

Oral Questions

Employment rose. Unemployment went down from 10.6 per cent to 10.2 per cent and 65,000 new jobs were created.

As well, Canada's composite leading index improved in the month of September so I would ask the hon. member to consider the September figures because they certainly do look a lot better.

I might just add in conclusion that coming out of the 1981-1982 recession there were two months within a year wherein there was negative growth. So this is not unusual.

I take the hon. member's question seriously. We said all along that recovery would be moderate and modest and we still stand by that.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Minister of Finance talks about a slight downturn. Manufacturing is down \$5 billion from the same time last year. Construction is down \$1 billion. The retail trade is down \$1.5 billion. This economy is in desperate trouble and the member behind the minister is supporting me in my comments.

Once again I ask the Minister of Finance, instead of running a multimillion dollar advertising campaign, why does the government not act today to solve our current desperate financial problems?

• (1420)

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I would draw to the member's attention that in the first eight months of 1991 the volume of exports in Canada is up by 11 per cent. A lot of that is manufacturing and the goods producing sector.

The goods producing sector did not weaken in the month of August. It maintained a very vibrant pace and what happened in the month of August was the fact that the service sector declined somewhat.

I indicated to the hon. member that to some extent these data were stale-dated because there are data that have come forth in the month of September which supersede that.

I should also draw to the hon. member's attention that we have had another 13 basis points reduction in interest rates today, which really puts the Bank of Canada rate at 8.03 per cent or Treasury bills at 7.75 per cent.

That is the lowest in 14 years and that ought to be a good indicator.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the government's advertising campaign may be yes, we can, but to the steelworker in Hamilton the answer is no, you haven't. We are talking about a \$5 billion drop in the manufacturing sector alone.

What can the minister say today to the steelworker in Hamilton about the policies of his government, policies that have led to a \$5 billion drop in the manufacturing sector?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I can say to the hon. member and to the steelworker that as we said in the February budget the key to growth is to bring down interest rates. The key to bringing down interest rates is to bring down inflation and inflationary pressures.

That is occurring. With the continuing decline in interest rates, that should provide for a new investor confidence in investing into plant and equipment.

I think it is time to shed the charge that this government is pursuing a high interest rate policy. Interest rates are the lowest in 14 years. It is now time for the business community to take up the challenge because it cannot hide behind that forever.

Mr. John Manley (Ottawa South): Mr. Speaker, my question for the Minister of Finance is very simple.

On Monday he told the House: "The economy is starting to boom". That was Monday of this week. Today we realize that the economy declined by .3 per cent in August.

Was the minister misinformed on Monday? Has he now changed his mind, or does he think that a declining GDP is consistent with a booming economy?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I take it from the tone of the hon. member's question that he is almost ecstatic about the fact that there has been a small, modest decline in output in the month of August, .03 per cent.

I am concerned about it. When I said that the economy was starting to boom I may have been somewhat over enthusiastic. The hon. member knows as well as anyone else what I have always said. After a growth of about 4.9