Supply on the capital projects estimates of the Alberta Heritage Savings Trust Fund.

[At 5:33 p.m., on motion, the House adjourned to Friday at 10 a.m.]

