

Mr. MacEachen: Madam Speaker, what the hon. member fails to understand is that the Economic Council of Canada is updating its own projections based upon what happened.

An hon. Member: It is worse because of you.

Mr. MacEachen: It is based upon the information contained in the budget.

Mr. Andre: Now you have it.

Mr. MacEachen: Even after the update they show unemployment rates from 1981 to 1985 which are lower than those projected in the budget. So I ask, Madam Speaker, how can the hon. member say that they have concluded that the budget itself has a greater impact on unemployment?

Mr. Andre: Because they said it.

Mr. MacEachen: All they have said is that "We have had to up-date our projections, which we found were erroneous". That is all they have said.

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HOUSING

CONSERVATIVE PARTY PROPOSALS TO OFFSET HIGH MORTGAGE INTEREST RATES—INQUIRY RESPECTING GOVERNMENT ALTERNATIVES

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is also for the Minister of Finance. Had the principles of the last Conservative budget been in place in 1981, the average Canadian family of four earning an income under \$21,000 would have received \$220 as a refundable energy tax credit and \$1,125 under the mortgage interest and realty tax credit scheme. These would offset high mortgage interest rates. Would the minister tell the House what he is offering Canadian families as an alternative?

● (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member fails to understand that in the National Energy Program we provided energy prices which saved about \$1,000 for the very family about which the hon. member is talking.

Mr. Blenkarn: Absolute nonsense.

Mr. Lewis: Madam Speaker, Canadian families will understand that they are missing \$1,345. With regard to tenants, there are high mortgage interest rates which make it uneconomical to build apartments. Because there is no building, the tight vacancy situation will tighten up even more, and MURBs do not affect interest rates. What is the minister's plan of action?

Mr. MacEachen: Madam Speaker, I have already indicated to the hon. member for St. John's West that I have not yet decided to introduce any new measures at the present time.

Oral Questions

Naturally, the increase in interest rates as they affect not only persons who must renew mortgages but persons who wish to buy a house is a matter of very great concern to me and to all members of the government, and it will be kept under very close scrutiny. At the present time I have not yet decided to launch any new program, but I intend to keep the matter under very close scrutiny to see how the burden will be expressed on affected groups in the country.

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FINANCE

EFFECT OF INTEREST RATES—PROTECTION OF NEEDY CANADIANS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I would like to ask the Minister of Finance whether he agrees with the following statement:

Interest rates are costs, and costs are a part of prices. They affect everything done by Canadians and their families. The present record level of interest rates . . . cuts back the ability of Canadians to buy goods and services of all kinds—cars, homes, food and clothing, everything people need . . . These high interest rates limit the ability of business, especially small business, simply to operate at basic non-inflationary levels.

Does the Minister of Finance agree with that statement?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I said yesterday to the hon. member for St. John's West, I do not intend to express an opinion on every conceivable opinion which has been expressed by any person or body that hon. members can dredge up. But let me say to the hon. member that I have no hesitation in telling him that the present high interest rates, especially the very dramatic surge in rates over the past week or so, is a matter of very deep concern and is bound to affect adversely groups in the country. My concern in examining this situation is to determine where inequities may exist and whether at a certain point it is necessary to take any action.

The hon. member does not have to convince me that in present circumstances high and rising interest rates are damaging to certain groups in the economy, if that is the point which he wanted to make.

Mr. Crosbie: You're changing your tune.

Mr. Rae: Madam Speaker, the minister may be interested to know that the person I was quoting is the Minister of Industry, Trade and Commerce when he was finance critic while the Liberal party was in opposition. I would point out that we did not dredge him up, the Prime Minister did.

In the Speech from the Throne on April 14, a time when we were undergoing a very severe spiralling of interest rates—a peak which we have almost reached once again—the government said:

In particular my government recognizes the need to protect those Canadians most affected by unacceptably high interest rates.