

Oral Questions

and we have been building a broader and stronger base of growth in our country and this will lead to a further decline in unemployment in the rest of this year.

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THE ECONOMY

INTEREST RATE LEVELS—COMPARISON WITH UNITED STATES

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, my question is also directed to the Minister of Finance. The Minister said yesterday that Canadians should be worried about the increase in interest rates in the United States. He is correct, of course, because the Liberal Government follows American interest rates as slavishly as it follows Conservative interest rate policies here. However, there are substantial differences between the situation in the United States and that in Canada. The American unemployment rate is at 7.8 per cent, while today the Canadian unemployment rate is up to 11.4 per cent. There are over one and a half million individual unemployed Canadians.

Will the Finance Minister give some hope to Canadians? Will he now give unemployed Canadians as well as home owners, small business people, and farmers, some hope that he will show some degree of independence, and prevent the Bank of Canada from following the latest one-half per cent rise in American interest rates?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I have answered that question many times. It is extremely difficult to have a completely different and autonomous monetary policy from that of the United States. When an economy as strong and as powerful as that of the United States lives next door to ours, we cannot live in our own world as if that economy did not exist.

I have indicated that we have taken steps to reduce, and over the last couple of years, practically eliminate the difference between the United States interest rates and the Canadian interest rates which were higher previously. At the present time, if my friend were to look for instance at short-term interest rates for 30-day and 90-day paper, he would find that the Canadian rates are below the American rates. He would also realize that today one can still borrow from a bank at a lower prime rate than that of the United States. Consumer loans in Canada are still at a lower rate of interest than in the United States.

We have been exploiting to the maximum the room that we have, in order to have the lowest possible interest rates. That will continue to be our policy and objective, and if there is any way that we can achieve even lower rates as compared to those in the United States, I would like to assure my friend that we would not hesitate to take the necessary steps in that regard. One must be realistic in terms of the situation we are facing.

UNEMPLOYMENT IN CONSTRUCTION AND FORESTRY INDUSTRIES

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, the Minister likes to talk about fairy tales. If we wanted a grim fairy tale all we would need to do is look at "Puff, the Magic Dragon" over there, who manages to burn thousands of carpenters and loggers with a single blow.

● (1150)

Despite his predictions in reply to my colleague, the Hon. Member for Cowichan-Malahat-The Islands, on March 26, that housing starts would improve, housing starts are in fact down in Canada again. The drop in housing starts is very much connected to the fact that we have 36 per cent unemployment in construction in Canada, 70 per cent in my own riding. We have 35 per cent national unemployment in forestry. In New Brunswick, unemployment in these two industries is over 50 per cent.

Will the Minister of Finance make some effort to take some control over our own economy, or should we tell the Canadian people, if they want to know where their economy is going, they would be better off to watch the American primaries than the Canadian Liberal leadership race?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member is referring to the number of housing starts last month. Again I would urge him not to confine himself to last month's statistics, but to look at the statistics for the last quarter. He will find out that housing starts in Canada during the first quarter of this year were 10 per cent more than the output for the last quarter of 1983. In other words, the rising trend in home building in 1984 is confirmed by the overall progression in the first quarter. Fluctuations can be expected from one month to the next, of course, but the significant factor to bear in mind is the basic trend over several months. We will be keeping a close watch on the changing situation in the coming months and, on the basis of prospects over a few months, we will be in a better position to predict what the future has in store for us.

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[*English*]

LABOUR CONDITIONS

REQUEST FOR NEW INITIATIVES TO ASSIST UNEMPLOYED IN MINING INDUSTRY

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, my question is directed to the Minister of Finance. The last time the Minister raised the matter of the shutdown of Schefferville, he had to stand up shortly thereafter and apologize for his actions, as well as the actions of his Department, for misleading the House.

I want to ask the Minister, who, when he was Minister of Energy, Mines and Resources, not only shut down a mine but