

*Oral Questions*

The Minister of Finance has made it very clear that he is not trying to increase his tax revenue from tobacco sales. It remains for producers, manufacturers, politicians and officials to come up with a more acceptable and effective way to reduce the smuggling of cigarettes into Canada.

---

## ORAL QUESTION PERIOD

[*English*]

### THE ECONOMY

**Hon. Jean Chrétien (Leader of the Opposition):** Mr. Speaker, I would like to ask the indulgence of the Chair to say a few words on the historic vote in South Africa.

It was a victory for equality of all people, a victory for democracy and a victory for South Africa. On this issue, the House has spoken most of the time with only one voice and I am sure that the Prime Minister will convey on behalf of all members of this House and all Canadians our congratulations and best wishes to President de Klerk and the people of South Africa.

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

**Mr. Chrétien:** Mr. Speaker, coming back to the national scene, I would like to ask a question of the Prime Minister. In the budget papers, the Minister of Finance referred again and again to low interest rates as providing the basis for economic recovery. Since the budget, interest rates have been going up. Yesterday the minister said that it was not his fault; it was the uncertainty over the Constitution.

I want to ask the Prime Minister this question. Does the statement of the Minister of Finance yesterday mean that the budget projections are already wrong?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** No, Mr. Speaker.

**Hon. Jean Chrétien (Leader of the Opposition):** Only time will tell, because we have seen the projections of his predecessor wrong all the time, so I wanted to be on the record right away.

[*Translation*]

The Bank of Canada's policy is merely intent on raising interest rates. This idiotic policy will increase the bankruptcy rate, substantially increase unemployment and poverty in this country and accelerate the deindustrialization of the economy.

Why does the Conservative Government always bow to the Bank of Canada? Who is responsible for this country's economic slump, the government or the Bank of Canada?

[*English*]

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, with regard to his comment about the former Minister of Finance being out in his projections, in fact, I think the record will show that from time to time he was out by approximately \$100 million. However, that is not in the league of my hon. friend who was out by about 100 per cent on a regular basis when his party was in government. Nobody could match the record of my hon. friend and I do not think anybody would ever want to try.

[*Translation*]

Interestingly, the Leader of the Opposition deplors what he calls a high interest rate policy in the middle of a recession. The minister just explained the reasons for such a modest increase. Interest rates are now at their lowest level in nearly 20 years a major achievement for Canada.

• (1420)

And speaking of raising interest rates during a recession, does the Leader of the Opposition remember the recession in 1981-82, when his government raised interest rates to 22.75 per cent? Perhaps he should think about that for awhile.

**Hon. Jean Chrétien (Leader of the Opposition):** I would remind the Prime Minister that the recession did not occur in 1981-82 but in 1983.

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

**Mr. Chrétien:** Mr. Speaker, I wish to ask a supplementary question.