

*Oral Questions**[English]*

Yesterday the Minister of Finance very courageously said that it was not his fault, that it was the fault of somebody else if the interest rates were going up. It was the fault of the Bank of Canada.

This morning the Governor of the Bank of Canada said it was not his fault; it was the fault of the market.

I want to ask the Prime Minister this question. Who is running the economy of Canada? Who is going to take the responsibility for the mess we are in today?

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, my hon. friend says that the minister indicated that the modest rise in interest rates was the fault of the Bank of Canada. That statement is false.

He then says that the Governor of the Bank of Canada says that the rise in interest rates was the fault of the market. That statement is false.

What can one expect? My hon. friend says that the 1981-82 recession did not take place in 1981-82, that it took place in 1983.

**Hon. Herb Gray (Windsor West):** Mr. Speaker, I have a question for the Prime Minister.

Before beginning it, I invite him to look at his own budget papers. They say that the recovery period in 1983 and 1984 was much stronger than the recovery period right now. He should look at his own budget papers.

Yesterday the Minister of Finance tried to blame the current economic mess on constitutional uncertainty, but Canadians know that this recession began long before this current uncertainty. Even the Prime Minister back in 1990 said that his government "had induced a slow-down".

Will the Minister of Finance stop looking for scapegoats for his failed economic policies and look at himself in the mirror and take some steps to reverse his unnecessary return to high interest rates and the unneeded unemployment that goes along with it?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, yesterday I was responding to the hon. member's questions regarding the recent interest rates.

I said that there was volatility in the financial markets and that it had been caused by a number of factors, including the constitutional issue. I repeat that again. I think that all learned observers would share that view.

**Hon. Herb Gray (Windsor West):** Mr. Speaker, my supplementary question is for the Minister of Finance.

The Governor of the Bank of Canada held a press conference and, although invited to do so by journalists, he declined to agree with the Minister of Finance that the current constitutional uncertainty was to blame for the government's return to high interest rates.

Why does the minister insist on an excuse that even his buddy, the Governor of the Bank of Canada, refuses to accept?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, the hon. member talks about high interest rates.

I remind him that we have the lowest interest rates in 19 years. They are certainly a heck of a lot lower than when the hon. member presided over here on the treasury benches. At that time, five-year mortgages for homes was 19.75 per cent.

The Governor of the Bank of Canada did not deny that the constitutional issue was a factor. As I said yesterday, there are many factors that affect the markets. Whenever there are uncertainties in the markets, it creates a certain amount of volatility, both in the exchange market and in the money markets.

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**TRADE**

**Mr. David Barrett (Esquimalt—Juan de Fuca):** Mr. Speaker, with the same forbearance and indulgence you gave the Leader of the Official Opposition, I have just a few comments on behalf of our party.

I want to say how pleased we are with the outcome of the vote in South Africa, and I want to compliment the Prime Minister for consistently sticking to a matter of principle at the Commonwealth conferences regarding South Africa.

**Some hon. members:** Hear, hear.

**Mr. Barrett:** And that is that.

**Some hon. members:** Oh, oh.

**An hon. member:** Back to normal.