

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I can understand why my hon. friend is trying to deny any responsibility for Bill S-31. You people instigated Bill S-31, which would have killed this attempt by Quebec Francophones to become actively involved in the economic expansion of Quebec and this country. That is what you would have done with Bill S-31, and that is why we fought the Bill, and fortunately for Quebecers we did.

Some Hon. Members: Hear, hear!

Mr. Mulroney: Considering the fact that the Government of Quebec controls the largest block of shares, it is very important that I discuss this matter with the one who owns those shares, in other words, the one who can make the final decisions. That is the only connection with this case.

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[English]

THE ECONOMY

INTEREST RATE INCREASES

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I would like to direct a question to the Minister of Finance. He will be well aware that last month's unemployment figures realized the largest increase over the last five years. He has explained carefully the continuing softening of the Canadian dollar. Today we find that interest rates have increased again by over half of a percentage point and, of course, further uncertainty has been built in. Is the Minister of Finance prepared to give a signal to the people of Canada that there is a limit to which he will accept the increases, and that we do not have to be afraid of the Liberal 18 per cent and 19 per cent interest rates? Is there a limit?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, there is no sign at all that we are going to get back to the extraordinarily high interest rates which we saw under the Liberal Government in 1981-82. The underlying strength of the Canadian economy, the record high surplus in trade, the level of inflation, and productivity improvements all indicate a clear degree of strength and stability in the Canadian economy. We are faced with an extraordinary situation in international money markets, over which we have no control. That is affecting Canadian interest rates, as I am sure the Hon. Member will understand. We are trying to mitigate the impact of the exchange rate movements on interest rates, but we cannot control them. Once we have a degree of stability in the markets in Canada, I am quite confident that interest rates will come down.

MINISTER'S POSITION

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, the Minister of Finance will know full well that because of his passive position there is a growing sense of uncertainty in the country. No one is prepared to make long-term or even

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short-term investments with these conditions. Week after week, for five weeks, interest rates have gone up and the Minister has told us to be patient and not to jump to conclusions. For five weeks interest rates have gone up, and there is every indication that they will continue to do so. Will he now say, as Minister of Finance, that he will not be the bankers' batboy? Will he show that he is a strong leader and not a passive Finance Minister? He should stand up and say that there is a limit, and that the limit is what the rates are today.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the rhetoric of the Hon. Member is not going to fool anyone. I want to draw to his attention that the socialist Government of France, in 1981, tried to follow the same policies which he would have us follow today. What happened? Capital flowed out of the country in record amounts, the French franc went down twice in substantial devaluations, interest rates went up, unemployment went up, and France had a disaster on its hands. We do not want that to happen here.

Some Hon. Members: Hear, hear!

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[Translation]

REGIONAL INDUSTRIAL EXPANSION

REQUEST TO PRIME MINISTER TO EXAMINE FACTS SURROUNDING THOUSANDS OF LOST JOBS IN QUEBEC

Hon. Jean Chrétien (Saint-Maurice): Mr. Speaker, I have a question for the Right Hon. the Prime Minister.

Keeping in mind that he decided yesterday to take his Minister of Regional Industrial Expansion to task—or so it seemed—and to re-open the Domtar file, and considering that he then took pride in the fact that he had helped other Quebec companies, would he ask his Minister of Regional Industrial Expansion to hand over his files on the Quebec black list, namely those of Wabasso, Melchers, Pêcheries Cartier, Tupperware, Phillips, Carbures, VIA Rail and Dominion Engineering, companies that have closed down over the past three months?

Having told us that he does not want to help Domtar because the company is in a sound financial situation, would he take the time to consider cases where thousands of jobs have been lost in Quebec in recent months?

● (1440)

Right Hon. Brian Mulroney (Prime Minister): If Canadians outside Quebec want to know why the Liberal Party was so soundly trounced by the electors of Quebec, here is the classical example—the arrogance and conceit of the Liberal Party. Quebecers have had their fill of that and they know full well that the outgoing Government left us with a significant number of plant closure files.