

Budget that has an effect on the economy rather than no effect, leaving people in the pickle they are now?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member will have to explain. I know the Liberal Government and Liberal Party have been in charge of this country for most of the last 16 years. I told my friend I was going to make an important speech on the subject yesterday. I invite him to read it. In fact I have taken the trouble of personally sending him a copy. I hope he will read it from beginning to end. He will find that, compared to any other industrialized country, over the last 16 years the record in Canada compares favourably. In fact it is better than most other industrial countries during that period.

In order to save time and to help educate the Hon. Member, I will send him a copy now across the aisle. It will be very helpful if he gets this important address delivered to La Chambre de Commerce de l'Outaouais in Hull, Quebec last night.

Second, if he wants to blame us for the rise in interest rates, he will have to explain to me why they have risen by the same amount in the United States in the last few months. In fact they started to rise in the United States before they began to rise in Canada.

Finally, my friend refers to the Conference Board forecast. He knows that for the last several months this has consistently been the most pessimistic of all forecasts. Instead of spending his time trying to find the gloomiest possible forecasts, I invite him to look at the most recent figures for growth in the gross domestic product. He will find that in January the gross domestic product, the Canadian economy, grew by 1.3 per cent in that single month. If he were to project that over a full year, which I do not, it would generate something like 16.3 per cent growth. That would be totally unrealistic, but the economy is not in a state of going into a recession. It has gone from a stage of recovery to a stage of expansion. We intend to continue our policies to achieve that purpose.

REQUEST FOR STOP TO TAX INCREASES

Hon. John C. Crosbie (St. John's West): Mr. Speaker, the weaker the Minister's ground, the more gaseous he gets. The trouble with the Minister's speeches is that the unemployed cannot eat them. I want to ask the honourable ostrich this—the Conference Board forecasts continuing high interest rates for Canada, with all the bad consequences that has for consumer spending, residential construction and so on. It notes that tax increases in Canada sharply contrast to the United States where they have real growth and real job creation. Will the Minister now take action to stop these tax increases in Canada, the 1 per cent increase in sales tax in October and the increase in income tax? Will he stop that so that we can get growth in jobs and growth in the economy like they have in the United States?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, hearing the Hon. Member, the Canadian public will have no

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difficulty in concluding why they should continue to leave that Party in opposition for another 16 years. The only outlook they give to the country is one of pessimism, doubt, self-doubt, a lack of confidence in this country, and an outlook that offers no hope to this country. I invite my friend to look at the figures again. Look at the forecasts that have been made in this country. They forecast real job growth. They forecast real growth in the economy in 1984, not the kind of gloom and doom that the Conservatives are offering as the only alternative.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Feeble applause from Bussières again.

Mr. Nielsen: It sounds like Hull to me.

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BANKS AND BANKING

POSSIBLE DEFAULT BY ARGENTINA ON LOAN REPAYMENTS

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, my question is for the Minister of Finance, who undoubtedly is concerned about the possibility of the Argentine defaulting by not paying interest on its international loan commitment. Will the Minister indicate how our banks, under his supervision, got into this unfortunate situation where they have about a \$14 billion loan position with various Latin American countries, in sharp contrast to roughly \$7 billion to Canadian farmers and only \$1 billion to Canadian small business men? Will the Minister explain how, under his supervision, Canadian banks got so exposed? In short, can he assure the House that the loans will be repaid without default?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, since the Hon. Member himself was once involved in certain banking operations—about which I will say no more today—he ought to know that the Minister of Finance has nothing to do with the lending activities of banks.

In fact, Canadian banks have been lending a lot of money to many foreign countries and, generally speaking, those loans have quite often paved the way for the purchase of Canadian goods and services, thus contributing to job creation in Canada. Canadian banks are very active on the international scene and, like banks in other countries such as Europe and the United States, they are doing a great deal of international business which helps Canada. Mexico, Argentina, Brazil and Romania did have some difficulties. I would refer my colleague to the events in recent years, when the international banking community and other international institutions cooperated to make arrangements with those various countries to make sure that they would pay back the money owed to Canada as well as to Canadian banks and other countries.