

the curtains, who, after the division had proceeded, came into the House. The count had already started, Madam Speaker, and it was allowed to continue. That, however, is clearly in violation of Citation 472 of the Fifth Edition of Beauchesne, paragraph 3, which states that divisions shall be treated in Committee of the Whole the same as when the House is in full session.

We all know that means that Hon. Members who are not in their place when a division begins cannot participate in that division. That has been argued in the House many times. There are many precedents, even in the relatively short time that I have been here. For the Opposition to leave the House now and try to put the Speaker in the position in which they have tried to put Your Honour, will, I hope, illustrate to the Canadian people how hungry that Party is for power and how unprepared it is to govern.

Madam Speaker: Oral questions.

ORAL QUESTION PERIOD

[English]

THE ECONOMY

PROJECTION MADE BY MINISTER OF FINANCE

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance who has stated on many occasions to the people of Canada that, if they were prepared to make some sacrifices, to moderate their wage and salary demands, to moderate their price increases if they are small business people, the rate of inflation would drop and with that would come a drop in interest rates. He has said that this would result in an increase in business investment, which in turn would result in jobs being created in all regions of the country. Actually, the opposite has occurred. Inflation has come down, interest rates have gone up, business investment has gone down, and unemployment has stayed up.

Will the Minister of Finance explain to the people of Canada why his basic assumption has gone wrong, and why what he said was going to happen, has not happened?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am sure the Hon. Member will rejoice today with all Canadians in the fact that in November we achieved a rate of inflation of 4.2 per cent, which is the lowest rate of inflation achieved in this country since June, 1972. This is bound to have beneficial effects for senior citizens, for families, for workers who will see their real income preserved by a lower rate of inflation. All Canadians are benefiting from this development, and I think all Canadians should be congratulated for having worked together during the last couple of years to try to reduce inflation.

As far as the specific question of the Hon. Member is concerned, I should like to draw to his attention the fact that

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interest rates did come down as inflation came down. He will remember that we had a period of interest rates of about 20 per cent; today those interest rates are more in the range of 11 per cent. At the same time, in those days we had inflation of 12 per cent of 13 per cent; today inflation is 4.2 per cent. Obviously the rate of interest, like the rate of inflation, will fluctuate. It is not assured that for every single drop in inflation there will be a drop in interest rates and vice versa. What is important to note is that, as time has gone by and as we have been able to bring inflation down, we have also been able to bring interest rates down. I hope that as the weeks and months go by we will still be able to achieve a lower rate of inflation and further reductions in interest rates.

LEVEL OF INTEREST RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I want to clarify a point for the Minister who has so aptly dodged the question and has hidden behind a number of faceless statistics. The reality is that the inflation rate in our country has been coming down for many, many months, and it is lower today than it has been for years. The reality, however, is that interest rates this week broke through the 10 per cent barrier and are now back into double digit figures. Real interest rates, the ones which are really important for the investment community, are approaching near record levels, and that fact is inescapable, Madam Speaker. Those are the facts. The Minister can stand up and say that inflation rates are coming down all he wants, but the reality is that real interest rates are higher than they have been for years and years.

● (1420)

Knowing that interest rates are the critical factor when it comes to increased investment and economic expansion in our country, is it not time for the Minister of Finance to sit down with his colleague, Governor Bouey of the Bank of Canada, and meet with the chief executive officers of the major Canadian banking establishments, to put an end to these increasing interest rates and bring some stability back into the interest rate situation?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like to draw to my hon. friend's attention the fact that the prime rate in this country, which is a rate of great importance to business and to individual citizens, has been stable at 11 per cent. The prime rate at which Canadians can borrow from the banks has been stable at 11 per cent for the last several weeks—as a matter of fact, for the last couple of months. This rate is at exactly the same level as in the United States. I would also remind my hon. friend that the consumer loan rate is at as low a rate as it has been in the last 25 years. These are facts which are there for everyone to see.

Obviously, I and everyone else would like to see even lower rates, particularly even lower real interest rates. This is an issue which we have raised with the United States Government at the last Williamsburg summit. It was not only Canada