Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, we said in the budget that the key to economic recovery was to bring down interest rates and the key to bringing down interest rates was to reduce inflation, inflationary expectations and inflationary pressures. That is what we have addressed.

The result of it is that we now have a prime rate today of 8.5 per cent. Ten years ago under his party's administration we had a prime rate of 22.75 per cent. I know that businesses would rather have an 8.5 per cent prime rate than a 22.75 per cent prime rate.

I simply want to remind my hon. friend that the merchandise trade balance has risen by $8.1 billion at an annual rate to $13.5 billion in August. It means that Canadian companies are competitive. The merchandise trade balance is improving.

It is thanks as well to the free trade agreement where exports to the United States grew by $5.4 billion between 1989 and 1990. Those exports are still increasing, thanks to the free trade agreement.

Mr. David Kilgour (Edmonton Southeast): Mr. Speaker, we are not talking about 10 years ago. The very companies that were supporting the government on free trade are saying that its high dollar policy is killing them and putting their employees out of work. In fact if we take the non-government regulated prices, inflation is now about .5 per cent this year.

My question is: Our interest rates are now about 1 per cent higher than the United States. Will the minister—

Some hon. members: Oh, oh.

Some hon. members: Hear, hear.

Mr. Kilgour: Is that funny?

Mr. Speaker: The hon. member will put his question.

Mr. Kilgour: Will the minister, if it isn't John Crow who is really the Minister of Finance, bring interest rates down faster, bring them lower so that the dollar can go down and we can get people back to work?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I know the hon. member would like to forget about the bad old days when interest rates were 22.75 per cent. As I said, 8.5 per cent is a heck of a lot better than 22.75 per cent.

I will just go back one year. For ordinary Canadians who may have $50,000 mortgages, they are paying $150 per month less on their $50,000 mortgages this year than they did last year. That puts money in the pockets of ordinary Canadians. That will transform into more buying and a resurgence of the retail sector. It is all dependent upon the reduction of interest rates. That is our policy. That is our goal and it is producing results.

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• (1440)

AGRICULTURE

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Agriculture.

Last Thursday over 7,500 farmers rallied in Regina to protest the cutbacks in the government support programs last year and the shortfall in income of $1.3 billion this year.

The minister knows that the announcement he made a couple of weeks ago is little more than 50 per cent of the identified shortfall for grain and oilseeds producers.

When is the government going to make the payments to farmers who have already waited a year for this support and assistance which should have been provided in 1990?

Hon. Bill McKnight (Minister of Agriculture): Mr. Speaker, I noticed the hon. member is suggesting that the $800 million which was provided by the Government of Canada to an industry that is having a great deal of difficulty is not enough. He apparently does not appreciate it as much as the people who have been phoning and writing my office saying they understand how difficult it is for a government to come forward with assistance of that magnitude during difficult times. But we have done that. We will continue to support agriculture as we have in the past.

As the hon. member is fully aware, there will be over $3 billion in support payments going to agriculture, grains and oilseeds in Canada before the end of June 1992.