

distribution of grants in the ridings they represent, for the obvious purpose of buying favour with the electorate. The Minister said then: "Golly, I am sorry I forgot to tell opposition Members about the grants". Therefore I submitted a number of applications on behalf of constituents in Okanagan-Similkameen, and pursued the matter through numerous conversations and correspondence with the Minister, but did not get so much as an acknowledgement of receipt of the applications.

Last week the Minister of Employment and Immigration and B.C. Senator Jack Austin announced, with great fanfare, a grant of \$40,000 to the Penticton Triathlon Society, one of the applications I had submitted to the Minister for approval. Here we have it, \$500,000 or more distributed to Liberal held ridings, \$40,000 provided to Okanagan-Similkameen in a manner which suggests that grateful constituents should kiss the Liberal hands that opened the purse just enough to give a peek at what is going on in Liberal Canada. Imagine being expected to show gratitude to those responsible for this blatantly partisan, corrupt, unfair, unethical, irresponsible, unacceptable way of dealing with the citizens of Canada.

## ORAL QUESTION PERIOD

[English]

### FINANCE

#### INCREASE IN BANK RATE—EXCHANGE RATE OF DOLLAR

**Hon. Sinclair Stevens (York-Peel):** Mr. Speaker, I have a question for the Minister of Finance, who undoubtedly knows that the bank rate has again today jumped. Our dollar has been taking a pounding, forced down to the lowest level it has been since 1855, yet we find this morning that plant utilization in the manufacturing sector is actually down. Will the Minister explain to the House why the Canadian dollar is taking the pounding it is now taking, and why interest rates are rising at a time when plant utilization is actually falling off?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the latest information I have is that the dollar at noon was at 76.88, which is not the lowest level it has ever been, as the Hon. Member was suggesting. Second, as far as interest rates are concerned, he knows the bank's rate went up 7/100 of 1 per cent, which is a very small increase. It is not expected to have any direct impact on loans to individuals or on mortgages.

As the Hon. Member knows, the prime rate in Canada is lower by half a point than in the United States. Conventional mortgage rates in Canada are still generally lower than in the United States. As far as the Canadian consumer and borrower is concerned, he can still get a better deal in Canada than he can get in the United States.

However, the Hon. Member knows that in the open market we are learning that interest rates in the United States have a

major influence, not only in Canada but in all other industrialized countries. If he looks at other currencies, European currencies for example, he will see that those currencies have been under pressure because of the particular strength of the United States dollar. I could go on with a longer explanation and a longer discourse on the subject, but I am sure the Hon. Member knows all these facts already.

### Oral Questions

SIZE OF DEFICIT—STATEMENT PUBLISHED BY HON. JOHN TURNER, LIBERAL LEADERSHIP CANDIDATE

**Hon. Sinclair Stevens (York-Peel):** Mr. Speaker, my question is very simple. Does the Minister of Finance agree with the statement of John Turner that is now hitting the streets of Ottawa, called "John Turner Speaks Out"? I quote:

Without getting into what the deficits do to us in terms of impeding investment, keeping interest rates high, jeopardizing the exchange rate—

**Mr. Speaker:** Order. The Chair has some concern on two points, first the displaying of a document and, second, concerning the request for an opinion. These have been traditional—will the Hon. Member please let the Chair speak? This is a concern that I only wish to express at this point.

**Mr. Stevens:** The quote continues:

—what they are really doing to us, if we do not get them under control, is forcing us to pay 20 cents on every tax dollar to pay the interest on our debts, and a good deal of that is being paid to foreigners.

Is that a fair statement of Canada's position today? If the Minister agrees with that statement, why has he allowed that to happen?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the Hon. Member will know that I made a very similar statement in the last two Budgets and that we have taken steps to reduce the Canadian deficit gradually. The Hon. Member will also know that at the present time in Canada the budget deficit has no impact on the level of interest rates for the good reason that there is indeed a considerable supply of funds on the market. The banks and financial institutions have an ample supply of funds for both the private and public sector. There is no domestic reason why the interest rates are under pressure at the present time. The pressures are being created by the situation in the United States. This is a view that was expressed most strongly by the other six major industrialized countries at the recent summit in London.

● (1420)

The American administration has been repeatedly told that the evolution of interest rates in the United States was a source of great concern for all industrialized nations, for the developing countries and particularly for the debtor countries which are facing very substantial increases in payments for every 1 per cent increase in the value of the American dollar. A 1 per cent increase in interest rates means that these countries will have to pay \$4 billion more in interest every year. These facts have been drawn to the attention of the United States administration repeatedly, and we have urged