

the medium and long-term you cannot continuously have higher and higher deficits because that will obviously have an impact on interest rates. In the short term it is quite obvious, as has been demonstrated over the last two years, that you can have a decline in interest rates and still have high deficits. As a matter of fact, the Hon. Member knows that we have brought interest levels in Canada—

Mr. Crosbie: You doubled them first.

Mr. Lalonde:—particularly the prime rate of the banks down to the same level as in the United States, in spite of the fact that for a few years we had a spread. Canada interest rates were higher. For the last several months we have achieved a record—

Mr. Crosbie: You wrecked the economy.

Mr. Lalonde:—where our interest rate in Canada is at the same level as that in the United States.

Mr. Crosbie: Practise what you preach.

* * *

BANKS AND BANKING

BANK OF MONTREAL—CLOSURE OF BRANCHES—ACQUISITION OF UNITED STATES BANK

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is for the Minister of Finance. Last week the Leader of the New Democratic Party asked the Minister how the purchase by the Bank of Montreal of the Harris Bank in Chicago for \$650 million could help the people of Canada. He was told the bank made the purchase with U.S. funds. I would like to pursue that question.

In view of the fact that in the last two years the Bank of Montreal has closed more than 100 branches, has reduced its number of employees by more than 1,300, has increased its service charges to customers by 46 per cent—the highest of any bank—has paid no tax at all in 1982, and it has been able to do these things because of the tax policies of the Government, will the Minister explain to the people of Canada how these actions by the Bank of Montreal helped one single Canadian, particularly those laid off by the Bank of Montreal?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I would like to repeat to the Hon. Member what I said last week. After I raised the matter with the authorities of the Bank of Montreal, I was assured that the takeover of the Harris Bank in the U.S. was done with non-Canadian funds and therefore had no impact on the Bank's operations in Canada but was the result of activities abroad.

As far as the Bank's internal operations are concerned, I obviously cannot comment on the internal operations of any business in Canada. The Hon. Member mentioned a certain number of facts. He will find that most financial institutions

and even a great many other institutions have, over the past years, increased the efficiency of their operations in an attempt to cut costs and remain competitive, and unfortunately, in some cases this has meant the loss of a certain number of jobs. The Government has tried to create all kinds of incentives to help the private sector create new jobs, and, as the Hon. Member is aware, last year we created over 400,000 new jobs.

[English]

Mr. Orlikow: Mr. Speaker, obviously the Minister of Finance does not go to the bank to do his business himself or he would know there are thousands of Canadians who spend anywhere from 15 minutes to an hour waiting because there is so little service.

An Hon. Member: Right on.

TAKEOVERS OF FINANCIAL INSTITUTIONS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the people of Canada are being told every day by Government and by business that to cut down on unemployment we have to increase productivity. Yet what we have seen in the last couple of years—

Mr. Speaker: Would the Hon. Member ask his supplementary question, please?

Mr. Orlikow: Mr. Speaker, how can the Minister say that the takeovers we have seen of financial institutions, and the wheeling and dealing we have seen, have added anything to productivity, except added profits to the owners of those corporations?

[Translation]

Hon. Marc Lalonde (Minister of Finance): First, the Hon. Member should realize that some of the takeovers that occurred did not lead to increased profits for the companies who initiated the takeovers. On the contrary, many businesses found themselves in serious difficulty as a result. I am saying there is no direct relation between takeovers and expanded profits.

As far as the principle of takeovers and mergers in the private sector is concerned, the Hon. Member knows perfectly well that if we as Canadians are to be able to compete internationally, we will have to have businesses in Canada that are strong enough to compete with the big multinationals on the world market. It does not take much brains to figure that out.