

## EFFECT ON UNEMPLOYMENT

**Hon. Michael Wilson (Etobicoke Centre):** Mr. Speaker, the IMF report states that the high level of interest servicing charges in Canada is 7 per cent of national income compared to 4.5 per cent for most of the other industrialized countries. That charge is a tremendous burden on the economy and it uses up the spending power of the Government which could be directed at creating jobs, creating economic growth which would create a climate of confidence in this country. Because this practice has led to an unemployment rate in Canada of 11.3 per cent compared to 7.8 per cent in the United States, why have the Minister of Finance and previous Liberal Ministers of Finance always regarded excessive government borrowing as next year's problem, and avoided taking action today when it is necessary?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the Hon. Member is making a very strange assertion indeed. If his statement were right, you would have, for instance in England today, a lower level of unemployment than in Canada.

**Miss MacDonald:** Higher or lower?

**Mr. Lalonde:** The level of unemployment in the United Kingdom, as the Hon. Member knows—

**Mr. Stevens:** Has been coming down.

**Mr. Lalonde:** —is significantly above the Canadian unemployment numbers. The Hon. Member should know also, if that statement were true, you would have a lower unemployment level in the Netherlands today than in Canada, Mr. Speaker. The unemployment level in the Netherlands today stands at over 18 per cent.

**Mr. Crosbie:** What about the United States?

**Mr. Lalonde:** The Hon. Member cannot establish the kind of relationship that he is trying to establish, and he knows it.

## INTEREST RATE LEVELS—GOVERNMENT POSITION

**Mr. Nelson A. Riis (Kamloops-Shuswap):** Mr. Speaker, over the last few days we have been watching interest rates increase. The prime rates for the chartered banks have been established at 12 per cent, and every reputable economist in Canada tells us that if this trend continues for much longer our fragile recovery is about to end. Yet the Minister of Finance stands up daily in the House of Commons and tells us there is nothing he can do, that he is helpless, that Canada must track the interest rates of the United States.

Is the Minister saying to Canadians that he, as Minister of Finance, is indeed helpless and must look to people like Paul Volker, a bureaucrat in the United States, to dictate our policy here that will determine whether or not our recovery is successful?

## Oral Questions

## [Translation]

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I have answered this question a number of times. We are in a situation of very close interdependence with the American economy. This applies not only to the Canadian economy but also to those of other industrialized countries, and even developing countries, at this time.

U.S. interest rates are having a very considerable impact on the movement of interest rates in all industrialized countries. European countries are facing the same problems we are at this time, in terms of upward pressures on their own interest rates.

I have pointed out that we were hoping the industrialized countries would be able to agree on measures that could at least arrest, if not diminish, the rise of interest rates. I said that these issues would undoubtedly be discussed sometime next week, at international meetings of Ministers of Finance. Once again, however, I must emphasize that, in the circumstances, we must always consider what is happening in the United States. The Hon. Member is also aware of certain statements made by spokesmen for the U.S. Administration yesterday, and I hope that these statements will be followed by concrete decisions by the U.S. authorities.

## [English]

## AGRI-BOND CONCEPT—REQUEST FOR MINISTER'S SUPPORT

**Mr. Nelson A. Riis (Kamloops-Shuswap):** Mr. Speaker, it is perfectly clear that the Minister of Finance is attempting to focus our attention on the United States, to launch his crusade for bringing pressure on the United States to lower rates, and while one might applaud that effort, there are things which the Minister could be doing today. One of the concepts that I feel should be introduced in the House of Commons is being considered by the Finance Committee at the moment. It is called agri-bonds. It has been referred to the Finance Committee; it is before that committee. The Government has done nothing with that concept.

● (1430)

Will the Minister of Finance say: "Yes, we can provide assistance to food producers in our country"? Agri-bonds have been proven in other parts of the world. Why does the Minister of Finance not stand up and say that this will be a priority of the Government and that we will see this legislation passed in the House of Commons before the end of June this year?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I have answered this question before by saying that the issue had been referred to a parliamentary committee in order to examine the implications, the advantages, and the draw-backs of that specific measure. Also I have indicated that there were possible alternative measures which might be more effective and more useful. I hope the parliamentary committee will examine those various alternatives. I am awaiting its report to see what would be the best steps. Contrary to my hon. friend's