

members of the NDP have the solution. We would be very happy to hear what the solution is. However, I am afraid that again my friend is living in a fairyland as members of the NDP like to do. I invite him to face the real world. If interest rates are going up in the United States, it is very difficult to keep Canadian rates at a lower level for any extended period of time. I am sure that the Hon. Member knows that.

ELECTION CAMPAIGN PROMISE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, since high interest rates do not help consumers, small businessmen, or farmers, and since high interest rates are particularly disastrous for the 1.5 million unemployed, will the Government be consistent in implementing its own promises made in 1980 when it said it would take action against high interest rates? Will the Government be consistent in the commitment it made as an election promise to take action on behalf of the ordinary Canadian? Particularly, will the Government take action so that the slight recovery that is under way will not be stopped in its tracks by a disastrous high interest rate policy, and bring down interest rates?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Government has taken action in that regard. I remind my friend of the situation which existed for a while in which Canadian interest rates were 4 per cent to 5 per cent higher than those in the United States. Thanks to our fight against inflation, and thanks to the support the Canadian people have given to reducing inflation in the country and to increasing productivity and exports, we now find ourselves in a situation in which our interest rates are equivalent to those in the United States. We have brought interest rates down more than the United States, relatively, during the last few years, thanks to the collective efforts of Canadians.

● (1430)

The fact is, and I have to repeat it, that if interest rates are going up in the United States I do not think there is any sensible and responsible way of preventing similar increases in Canada over time. We are trying to moderate those increases as much as we can. We are doing everything we can in that regard. Again, I invite my friend to face the real world.

Mr. Broadbent: Mr. Speaker, I say to the Minister that the real world in Canada right now is the 1.5 million unemployed.

REQUEST THAT GOVERNMENT REDUCE INTEREST RATES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, a slight drop in the Canadian dollar would be advantageous to men and women in British Columbia who want jobs, to farmers on the Prairies who would be able to get their grain products to export more easily, and to industrial workers in Ontario and Quebec who would have lower priced manufactured goods. I am in the real world; it is the Minister and Governor Bouey who are not.

Oral Questions

Just for once will the Government deliver on its promise to do something about the real needs of ordinary people? Will it bring down interest rates and tell Governor Bouey to take that course of action? If he will not, will it send him his retirement cheque and wish him well?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member talks about a slight drop in the exchange rate. That has taken place. I know that this will help our exports, the forest industry, and all the people the Hon. Member has mentioned. This has taken place. The Hon. Member also knows that it has not brought down interest rates. As a matter of fact we are facing a situation where interest rates have edged up recently.

The solution is not that by somehow devaluing the Canadian dollar we would necessarily get lower interest rates. As a matter of fact experience has shown that we could have a decline in the dollar, and higher inflation and higher interest rates as well. The solution my friend proposes is not a very realistic one.

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HOUSING

EFFECT OF MORTGAGE RATES ON BUILDERS' PLANS

Mr. Doug Lewis (Simcoe North): Mr. Speaker, my question is also addressed to the Minister of Finance. He will know that this is the time of year when builders plan their building starts for the Spring and Summer. Mortgage interest rates have a severe impact on those plans. The Government is allowing mortgage interest rates to rise once again. The prime rate at the Canadian Imperial Bank of Commerce and the Toronto-Dominion Bank has gone up, as it has at the Mercantile Bank and the Bank of British Columbia. That will reduce housing starts. Each lost housing start means a loss of two jobs.

What plans does the Government have to hold down mortgage interest rates? This would enable Canadians to buy homes, and thus create jobs.

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I have to remind my hon. friend that housing starts picked up substantially in the first few months of this year. As a matter of fact we foresee a very good year for housing starts.

As for steps being taken to help potential and current home owners, I would remind my friend that in the Budget I announced a Mortgage Interest Rate Protection Plan. I intend to introduce legislation in this regard within the next few weeks. The legislation will protect home owners against excessive increases in interest rates. I hope the opposition Parties will support this legislation which will be helpful to all home owners with mortgages.

COMPARISON WITH UNITED STATES

Mr. Doug Lewis (Simcoe North): Mr. Speaker, in the United States housing starts increased by 15 per cent for