

**BANK OF CANADA****REQUEST THAT GOVERNOR BE INSTRUCTED TO REDUCE BANK RATE**

**Hon. Edward Broadbent (Oshawa):** Mr. Speaker, since the Minister of Finance has arrived in the House, perhaps we could proceed. In the first six months of this year there were signs that economic recovery was under way. That was largely, but not entirely, due to good export sales. There are opposite signs now that the recovery seems to be stalled and the principal reason for this, according to the Conference Board, the C.D. Howe Institute, and Statistics Canada, is the real level of interest rates, which have increased by 300 per cent during the course of this year. Will the Minister exercise the power that he has, and instruct the Governor of the Bank of Canada to bring down the bank rate?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I apologize if I was somewhat delayed from being in the House this afternoon. I just could not make it earlier.

With respect to the question raised by the Hon. Member, he has a rather simplistic solution to what is a real problem. He knows that the real interest rates in Canada are now lower, indeed, significantly lower than in the United States, when one compares the inflation rates in the United States and in Canada with the level of interest rates.

Since August, 1981, we have succeeded in reducing the spread between the rates in Canada and the United States by 4.7 per cent, which is quite significant in terms of interest rates. We have real interest rates in Canada now that are lower than in the United States.

If there were any way we could achieve even lower interest rates in this country I would certainly not hesitate for one moment to take whatever steps would be required to achieve this purpose, if it were responsibly feasible without creating even more serious problems than the one the Hon. Member is trying to resolve. I must advise him, however, that we have met with considerable success during the course of the last year in reducing interest rates in Canada. Our policy is to achieve a continuation of the reduction of interest rates. I hope that the reduction of inflation rates in Canada, along with steps taken in the United States, will enable us to bring about a gradual reduction in the interest rates in Canada.

● (1500)

**REQUEST THAT MINISTER TAKE ACTION**

**Hon. Edward Broadbent (Oshawa):** Mr. Speaker, I know that the Minister likes to convey with accuracy statistical reality. In that context, I am sure he will acknowledge that interest rates in Canada are higher than in the U.S., the bank rate is higher than in the U.S., and the real rate of interest is about the same as that in the U.S. In light of the fact that a lower interest rate in Canada would help our exports of lumber products, and it would help the sale of all kinds of export goods in other sectors abroad, as well as stimulate consumer spending, all of which would produce more jobs for Canadians, I repeat, will the Minister exercise the power that he has as

*Point of Order—Mr. Nielsen*

Minister of Finance, take the responsible economic action, and bring down the interest rate level charged by the Bank of Canada?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the latest information I have is that the prime rate in Canada at the present time is 11 per cent. It is the same as in the United States. Second, rates for short-term paper, up to seven years, in Canada and the United States, are about equal at the present time, while over the last couple of years they were significantly higher in Canada than in the United States.

Third, the rate of inflation in Canada is still higher, unfortunately, than it is in the United States and, therefore, the real interest rates in Canada would be lower than in the United States.

Again, to come back to the point raised by the Hon. Member, if I thought the simple issuance of a directive to the Governor of the Bank of Canada would be beneficial to the Canadian economy, I would not hesitate to have recourse to such a step. However, I am convinced that the step recommended by the Hon. Member would indeed be very counter-productive. It would be a completely artificial decision that would not represent the real state of the economy and would lead to more serious problems than the ones we are facing. I think the economic recovery in Canada has been proceeding extremely well this year, and I am confident that we will continue to note a high rate of growth this year and next year.

**Mr. Deputy Speaker:** Presenting Reports from Standing and Special Committees.

**Mr. Broadbent:** Mr. Speaker, a supplementary question.

**Mr. Deputy Speaker:** Order, please. The Chair has tried to be fair with Hon. Members. Bearing in mind the limitations of time and that it is now beyond three o'clock, with due respect to the Hon. Member for Oshawa, the Chair has tried to accommodate him. At this stage the Minister of State for International Trade has a statement he wants to make to the House, I believe.

\* \* \*

**POINT OF ORDER**

MR. NIELSEN—REFERENCE TO TELEX BY MR. REGAN

**Hon. Gerald Regan (Minister of State (International Trade)):** Mr. Speaker, I rise on a point of order in relation to the Friday, October 28 deliberations in the House and a point of order that was made at that time by the Opposition concerning the tabling of a telex which had been in my possession from the High Commissioner of Barbados to the Department of External Affairs. At that time Madam Speaker, in commenting on the point of order, after hearing both sides, said the following:

I can look at the "blues" after giving the House at this time my preliminary impression about what has just taken place in the House. That would allow the Minister time to reflect upon the nature of that document and tell the House