

Oral Questions

The Minister of Finance knows full well that the weeks and months ahead will see an increase in United States interest rates, based on the best information available to us today. Businessmen, home owners and farmers are watching very closely because they feel that if our future performance is anything like our past performance it means that we will simply follow American rates upward.

The Minister of Finance has indicated that we cannot take real independent action because money will flow out of the country. Is the Minister of Finance prepared to give some consideration to lowering interest rates and to give some consideration to the implementation of a speculators' tax on large sums of money that people might move out of the country in order to take advantage of an interest rate? What is his view on a speculators' tax as one method to counter the argument against tracking American rates?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I may remind the Hon. Member that speculating on what might happen does not necessarily mean it is going to happen. The Hon. Member is referring to projections on increases in interest rates in the United States in 1984. It is possible, but it is certainly not a foregone conclusion that it will happen. I would therefore urge the Hon. Member to keep his sense of perspective and not automatically assume there will be an increase of, for instance, two percentage points in interest rates in the United States, as he said.

He also mentioned creating a special tax on movements of capital to the United States. This point has been raised by fellow Members of the Hon. Member's party here in the House, and I said at the time that this did not seem to be a realistic solution. However, if the Hon. Member has specific proposals to make and he feels it would be feasible to implement this kind of tax, I shall consider all this within the framework of a future budget.

At the present time, however, I must say that the Hon. Member's proposal does not seem very realistic and it is not one I am prepared to consider.

● (1430)

[English]

MORTGAGE INTEREST RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, let us talk about the present, if the Minister is not prepared to speculate on action that he might take. In the United States this morning, Baystate Funding, a savings and loan company in Massachusetts, is offering mortgages at 9.75 per cent, and the First Interstate Bank in California is also offering mortgages at 9.75 per cent. The same thing is being played out throughout the United States.

Considering that our prime rates are approximately the same, and that the inflation rate in Canada is approximately the same as that in the United States, why is there a 3 per cent differential between what banks, savings and loan companies

in the United States are charging for mortgages, and what banks like the Royal Bank of Canada are charging? Why is there a 3 per cent differential?

[Translation]

Hon. Marc Lalonde (Minister of Finance): The Hon. Member will admit that there are some significant differences between the tax systems in the United States and in Canada. If I am not mistaken, perhaps, the Hon. Member will recall that in the U.S., there is a tax on capital gains accruing from the sale of one's own home. Canadians, however, do not pay a capital gains tax when they sell their home. That is one example of the differences between the tax systems in our two countries.

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[English]

AGRICULTURE

IMPORTATION OF BEEF FROM IRELAND

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, my question is directed to the Minister of Agriculture. It concerns the amount of Irish beef which has been coming into Canada since the first of the year. The Minister will know that Ireland is now the largest single supplier of beef to this country. He will also know that some of this beef has been landed in Canada at as much as 30 cents per pound under our market price. If the level of those kinds of imports into our country continues, by August or September our quotas will be filled. This kind of thing hurts producers and processors in this country. For instance, Burns Meats in Brandon has just announced that it will close in August. This also jeopardizes the trade which we have with our traditional trading partners. Would the Minister bring us up to date on what he or his Department is prepared to do to address this very serious situation?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, we met with representatives of the Canadian Cattlemen's Association on the Beef Import Advisory Committee just this past week. They made certain recommendations to the Ministry of Agriculture, to myself, and some of the officials in my Department.

The Hon. Member is saying that he wants import controls and that he wants them imposed. I am not against that. He knows that I am very much in favour of that. The beef is not coming to Canada by itself; it is being brought here by a corporate citizen of Canada who is buying it and putting it on the market here because it is cheaper. If he wants that kind of control, let him say so.

We have put a countervailing duty on hams coming in from Europe, from the same area. We know it is heavily subsidized, but when I talk about those kinds of things and when I talk about supply and management—and in essence that is what they are saying at the present time—they disagree with me.

Mr. Gamble: What are you doing today?