

that will succeed. I don't want to call a First Ministers Conference for the pleasure of their company, although I am always glad to meet them.

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[English]

THE ECONOMY

Mr. Jim Peterson (Willowdale): Madam Speaker, my question is directed to the Prime Minister.

Yesterday, the Conference Board of Canada announced that the government's high interest rate policy and the inflationary impact of the goods and services tax have, and I quote, "created a major risk of recession".

Since a large portion of the inflationary increases are a direct result of government tax increases, when is the government going to stop punishing Canadian consumers, businesses, and workers for its own economic mismanagement?

Hon. Gilles Loiselle (Minister of State (Finance)): Madam Speaker, I suppose that the doom and gloom that we get from the honourable gentleman is nothing new.

Mr. Milliken: Not much doom and gloom there. Simple facts.

Mr. Loiselle: I suppose he will probably be disappointed to discover today that the inflation rate, the CPI, has gone down from 5.4 per cent to 5 per cent.

Some hon. members: Hear, hear!

Mr. Loiselle: If the hon. member looks at the Canadian performance on trade, he will also understand that there are some good sides to our economy. We recognize that the economy is slowing down. It is doing so particularly in the manufacturing sector and less so in the service sector. But there are still very high inflationary pressures which indicate that we must continue on our course and make sure we defeat inflation.

Mr. Jim Peterson (Willowdale): Madam Speaker, that is exactly the point. Our interest rates are going up at the same time as our inflation is coming down. Look at the United States.

Oral Questions

Mr. Mulroney: That's what is supposed to happen. First inflation comes down, and then interest rates come down.

Mr. Peterson: Let us look at the facts. Inflation in the United States is 4.7 per cent, which is about the same level as in Canada. The interest rates in the United States are 40 per cent lower than ours.

Whose interest rate policies are misguided or misdirected? The Americans' or ours?

Hon. Gilles Loiselle (Minister of State (Finance)): Madam Speaker, the hon. gentleman would like to win on both sides.

High interest rates cause money to be more expensive. Therefore, people buy less, the pressures come down, and inflation comes down. This is a first indication that our policy is giving results. These signs have to be there for a period of time before we can see interest rates come down and stay down.

Surely, we would not want high interest rates to remain with us forever or reach the levels they reached when the Liberal party was in power. We want them to come down and stay down. We are working with the monetary policy and with the fiscal policy in a responsible manner to make sure that this country heads for another five years of good economic progress.

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[Translation]

MEECH LAKE ACCORD

Ms. Audrey McLaughlin (Yukon): Madam Speaker, my question is for the Prime Minister. Since the beginning of the debate on the Meech Lake Accord, there has been a problem of communication with the general public. However, when the government wants, it is quite capable of putting together an information campaign, as it did for free trade and as it is now doing for the GST.

Can the Prime Minister tell us what he intends to do to ensure that this time the public will be informed of what the companion resolution contains and will also be kept abreast of developments in the negotiations on Meech Lake and the resolution?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as for—

Some hon. members: Madam!