

Oral Questions

France as well, and interest rates in Switzerland are even lower than those in Germany, and have been for a consistent period of time.

I would like to ask the Minister a question for which I have been trying to get an answer for two days. I would remind him that when he is answering his questions he is not just not answering me but he is insulting the many people who are watching and want an answer to this question.

● (1420)

Since the Budget did not anticipate the higher interest rates, and the higher unemployment that will result from them, and since he has said that we have no alternative but to follow the interest rates in the United States which are expected to go higher, what steps is he taking today to offset the impact of these higher interest rates? They are totally inappropriate for the Canadian economy and will cause higher unemployment and more bankruptcies for farmers and small businessmen.

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member referred to Switzerland. I wish he were more serious in his comparison. For decades Switzerland has been the banker of the world. The Hon. Member knows that in Switzerland there were situations where people had to pay interest in order to deposit money in Swiss banks, rather than having interest paid on their accounts. How can the Hon. Member make such a comparison and allege that he is seriously asking a question on this subject?

As far as the rise in interest rates is concerned, the allegation that this would necessarily lead to higher unemployment is not correct. We will see what will happen to unemployment figures in the next few months. We have seen interest rates go up by a slight margin, and I believe there is significant movement toward growth in the economy. I would argue with my friend that the next unemployment figures will indicate that we will have continued to create jobs in this country, not diminish the number of jobs.

Mr. Wilson: Mr. Speaker, the Minister displays an incredible ignorance of what goes on in Switzerland. The reason Switzerland is the banker of the world and has low interest rates is because so much money comes into the country in response to its good economic policies. These policies have not been duplicated by the Government of Canada for the past 20 years.

MINISTER'S POSITION

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, the Minister's answer to my question clearly indicates that he has given no thought to the consequence of these higher interest rates that will affect so many parts of the economy. Is the Minister saying that he thinks the higher interest rates we are facing today are a total aberration and that they are going to be reversed? Is he wearing his rose coloured glasses? Is this situation only temporary, or is the Minister concerned? Can he show that concern to the people who are suffering from high

interest rates and who will suffer more if he does not do something about it?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, of course I am concerned about the increase in interest rates, just as I am concerned about the level of unemployment in the country. I am also concerned to ensure that the country will have economic growth and that there will not be a resurgence of the inflation that led to the recession. One has to govern in a responsible way and not resort to the kind of knee-jerk reaction that my friend suggests. He does not suggest any constructive or positive steps that may be taken.

Mr. Wilson: I did that yesterday.

Mr. Lalonde: He comes back to Switzerland. No doubt his Party would support the Swiss policy of shipping out tens of thousands of workers when that country gets into trouble, as it has done. It has migrant workers who can be shipped back to other countries in Europe and the Middle East when they are not needed in Switzerland. We do not have such a policy in this country and it is not one that I would be ready to recommend to the Government, even if the Conservatives were to advocate anything of the kind.

SIZE OF GOVERNMENT'S FINANCIAL RESERVES

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, today in the Finance Committee the Governor of the Bank of Canada was not prepared to tell us why the Government's bank account has increased by over \$3 billion since the date of the Budget. He could not tell us whether it was because tax collections were exceptionally good, or whether the Government had ceased spending money and therefore had lots of money on hand and so had increased its bank account by \$3 billion.

Is the truth of the matter that the reason the Government's accounts are up by \$3 billion is that it has been selling off foreign reserves in unprecedented amounts in order to prop up the Canadian dollar? Is that why we have over \$3 billion more in our bank account?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member is aware that every month, the Government publishes a statement of its reserves. These figures are published on the third day of each month. I would ask my hon. friend to wait until the figures are published, so that he can see them in detail, and he can then speculate about whatever he wishes. He also knows perfectly well it is not the Government's policy to speculate daily on the state of its reserves.

[English]

EXCHANGE VALUE OF DOLLAR

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the Minister knows that with the strength of the U.S. economy growing several times faster than ours, and with employment