

avoided. The security will last as long as is necessary to ensure the safety of the travelling public.

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[Translation]

INDUSTRY

SALE OF GULF REFINERY—OFFER MADE BY LAVALIN INC.

Mr. Jean-Claude Malépart (Montreal-Sainte-Marie): Mr. Speaker, my question is directed to the Right Hon. the Prime Minister.

Yesterday and today it was reported that Lavalin Inc. is making offers to buy the Montreal East Gulf refinery, and we learned this morning that Ultramar appears to be reluctant.

Could the Prime Minister make it clear whether the offer made by Lavalin Inc. to Ultramar is aimed at maintaining the 450 jobs in Montreal East?

Right Hon. Brian Mulroney (Prime Minister): As far as I know, Mr. Speaker, Lavalin's offer on behalf of other interests as well applies to the purchase of the facilities located in Montreal East, as much as possible with a view to keeping them as a going concern, in the legal sense of the word. Similar operations are involved.

REQUEST FOR PROTECTION OF PETROCHEMICAL AND REFINING INDUSTRY

Mr. Jean-Claude Malépart (Montreal-Sainte-Marie): Considering the news we heard this morning, Mr. Speaker, would the Prime Minister be prepared to make personal representations to Ultramar management urging them to accept the offer made by Lavalin Inc. and the other groups he mentioned so as to ensure that both the petrochemical and the gas and heating oil refining industries will be protected?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member for Montreal-Sainte-Marie is referring to news he heard this morning concerning the private sector. Indeed, but for weeks now we have been trying to get something going to help Montreal East.

We hope that, within days or weeks, the private sector will be able to come up with a constructive solution in this important case.

As to the other question concerning the Montreal petrochemical industry, Mr. Speaker, it is because we feel that the economic future of Greater Montreal is at stake that we reversed the decision of the previous Government to close Petromont because of lack of funds. We made a \$69 million capital injection to save that basic industry in Montreal East.

Oral Questions

• (1420)

THE ECONOMY

REQUEST FOR EXPLANATION OF INTEREST RATE INCREASES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Finance. A few minutes ago, the Bank of Canada announced an increase in interest rates. The Minister indicated yesterday that the economic crisis was temporary. If so, why did the Minister accept this new increase in interest rates?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Bank of Canada rate is set once a week, every Thursday, as the Member well knows. The Treasury Bill rates came up immediately after last week's tender and have been quite stable this week at the 10.13 to 10.15 level. In fact the rate is somewhat lower at the tender than it was indicated earlier in the week.

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Minister of Finance also knows very well that since the first of this year the prime rate has gone up a full percentage point. The banks are now likely to proceed with another increase. However, even up to now, according to the calculations of the Minister of Regional Industrial Expansion when he was on this side of the House, Canada will lose some 25,000 jobs because of that 1 per cent increase in the interest rate.

Given all the negative consequences that come to Canada from this persistent increase in interest rates, will the Minister not acknowledge that his refusal to intervene amounts to refusal to accept Government responsibility for interest rate policy?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am not happy with the increase in interest rates, but this is a result of international influences over which we do not have as much control as the Hon. Member would like.

I would like to set straight one thing which he said in the preamble to his question. The increase in the Treasury Bill rate today is unlikely to result in an increase in the prime rate.

Mr. Broadbent: You may regret that.

Mr. Wilson (Etobicoke Centre): The key point that I think the Member should recall is that, if we are able to get our fundamentals right—and one of those fundamentals is getting control of the budgetary policy of the Government of Canada—we will see some reduction in the rates, as we have seen since September 4. As I said yesterday in the House, mortgage rates are down between 2.5 and 3 percentage points from September 4, 1984.

Mr. Broadbent: Mr. Speaker, I point out to the Minister of Finance that my second question was, almost word for word, a question asked a couple of years ago by the then Leader of the