

burgeoning in the United States, our dollar is likely to fall. Exchange dealers say it will go down to 75 or 77 cents. Will the Minister have some sense and not waste our foreign exchange reserves by trying to prop up the dollar? Will he stop trying to be the King Canute of the Liberal Party, using all the foreign reserves to prop up the dollar? Will he give that undertaking to the people of the country?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, we have stated repeatedly what the policy of the Government is, in the House and before parliamentary committees. I stated it quite clearly in the House as recently as 10 days ago when the Conservatives presented an opposition motion. That position was expanded upon by the Governor of the Bank of Canada before a parliamentary committee this morning. I have nothing to add to what we have already said about our policy in that regard.

#### RESPONSIBILITY FOR INTEREST RATE POLICY

**Hon. Edward Broadbent (Oshawa):** Mr. Speaker, the economic foolishness of the Government is only exceeded by the hypocrisy of the Conservatives who raised interest rates four times in about as many weeks when they were in government.

**Some Hon. Members:** Oh, oh!

**Mr. Broadbent:** For once the Tories are a bit concerned about their hypocrisy, and I am glad to hear that.

Yesterday the Minister said that the Government does not have a high interest rate policy. Today, for the fifth week in a row, the Bank of Canada raised interest rates. This means higher costs for farmers, for small businesses, and for home owners. Will the Minister at last acknowledge that constitutional responsibility for interest rate policy rests with the federal Cabinet and with the Minister of Finance? Will he use that authority to reverse this disastrous high interest rate policy for the people of Canada?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I said in the House yesterday that the Government does not have a high interest rate policy. Its policy is to keep interest rates as low as it can possibly keep them.

I would remind my friend that up until 12 noon today, as far as I know, four out of the five major banks in Canada still had a prime rate half a point below the prime rate in the United States, which is 11.5 per cent. One of the major banks has been at the American level for a few days.

I have indicated to the Hon. Member before that it is not realistic to expect that we can keep lower levels of interest in this country than in the United States over an extended period. That is my policy and my point of view. It is a point of view shared by the Governor of the Bank of Canada.

I want to repeat to my friend that we do not have a high interest rate policy; we are doing everything we can to keep interest rates in this country as low as we can.

#### Oral Questions

**Mr. Broadbent:** Mr. Speaker, I ask the Minister to stop trying to snow the people of Canada.

#### REQUEST FOR CHANGE IN GOVERNMENT POLICY

**Hon. Edward Broadbent (Oshawa):** Mr. Speaker, interest rates have gone up five weeks in a row. The Government has Constitutional authority and responsibility for that, but the Minister tries to tell us that it is not his policy. The people of Canada know that it is his policy, we know it, and everyone wants that policy to change.

**Some Hon. Members:** Hear, hear!

**Mr. Broadbent:** The Minister knows that the last time we went through this, a couple of years ago, the result was disastrous for the people of Canada. The economy did not grow, it shrank; the number of unemployed was not reduced, it was increased, and the number of businesses that went broke also increased. Will the Minister quit putting us through this re-run of a bad old movie, and change his policy?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I have never asserted that it was not our responsibility. On the contrary, I recognize that monetary and fiscal policy fall under the authority of the Government, and more particularly of the Minister of Finance. I have never tried to pass that responsibility on to anyone, least of all to the Leader of the New Democratic Party. However, I want to repeat to him that our policy is not a high interest rate policy. Our policy is to keep interest rates as low as we can sensibly keep them in this country and still have an economy which will grow.

• (1430)

**Mr. Broadbent:** Mr. Speaker, the Minister is going to have a hard time trying to explain how we have interest rates going up day after day, week after week, but the Government does not have a policy which sanctions that. The Minister knows if he had a real, low interest rate policy, he could telephone Governor Bouey and tell him to reverse the trend. He has not done that because he accepts high interest rates. That is the truth.

#### REQUEST FOR GOVERNMENT ACTION ON INTEREST RATES

**Hon. Edward Broadbent (Oshawa):** Would the Minister go back to information of which he was aware and which was brought to his attention today? There are countries side by side in Europe with very different interest rate structures. The countries with low interest rates happen to be growing more rapidly than countries with high interest rates. Why does the Government now follow the low interest rate policy of countries which are, in fact, having better rates of growth and better job opportunities for their people, instead of having our interest rate policy set initially in the United States and then followed in a lock-step way here in Canada by Governor Bouey?