

and consumer spending in Canada. In a recent statement, John Turner, another candidate who proposes to become the next Prime Minister, makes it clear that he has no solution to the high interest rate problem.

Would the Minister of Finance admit that consumer spending is more buoyant in the United States than in Canada, as pointed out by the Conference Board because in Canada, unlike in the U.S., households cannot deduct mortgage interest costs from taxable income, thereby maximizing disposable income. Is the Minister of Finance in favour of giving Canadian home owners a break on their mortgage interest payments by allowing deductibility of these costs, or does he really propose to offer himself to John Turner as Canada's next Finance Minister, given his disastrous record of failure to date?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, quite clearly the Conservatives are running scared.

Some Hon. Members: Oh, oh!

Mr. Lalonde: I will only say that they have good reason to be running scared. I can say that either of the two gentlemen to whom he has referred will run them into the ground at the time of the election.

My friend was quoting a particular institution. I will quote Carl Beigie to him, one of the outstanding economists in the private sector of the country, who said that the Canadian economy is in better shape at the present time than it has been in the last 15 years, for making further progress.

EFFECT ON INTEREST RATES—GOVERNMENT POLICY

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, my question is also directed to the Minister of Finance who has already been reminded today of the potential impact of increasing interest rates. He knows that with interest rates at their present level, without allowing for the increases that we are now seeing, economic recovery will likely be aborted.

The Minister has come out very strongly against the American position on interest rates, saying that President Reagan has taken an "I'm all right, Jack" position. As reflected by his interest rate policy, it is obvious that President Reagan does not care about Canadians. Paul Volcker does not care about the economic plight faced by Canadians. Does the Minister of Finance care about the plight that is faced by Canadians because of the high interest rate policies which the Government is pursuing? If he does care, why does he not do something about it? Why does he not begin to take some independent action on interest rates here in Canada?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the answer to the first question, Mr. Speaker, is yes. As far as the second question is concerned, I need only tell my friend that in the last two years interest rates in Canada have gone from 3.5 per cent higher than interest rates in the United States to half a point below them. This shows that we care and

that we are doing everything we can to bring interest rates down to the lowest possible level.

Oral Questions

MINISTER'S POSITION

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I would like to question the statement of the Minister that he does care. As a result of his high interest rate policies and of his reluctance to take independent action, there has been a social consequence in the country. Many hospital psychiatric wards are filled with young people who are depressed and young people who have attempted suicide as a result of being unable to find employment. The Minister knows that alcohol and drug abuse and family violence have increased, and that is partly because of the Minister's high interest rate policy, the lack of economic activity and the resulting economic growth, and the fact that so many Canadians are jobless.

● (1430)

Does the Minister have a conscience? Can he sit there today, knowing interest rates are again moving upward, and legitimately say that there is nothing he is prepared to do? He is just wringing his hands and saying he, in fact, does care, but the social consequences of his interest rate policy would indicate quite the contrary.

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member refers to "my" high interest rate policy. I do not know where the Hon. Member has been in the last two years. I have just answered in the previous question that indeed we have succeeded for the first time in a very long time in getting interest rates in Canada to a lower level than in the United States. This required some imagination, some work, and some good co-operation from Canadians in this country, which was more than we received from the New Democratic Party, I must say. It is more interested in moaning and complaining than in trying to look at issues and trying to address them in an objective and positive way.

I can only say to the Hon. Member that if his Party has policy proposals, put them forward and let them be examined and criticized. Let those Hon. Members spell out what they would propose for this country. Let them say whether they want exchange controls. Let them say whether they want to have a policy which is going to be made in Canada only, as if the rest of the world did not exist, as if 30 per cent of our income as Canadians did not depend on our exports, as if we were not very much interdependent with the rest of the industrialized world. We are, for better and for worse, very closely tied to what happens in the American economy. Overall Canada has benefited more than suffered from its geographical and economic situation *vis-à-vis* the United States. We should bear that in mind.

REFORESTATION INVESTMENT

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, the Minister of Finance will know that one of the reasons why the