

Oral Questions

damaging effect on the economies of all countries of the industrialized world.

● (1420)

REQUEST THAT INTEREST RATES BE LOWERED

Mr. Don Blenkarn (Mississauga South): Madam Speaker, first of all the minister will know that the German currency in relation to the Canadian currency has strengthened by 3.8 per cent. The minister will know that we do not really worry about other currencies because 90 per cent of our trade is financed in American dollars.

In view of the fact that other countries have been able to have substantial reductions in their prime rates, for example, Germany from 13 per cent to 11.5 per cent in the past three months, and England from 14 per cent to 13 per cent, and in view of the fact that our T-bills are now selling for over 15.5 per cent, can we expect new high rates of interest in Canada tomorrow, or will the minister direct the Governor of the Bank of Canada to lower interest rates to give people in Canada a sense of confidence like people in other countries are getting from their governments and their central banks?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I can assure the hon. member that there is no person who is doing more to restrain interest rate movements in the country than the Governor of the Bank of Canada. In light of the circumstances, the Governor of the Bank of Canada has to maintain a balance between the exchange rate and the short-term interest rates, in light of the pressure that is being placed upon both these rates on the exchange market and in the short-term market by the very powerful economy which the hon. member has mentioned. When he talks about the very high proportion of our trade with the United States, he is obviously admitting that that economy and its operations have a very heavy impact on what happens in this country.

EURO BOND BORROWING

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Finance. In his insistence that the Canadian dollar is strong, he sounds like the "Charles Atlas" of the financial world trying to build economic muscle under the twin weights of his massive capital outflows and huge budget deficits. If the Canadian dollar is so strong, why did the government have to float a \$750 million issue on the Euro bond market which, I understand, is the largest single maturity issue ever raised in that market? Why would the Minister of Finance have to borrow that much money to add to our international reserves?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is prudent to maintain one's international reserves in good shape. There was an opening in the Euro dollar market for a bond issue of this size—

Some hon. Members: Oh, oh!

Mr. MacEachen: —at a rate more favourable than that at which such borrowings could be made in the United States. It was my decision to make that borrowing at this particular time. It does not seem to be a very unusual step because we have moved on previous occasions to borrow on the foreign market.

Miss Carney: Madam Speaker, my supplementary question is also addressed to the Minister of Finance who has not answered the question: is this the single largest maturity issue ever raised in the Euro bond market? It is a massive amount of borrowing that he has had to undertake to support the dollar.

MINISTER'S FORTHCOMING ATTENDANCE AT VERSAILLES SUMMIT CONFERENCE

Miss Pat Carney (Vancouver Centre): Madam Speaker, the Minister of Finance recently went to Paris to learn that unemployment in Canada is at record levels. Is the minister going to the Palace of Versailles to learn that he is running the economy on the wrong economic track? The Prime Minister is also going to Versailles. Why is he going? Why is the Prime Minister not staying here to defend the dollar and his economic policy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I want to tell the hon. member that I have been before the Standing Committee on Finance, Trade and Economic Affairs twice in the last two days, and I have not heard from her or from any other member of the Conservative Party a single policy option that could be implemented at the present time by the Canadian government.

Mr. Baker (Nepean-Carleton): You sure did today.

Mr. Crosbie: I will send you my speech of last week.

Mr. MacEachen: We know the policy that we are following, but members of the Conservative Party have been unable in these difficult times to articulate any consistent policy that could be considered. I believe in that circumstance they are failing miserably in their duty to the people of Canada.

Mr. Jelinek: Aren't you the government?

● (1425)

REQUEST FOR INTRODUCTION OF NEW BUDGET

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Finance. Indeed the dollar has fluctuated down to its lowest level since the Depression, during the past 24 hours. The minister knows that the major reason for the decline of more than 5 cents since last fall is to be attributed to our record balance of payments deficit which exceeds some \$6.6 billion. The short-run problem has been compounded in recent days by the government's failure in the energy field and its associated megaprojects.

Will the minister at long last recognize that we are in a state of economic crisis in the Canadian economy, that last fall's budget is completely outdated, and that we need a new budget