This was just one more company in Canada that was closing because of a strong Canadian dollar compared to the American dollar. It is simple economics that every cent our dollar goes up in relation to the U.S. dollar makes it more difficult for our exporters to obtain a return for their product in the U.S. or international market.

In November 1985 our dollar stood at 72.7 cents U.S. This was at the height of an economic boom, the likes of which this country had not seen for a long time. Today, thanks to this government's policy, it is at 88 cents U.S.

Average Canadians know what this government's policy of a high Canadian dollar means. Just ask the 220 tin mine workers who will be out of work in January. Just ask 330 Dominion Textile workers in Yarmouth who lost their jobs last June. Just ask fishermen and processors in southwestern Nova Scotia who have to cope with decreased quotas, dockside monitoring and a high Canadian dollar to try to sell their product.

Look at lobster fishing where costs have gone up over the last year. The dollar has gone up over last year and the price has gone down over the last year. How can we expect our primary industry to compete in the American or international markets as our dollar goes up? Just ask anyone who works in the primary industries what a high dollar has meant. Ask the local businesses which are going out of business what it has meant.

The minister will answer tonight as he answered my question that day. He will talk about having lowered the interest rates. At this point lowering interest rates does very little to stimulate the economy through increased investments.

As reflected in the narrow spread between the bank rate and the prime rate, there is very little demand for new loans for two reasons. Businesses are not making any profits and individuals are too concerned about keeping their jobs even to think about making investments.

However, a fall in interest rates accompanied by a devaluation of the dollar will do a great deal to boost export performance. This is what the government should be looking at and trying to accomplish.

More people are unemployed today than a month ago. A substantial percentage of the unemployed have been without work for over a year. This is something that Canada and Canadians should not accept. This is not what Canadians expect from a government. It is certainly not what Canadians should have to put up with.

This is just one more lesson for the government on how its suicidal high dollar policy in the wake of the free trade agreement has decimated our Canadian industrial base.

We cannot have a high Canadian dollar and expect to compete with the U.S. but the minister goes on saying the high dollar is not a deliberate policy and he will not give Canadians a strategy to lower the Canadian dollar to help our exports, to help our primary products and to help our industries.

Mr. Ken James (Parliamentary Secretary to Minister of Labour): Madam Speaker, I would like to advise the member for South West Nova that the government does not have a high interest rate policy. It is quite the opposite. The policy is geared to achieving durable lower interest rates through reducing inflation, as she probably knows.

Our policy we believe is working. As inflation pressures have eased in recent months, interest rates have declined in step. Short-term interest rates are more than 625 basis points lower than at their peak last May. Interest rate declines will continue and they will be sustainable.

Let me turn now to the exchange rate which she speaks of. There is no target or target range for the dollar. The exchange rate is determined by market forces. I think the member knows that but is just causing a bit of mischief.

The relative value of our dollar is affected by many factors, not just interest rates, such as inflation performance and prospects, investor confidence in the economy, international and political and economic uncertainty and the borrowing practices of Canadian businesses and governments. These can all affect the dollar.

It is clear that the Canadian interest rates are no reason for the increase in the exchange rate over the last year or so. Provincial government borrowings and international uncertainty are contributing to the dollar. They played key roles in the value of the dollar. Provincial governments placed $10.9 billion in new debt issues in the foreign financial markets in the first half of this year. This is double the amount that was placed in all of 1990.