

[Translation]

INTEREST RATES

Mr. Douglas Young (Gloucester): Mr. Speaker, there is total confusion among Canadian and foreign investors, following a series of conflicting statements by the Prime Minister, the Minister of Finance and the Governor of the Bank of Canada. Could the Minister of Finance explain to the House today exactly what his government's policy is on interest rates this week and what the government's policy will be next week, after he has brought down his Budget?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the policy of the government will be the same this week as it will be next week.

We have made it very clear that we have some real concerns about the level of inflationary pressures in the economy today. They are still there, and we want to make sure that we get this inflation wrung out of the system before we see any meaningful drop in interest rates. That has been the policy we have been following for some time now.

There have been some signs in recent months of some easing in inflationary pressures. As I have said on many occasions in the past, we are not out of the woods yet. We still have a ways to go to deal with this problem so that we can avoid the mess we got into as a country when the previous government ignored the inflationary pressures in the late 1970s and early 1980s. That is the policy for this government to avoid.

Mr. Douglas Young (Gloucester): Mr. Speaker, the government's lack of a coherent policy is in fact causing a lot of chaos both here in Canada and on foreign market exchanges.

My question is directed to the Deputy Prime Minister, in the absence of the Prime Minister. Does the government support high interest rates? Does the government support a high Canadian dollar? Does the government support the policies of the Minister of Finance and the Governor of the Bank of Canada?

The question has to be: What was the purpose of the Prime Minister's statement last week that blew the Canadian dollar all to pieces on the international markets?

Oral Questions

If he agrees with the policy of the government, what was the Prime Minister talking about last Friday?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think there is another indication here of the hon. member going off half cocked. If he had read the full statement of the Prime Minister he would understand that there was a clear misinterpretation by the market of a very limited, edited version of what the Prime Minister said.

The member can check the words, but the policy of the Prime Minister, the policy of the Minister of Finance and the policy of the Governor of the Bank of Canada are all the same, a very coherent policy, a very simple policy: we must get inflation down in this country and we are going to do that.

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OPEN SKIES CONFERENCE

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, my question is for the Minister of National Defence.

Canada is hosting the international Open Skies Conference this week, a move that could provide a landmark in co-operation and confidence building measures.

This morning the Prime Minister said that the cold war is over. However, at the same time the government persists with plans to welcome a NATO tactical fighter centre to Goose Bay, Labrador, a move that would involve the largest military expansion in Canada since the cold war days of the 1950s.

I ask the minister to explain why he is even considering this now. Why will the minister not take leadership for peace in the country and the world?

Hon. Bill McKnight (Minister of National Defence): Mr. Speaker, I will explain to the hon. member if I could. The reason the Government of Canada is considering that as a NATO ally is that Canadian forces pilots fly more low-level sorties over Germany with a population of 58 million people than will be flown by the allies over 100,000 square miles of Canada where no one has permanent residence.

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, Germany and the people of Germany have said quite clearly that they do not want the low-level flights there. Canadians are saying the same thing. The Innu are saying they know that if this centre is approved the