

Oral Questions

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, let me try to explain to the hon. member. The debt that we inherited was something in the vicinity of \$200 billion. The member knows that you have to pay interest on that debt. He knows that interest compounds upon interest and that it accumulated to \$400 billion plus.

We have been operating in an operational surplus since 1987. As a matter of fact, I repeat, we have not added one red cent to Canada's national debt. As a matter of fact, we have reduced it by \$20 billion plus.

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a supplementary question for the minister.

Surely the minister will not try and hide the fact that he and his government have supported the interest rate policy of the Bank of Canada and that interest rates are a cost of government along with all the other costs.

Why does he try to hide the fact that the public debt has moved from \$168 billion to more than \$423 billion since his government has taken office? Why does he not recognize that and also recognize that a major way of dealing with it is to create more economic growth and jobs for Canadians?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, the hon. member suggests that we should have lower interest rates. That is true.

When he was occupying the government benches, we saw interest rates go up to 22 per cent and 23 per cent. We have tried to do two things. We have tried to contain government expenditures against the wishes of the opposition parties. We have tried to contain inflation. The key to bringing interest rates down is to bring down inflation.

The hon. member is suggesting that we should have higher inflation and that we should spend more. That is not a recipe for lower interest rates. That is a recipe for higher interest rates.

• (1450)

[Translation]

TOBACCO SMUGGLING

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, my question is to the Minister of Justice and Attorney General of Canada. The Criminal Code does not provide for the seizure of goods acquired through profits generated by the illegal sale of smuggled tobacco products because this activity is not recognized as a form of organized crime. In practice, this means that some Mohawks could buy the Manoir Richelieu with the money made from the lucrative black market for cigarettes and open a nice casino which Quebec would otherwise not allow them to own.

So as not to make fools of us all in this House, will the minister urgently introduce a retroactive amendment to the Criminal Code and eliminate this unacceptable loophole which enables criminals to launder the money made by smuggling cigarettes?

Hon. Pierre Blais (Minister of Justice, Attorney General of Canada and Minister of State (Agriculture)): Mr. Speaker, my colleague raises the important issue of smuggling. I must remind all members of this House that the Minister of Finance has tabled Bill C-102, which reinforces the legislation on smuggling.

However, it might also be appropriate to remind Canadians who are listening that smuggling is a crime. It is difficult to fight smuggling because people who buy cigarettes, among other contraband items, do not complain. I believe that if all of us in this House made Canadians aware of the danger to society of giving in and buying smuggled goods—and I am speaking to members on both sides of this House—we would probably increase their awareness of the issue. It is quite serious that Canadians snap up smuggled goods so easily.

I thank my colleague for her question and I must tell her—

Some hon. members: Order, order.

Mr. Blais: Mr. Speaker, look at what goes on on the other side when we discuss serious issues. We are giving a great deal of attention to this matter and we hope that our colleagues will co-operate by supporting Bill C-102.