

Oral Questions

It is time for the leaders of the world in respect of this great challenge to stop thinking like bookkeepers and to think like statesmen and visionaries because that is what is required in regard to the former Soviet Union and democracy in Russia.

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THE ECONOMY

Hon. Audrey McLaughlin (Yukon): Mr. Speaker, my question is for the Minister of Finance.

The Governor of the Bank of Canada today put forward his sixth annual report wherein he said, not surprisingly, that debt reduction should be an important priority.

I want to say to the Minister of Finance that this is the same Governor of the Bank of Canada who raised the interest rates in order to control inflation. For every point those interest rates were raised \$1.5 billion was added to the debt and that high interest rate policy created record bankruptcies among farms, individuals and businesses. It is the same Governor of the Bank of Canada who deliberately created unemployment in Canada.

I want to ask the Minister of Finance if he is not shocked that the Governor of the Bank of Canada does not see the failure of these policies after six years and bring out a new directive. If not, will he bring in the Governor of the Bank of Canada and tell him it will be impossible to address the debt in this country as long as that governor supports 1.5 million unemployed in this country?

• (1430)

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am shocked at the rationale that the hon. leader of the NDP is using.

I think she is a supporter of lower interest rates in this country. In order to have low interest rates you have to have low inflation. That is why we have today the lowest bank rate in 21 years and the lowest mortgages in 35 years. Why is the hon. member opposed to that?

I think the hon. member also recognizes that we have to get the fundamentals right. Today's *Ottawa Citizen*

says: "Economic recovery ready to roll". Another headline says: "Recovery posts steady gain, analysts say".

Mr. Milliken: You have been trying for eight years.

An hon. member: It is 10 points down today.

Mr. Mazankowski: There we go again. No one likes good news over on that side of the House. Well, the news is improving, employment is improving, growth of the economy is improving, exports are improving, utilization is improving, housing sales are up and manufacturing sales are up. Why is the hon. member arguing with those results?

Hon. Audrey McLaughlin (Yukon): A supplementary question, Mr. Speaker.

It is clear that if this government and the Governor of the Bank of Canada had not had the kind of fiscal and monetary policy that has been in place in the last six years and had this government not doubled the debt in the last eight and a half years, we would not need these measures for the recovery that he is talking about. We would not need to have a bigger recovery because we would not have had as big a problem.

It is clear that this government and the Governor of the Bank of Canada had implemented for a number of years a monetary policy which led to a made-in-Canada recession. Two economic analysts both respected in Canada, Informetrica and WEFA, have indicated that we would have higher employment and a greater gross domestic product if interest rates had been kept lower at that time.

I say to the minister that it is his government's policies, supported by the Governor of the Bank of Canada, that created the problems. Will he bring in a budget to address the problem because the problem is the unemployment created by this government?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, the hon. leader of the New Democratic Party should get together with the premiers of the provinces of Ontario, Saskatchewan and British Columbia who recognize that deficits and debts are a serious problem in this country.

If she wants to talk about records in accumulating debts, I remind the hon. member that under the Liberal government the debt multiplied 11 times.