

Oral Questions

Canadian dollar except a recognition on world markets that there is little good management in the Canadian economy.

CONNECTION BETWEEN INTEREST RATES AND EXCHANGE RATE OF DOLLAR

Right Hon. John N. Turner (Leader of the Opposition): My supplementary question is for the Minister of Finance. Does he still hold to the position that he took in answering my colleague, the Hon. Member for Laval-des-Rapides, that there is no connection between rising interest rates in Canada, prompted by the Governor of the Bank of Canada, and the falling Canadian dollar?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me respond directly to both of those questions. There is a connection between the drop in the Canadian dollar and the rise in interest rates.

Mr. Turner (Vancouver Quadra): That is not what you said on Monday.

Mr. Wilson (Etobicoke Centre): No. The correction which I would like to make to the implication that the Hon. Member has left is that the Bank of Canada is forcing interest rates up. That is not true. The Bank of Canada is moderating the increase in interest rates—

Some Hon. Members: Oh, oh!

Mr. Wilson (Etobicoke Centre): —as it is moderating the decline in the level of the Canadian dollar.

Mr. Rodriguez: What does that mean?

Mr. Wilson (Etobicoke Centre): There are certain things that are not within our control on the level of the Canadian dollar, that is, international commodity prices and international interest rates.

I do want to say to the Hon. Member and I will say it to the House, Mr. Speaker, that I am aware of the concern that has been expressed by some in the market-place that we are not showing a sufficient degree of resolve in dealing with the federal Government's deficit. I want to assure the House that we are firmly on track with the direction that we have set for ourselves. There will be a further decline in the deficit this year, and it will be indicated in the Budget for next year.

Some Hon. Members: Hear, hear!

[Translation]

REQUEST THAT MINISTER AND BANK OF CANADA GOVERNOR APPEAR BEFORE PARLIAMENTARY COMMITTEE

Right Hon. John N. Turner (Leader of the Opposition): I have a supplementary, Mr. Speaker. In view of the importance of this matter, I want to ask the Minister whether he would be willing to appear with the Governor of the Bank of Canada before the House Committee on Finance, Trade and Economic

Affairs, in order to explain to Hon. Members and Canadians the reasons for our present interest rates and the drop of the Canadian dollar.

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am sure that is a question which Members of the House might well want to put to the Governor of the Bank of Canada.

I want to say to the Hon. Member that this House needs no lectures on interest rate policy from that Member—

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

An Hon. Member: It is the same policy.

Mr. Speaker: Order, please.

Mr. Wilson (Etobicoke Centre): —who, during his term of office as Finance Minister of the country, saw the prime bank rate increase from 4.75 per cent to 9.5 per cent. Because the Hon. Member for Saint-Maurice was making a lot of noise from his seat, during his term of office the—

Mr. Speaker: Order, please.

Some Hon. Members: Hear, hear!

An Hon. Member: What about the 22 per cent interest rates under the Liberals?

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● (1420)

[Translation]

INDUSTRY

REQUEST FOR DETAILS OF DECISION TO SELL GULF REFINERY TO ULTRAMAR

Hon. André Ouellet (Papineau): Mr. Speaker, my question is directed to the Prime Minister. Yesterday, he said: We did not make the decision to close the refinery. How can he say such a thing? Is it not true that his own Minister of Regional Industrial Expansion declared in Montreal that he made the decision in the Gulf-Ultramar case with the interests of this country in mind, and is it not true that his Minister of Communications said on the radio that the Cabinet had made this decision? Who is telling the truth, the Prime Minister or his two Ministers?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think my hon. friend is mistaken. Three refineries were closed down while he was a Minister of the Crown. Three refineries closed their doors when the Hon. Member for Papineau was a Minister of the Crown, and he remained absolutely silent. He did not say a single word to defend the interests of Montrealers and Quebecers. Now, as a result of a commercial