

Oral Questions

least, must recognize that sexual aggression and three-year-olds are mutually exclusive.

Indeed, these incidents are isolated and are by no means characteristic of the judiciary as a whole. But if they continue to use such aggressive language, our courts will carry the badge of intolerance and ignorance and women will not feel that their interests are being met.

ORAL QUESTION PERIOD

[*English*]

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. Today Statistics Canada released the latest figures on Canada's export trade. In the report it said that merchandise exports fell 4.9 per cent in December, the lowest monthly level since July, 1988. Statistics Canada said: "The Canadian dollar appreciated once again in December in relation to the U.S. dollar, thus making Canadian exports less attractive in the American market."

Why are the minister and the government persisting in their high dollar policy which is evidently so harmful to Canadian exports and the Canadian economy.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, less than 24 hours ago we had comments from the member for Gloucester and the member for Willowdale critical of the policy of the government that resulted, they said, in the fall of the Canadian dollar. You cannot have it both ways. It is the same old story we get from the Liberals; sucking and blowing.

On the question of the Canadian dollar and our export performance during the past year, I recognize that a higher Canadian dollar does have some impact on our ability to compete. We are not following a policy which is deliberately designed to increase the level of the Canadian dollar. We are following a policy which is deliberately designed to get inflation under control.

I ask the hon. member what he would be saying to me if we had followed the policies that he and his party have been endorsing of having low interest rates. Just this morning we had some confirmation that the level of inflation is too high and that we must continue to follow

the high interest rate policy. If we had followed his policy of having low interest rates, we would have runaway inflation today and that, I am sure, would be something he would be critical of. Again, they are sucking and blowing.

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, the minister says he is worried about inflation. Why is he persisting in policies of high interest rates and a high dollar which directly contributes to that inflation?

[*Translation*]

I again ask the minister: Even if he is following a policy by accident, why is he pursuing such a policy which raises the value of the Canadian dollar and is so harmful to our export industries? Mr. Speaker, his accidental policy is worse. Instead of a well-considered policy, it is one which hurts our export industries.

• (1120)

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Leader of the Opposition has said: "Why are we persisting in a high interest rate policy and a high Canadian dollar, both of which contribute to inflation?" I do not know from where he is getting his advice.

A high Canadian dollar means that our imports cost less, which means that our inflation would not be as bad with a high Canadian dollar.

High interest rates contribute to lower inflation because they reduce the amount of money that is in the system and therefore reduce the upward pressure on inflation.

Both of these things would contribute to a lower level of inflation. We have been following them. We have seen some signs in the last three or four months that inflation has been getting less, although we had a disappointment this morning.

Surely, that should be confirmation to the Leader of the Opposition that we must continue with beating our inflation problem or else we are going to get back to exactly the same problems that the Liberal party in the 1970s and the early 1980s presided over. At that time inflation got to 13 per cent; interest rates got to 20 per cent and 25 per cent; and unemployment averaged 13 per cent and ranged up to over 20 per cent in some parts of the country.