

*Oral Questions*

per cent in the second quarter we indicated that we did not expect to achieve and maintain that level of growth, that we were projecting modest, moderate recovery, but that if we got the fundamentals right to bring inflation down and to bring interest rates down that would be the recipe to a durable, sustainable recovery.

**Mr. John Manley (Ottawa South):** Mr. Speaker, of course we are all happy to see the interest rates come down, but the minister should accept that in the current circumstances lowering interest rates is rather like trying to push a string when it comes to trying to stimulate economic recovery.

Based on the fact that Statistics Canada has today said that the rate of recovery is about half what it was over the first five months of the recovery in 1981-82, is the minister prepared to consider measures that will improve consumer confidence, or is he prepared to stand by and let this haemorrhaging that continues to go on continue indefinitely?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, as we have indicated and as is occurring, the interest rates are continuing to decline because we have been able to get inflation rates down and inflationary expectations.

I know my hon. friend agrees with that. I know that there is a very interesting internal debate going on within the Liberal caucus. I think the hon. member shares the view of the government that we must get the fundamentals and we must get the basics right.

I have not heard one positive suggestion coming from that side of the House; only to spend more money and to drive up interest rates.

**Mr. Steven W. Langdon (Essex—Windsor):** Mr. Speaker, the minister suggests that perhaps he was over-enthusiastic.

Let me suggest that the minister has been Mr. Sunshine right from the start on this recession. A month ago he talked about us being on the road to recovery. Two weeks ago he talked about us being on the right track.

Let me ask the minister whether these figures do not show that we in fact have returned to recession which is hurting people right across this country. Will the minis-

ter get up and admit that he was wrong? Will he do something to help those thousands of people across this country who have been hurt by the free trade deal and to whom his government promised adjustment assistance help which it has never come through with?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, I admitted that I may have been somewhat over-optimistic when I used the words "starting to boom", but I must say I was certainly less optimistic than the IMF, the OECD, the Economic Council of Canada and the Bank of Canada. They are all projecting growth far in excess of what we are projecting in the Ministry of Finance.

In so far as the hon. member's question is concerned, he talks about the free trade. Just the other day I happened to visit Edmonton where the Dow Chemical Company was opening up a new petrochemical centre, a new facility, investing about \$600 million with about 700 jobs and \$300 million worth of output. The President of Dow said we would not be building this unit here if it were not for free trade.

**Mr. Steven W. Langdon (Essex—Windsor):** The fact is, Mr. Speaker, that Investment Canada, the government's own agency, came out and said this week that investment by foreign firms in this country dropped by \$3.9 billion this past year.

[*Translation*]

My supplementary question is for the Prime Minister. His finance minister announced two months ago that the recession was definitely over. Today, statistics show that the recession is back. Will the Prime Minister change his economic policies or will he change his minister?

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, we do have some indication of that today, but it in no way changes the projections for fairly impressive economic growth next year and the one after. The fact is that interest rates today are at their lowest level in 14 years. For three months, the inflation rate has been at its lowest level since 1971, I am told, or in the past 20 years. These are very important indications of an impressive lasting recovery for Canada.

Instead of complaining—The hon. member just accused the Minister of Finance of being Mr. Sunshine.