

THE LATE JOHN LENNON

EXPRESSION OF SORROW AND SYMPATHY TO FAMILY

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is directed to the Right Hon. Prime Minister. On behalf of hundreds of thousands of young and not so young Canadians who are sad and grieving the untimely death of one who put into his music and song that yearning for love and peace, would the Prime Minister express their feeling of sorrow and sympathy to the family of the late John Lennon?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I thank the hon. member for the suggestion. He will recall that a similar motion was put to the House the other day and it was not adopted. I think it would be a nice gesture if we could get unanimous agreement to adopting such a motion. Failing that, I will gladly write a letter in that sense to the widow of Mr. Lennon. I have already written a private letter but I would be glad to write another on behalf of the government and people of Canada.

Some hon. Members: Hear, hear!

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HOUSING

EFFECT OF GOVERNMENT POLICIES ON PRICE OF HOUSES

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is directed to the Minister of Finance. One of the canons of the monetarist policy which the minister's party has been following, as did the Conservatives in their brief occupation of government, is that high interest rates help to fight inflation. I ask the minister to focus his mind for a moment on the housing problem in Canada and to consider that housing costs have gone up as much as 22.2 per cent in St. John's and 35.5 per cent in Vancouver. The head of HUDAC has estimated that a house which now sells in Toronto for \$98,000 will in 1990 sell for \$250,000 and in the year 2000 for \$750,000. Housing starts are now down to the lowest in 15 years in Canada.

Will the minister explain how policies which have the effect of cutting off supply at the source can do anything other than cause the price of houses to escalate? Will the minister comment on the fact that high interest rates, rather than help to fight inflation, simply pour fuel on the problem and make it much worse?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member made what in essence was a little economic homily and has asked me to comment on it in reply to a question. It is obvious to me and to the hon. member that high interest rates, especially the kind we are now experiencing, are bound to have an effect on the ability of persons in Canada to acquire a home. That is clear. The hon. member now asks me to go on and comment, presumably upon the monetary policy now being pursued by the Federal Reserve Bank in the United

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States in an effort to control the money supply, which is the object of that policy, and to arrest inflation. I expressed concern a few moments ago about that policy. The Governor of the Bank of Canada has also expressed concern to authorities in the United States about the wisdom of the current policy being pursued in that country, because, in our view, it is not a proper application of monetary policy in the current circumstances. That is my homily in reply to the hon. member's.

● (1140)

Mr. Rae: Madam Speaker, if it takes a homily in order to get the minister to tell us that the Governor of the Bank of Canada has launched a protest to the Federal Reserve Board, that is fine. That is information which I certainly did not have before and nor did anyone else. Perhaps I will continue to ask homilies if it manages to elicit a response from the minister other than the ones we normally get. Perhaps the minister would consider establishing diplomatic relationships with the Federal Reserve Board to make our representations known on a permanent basis.

Given the fact there is now a president-elect of the United States who appears to be subject to this disease of monetarism, and is not going to be able to shake it for a number of years, does the minister not consider it is now necessary for the government to start looking at alternative policies in Canada on a long-term basis, not simply on a short-term basis in response to particular crises and upward waves in interest rates? There is a need to look for alternatives in fiscal policy, in monetary policy, in dealing with capital flows and so on, so we can establish in Canada an independent monetary policy as well as policies which will not strangle the housing industry, small businesses, farmers and the average consumer but will get our economy going again.

Mr. MacEachen: Madam Speaker, I have absolutely no quarrel with what the hon. member says. I have been searching in my own mind and among the views expressed by economists of this country for fresh alternative policies. I have not heard them from members of the opposition, members of the New Democratic Party or from members of the economic profession, who have been, in my view, unable to describe a policy which could be implemented and would not worsen current circumstances in Canada. That is my conclusion. I am still waiting for a revised policy from the New Democratic Party. Every proposal it has made with respect to interest rates, if adopted, would worsen inflation and make our difficulties greater than they are at the present time.

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NORTHERN AFFAIRS

ASSISTANCE TO NORTHERN RESIDENTS TO MEET INCREASED COSTS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Finance. Once