

*Oral Questions*

not seen anything constructive in terms of how to deal with some of the important issues emanating from the premiers. One of the reasons that the Minister of Finance is in fact engaged in the consultations is to simply sit down and talk about the issues of the economy and see whether or not they have anything constructive to offer. So far, we have not seen very much.

**Hon. Herb Gray (Leader of the Opposition):** Mr. Speaker, as I have said, thousands of skilled workers are losing their jobs right now in plant closings. One example is the 500 workers at Kelsey in Windsor who are linked with a transaction in which Varsity Corporation is paying the government \$15 million.

Will the government agree to use this money to set up a new economic development fund to help the private sector begin to create jobs to make up for the jobs that are being lost in communities such as Windsor due to plant closings and in similar communities right across the country? Will the government agree to take at least this one small initial step to begin repairing the damage it is causing every day to the Canadian economy, to Canadian workers, and to Canadian families?

**Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and Minister of Agriculture):** One way, Mr. Speaker, in which the hon. Leader of the Opposition can help is by prevailing upon the Senate to ensure that the government's financial legislative program gets passed into law. That would be doing himself, his party, and the country a lot of good.

Some hon. members: Hear, hear.

• (1420)

**Mr. Mazankowski:** Mr. Speaker, I think the hon. member was in the House when the Minister of State for Industry, Science and Technology went through a litany of new investments and new job creating activities right in Windsor and the surrounding area. What has to be remembered—and I am sure the hon. member is aware of this because he has had similar experiences; I think he was involved in some adjustments and restructuring of the manufacturing sector—is that adjustment and restructuring is currently under way, but it is also coupled with huge investments by Ford, by General Motors, by other automotive companies. They are upgrading their

operations so that they can compete in the 1990s and into the 21st century.

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[Translation]

**INTEREST RATES**

**Mr. Douglas Young (Acadie—Bathurst):** Mr. Speaker, my question is for the Minister of Finance. Considering that the Acting Prime Minister is telling us that the First Ministers have not contributed anything to the debate on the Canadian economy and that bankruptcies are on the rise, does the Minister of Finance still agree, does he still support the policy of Bank of Canada Governor Crow who keeps saddling Canadians with unduly high interest rates? Is he still supportive of a policy which is driving us straight into a recession?

[English]

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, let me again take my hon. friend back to the reasons for the policy of maintaining high interest rates.

We had a period where the growth in the economy was outrunning the capacity of the economy to meet that growth. That led to inflationary pressures through 1987, 1988, and 1989 and there are still some elements of those inflationary pressures right now. Unit labour costs are growing in excess of 6.5 per cent. That compares to something less than 5 per cent in the United States, and close to 4 per cent in countries such as Japan and Germany. It is important that we get these inflationary pressures under control. We are working to do that.

We have seen the Consumer Price Index performing reasonably well in recent months. We are concerned as to where this might go in the next few months because of the pressures on the price of oil as a result of the Gulf crisis, but our hope is that we would be able to see a continuation of the drop in interest rates that we have seen during the course of the summer. That remains to be seen, though, because of the problems that we are seeing with the price of oil.

That is the direction in which we are heading, and we are confident that the policies we have been following have been working.