

Oral Questions

Does the minister now consider the interest rates we are currently suffering unacceptably high? Secondly, what is the minister doing to protect those Canadians most in need?

Mr. MacEachen: Madam Speaker, I remember very clearly the words which were in the Speech from the Throne because at that particular time a very exhaustive analysis was made of the impact, especially on home owners and potential home owners, as a result of the very high interest rates. We did undertake certain steps at that time which were helpful.

● (1430)

Fortunately in the circumstances, the level of interest rates dropped very considerably and the problem, it seems to me, would have been compounded had the government launched a new program to solve a problem which, in the course of the summer, virtually disappeared. Now we are facing the same problem for the same reason.

The problem is not one that originates in Canada. It is not caused by bad policies being followed by the Governor of the Bank of Canada.

Some hon. Members: Oh, oh!

Mr. Crosbie: Made in Canada interest rates.

Mr. MacEachen: Regardless of the source of the problem, it still affects this country. I want to tell the hon. member that those words are very much on my mind, and I will be keeping them in mind as events develop.

Mr. Rae: Madam Speaker, my final supplementary question relates directly to the minister's answer. He says it is not the fault of the government and it is not events in Canada that are dictating the government's interest rate policy, but that it appears to be events elsewhere. Presumably he means the United States of America, the problems that the economy of that country is undergoing and the policies they are following.

With respect to that, I should like to ask the minister to read an exchange that took place in this House on October 29 last year between the then leader of the opposition, who is now his seatmate as Prime Minister, and the member who is now the Leader of the Opposition. At that time we were looking at interest rates of 11, 12, 13 and 14 per cent and the fact that we were following the American policy. At the end of that lengthy exchange, this is what the then leader of the opposition, now the Prime Minister, said in referring to those policies:

They might have been appropriate at 7 or 8 per cent, but surely at some point one begins to look at new policies.

He also asked:

At what point will the government look at... alternatives, rather than following the American interest rate up to 13, 14 per cent and Good knows how high?

Now, not only God knows how high, Madam Speaker, but they have gone through 20 per cent in the United States. When is the minister going to start looking at some alternative policies?

Some hon. Members: Hear, hear!

Miss MacDonald: Check with your seatmate.

Mr. MacEachen: Madam Speaker, obviously the hon. member has failed to ask himself how it has been possible for Canada to maintain short-term interest rates about five points below those prevailing in the United States when the normal circumstance has been for Canadian rates to be about one point above those in the United States.

Mr. Andre: When our dollar was above the U.S. dollar too.

Mr. MacEachen: Has the hon. member asked himself how that has happened? If he has, I hope he has concluded that it is because the governor of the bank and the management of monetary policy in Canada has been such that we are not moving in locked step with the United States but have maintained this disparity much to the advantage of Canada.

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BANKRUPTCIES**MEASURES TO PROTECT INVESTORS IN FEDERALLY CHARTERED TRUST COMPANIES**

Mr. Peter Lang (Kitchener): Madam Speaker, my question is directed to the Minister of State for Finance. In view of the fact that some of my constituents in Kitchener and, indeed, many people in south-central Ontario, have lost their life savings because of dealings with Astra Trust, as well as the provincially chartered C & M Financial Consultants and Re-Mor Investment Management Corporation, can the minister tell the House what changes the government is considering to the trust and loan act to ensure that investors and depositors are better protected in their dealings with federally chartered trust companies, and whether any compensation is planned for those who lost funds over and above the \$20,000 mark that is protected under the Canada Deposit Insurance Corporation?

[*Translation*]

Hon. Pierre Bussières (Minister of State, Finance): Madam Speaker, we have already replied in the House to questions concerning the situation of Astra Trust which is federally incorporated and of other provincial corporations in which Ontario residents have lost a lot of money.

Hon. members will know that, as concerns Astra Trust, the Canada Deposit Insurance Corporation covers deposits by individuals up to a maximum of \$20,000. When the company's assets have been disposed of, certain sums which could make up the difference over \$20,000 will be recovered.

As for the much more specific question asked by the hon. member concerning amendments that could be made to the legislation to improve the situation and prevent such situations from occurring, I do not believe that we should look for correctives through legislation, but rather by ensuring that the control and application provisions of the present federal and provincial legislation are appropriate and can prevent reoccur-