

debate in the Senate, that remains to be seen, but I will do my best for him.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government in the Senate. We are faced in this country, as everyone knows, with historically high real interest rates. Yesterday, the Governor of the Bank of Canada, Mr. Bouey, stated that a reduction in the deficit in Canada would have "some effect on interest rates."

In view of reductions being tied to a budget, and in view of the importance of lowering interest rates, could the Leader of the Government in the Senate advise this chamber when we may expect action in that regard?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend refers to the level of interest rates. In the very recent past, they were considerably higher than they are now. They are too high in any case; there is no disagreement about that.

The Governor of the Bank of Canada showed perhaps—and I do not want to overstate it—a scintilla of optimism that they may come down in the near future, and if so, I am sure we would all be happy with that.

The Governor of the Bank of Canada has, during the time that my honourable friend, Senator Everett, was Chairman of the Standing Senate Committee on National Finance, been persuaded to appear before that committee to discuss his report and germane matters. I do not see why that could not be done again. He is a very interesting man to discuss matters with.

My honourable friend seems to be asking a question about budgetary policy. If that assumption is correct, then he will have to wait until the budget is presented for that information.

Senator Sinclair: I have a supplementary question. While we have seen interest rates in absolute terms in the past at higher levels than they are at now, in modern times I cannot recall real interest rates being at a higher level than they are at the present time, in view of the relatively low level of inflation. Because the economy is sputtering in certain areas, the importance of budgetary matters and interest rates takes on priorities that have not been with us for a long time. Canadians have been waiting for a budget now for many months. My plea to the Leader of the Government in the Senate is, when discussing these matters with his colleagues, would he emphasize the concern of business that action be taken as soon as possible.

• (1510)

Senator Roblin: Honourable senators, I think it is the concern not only of business that we should have lower interest rates but it is the concern of everybody. I should remind my honourable friend that we are now on a mop-up or rescue operation, because he complains about the fact that they have been waiting a long time for something to be done. During the previous administration not only did we see a budget which to

[Senator Roblin.]

all intents and purposes was out of control but we saw interest rates and inflation at higher rates than they are now. That does not make anybody feel any better at the present time. We have a problem and we have to face it, and we are going to try to do that. I do not think it is appropriate for my honourable friend to express this business point of view leaving me with the impression that he thinks we should jump to attention and produce our budget before we are prepared and ready to do so. This is going to be a very important document which will require all the attention and care that can be given to it. It is also going to require the amount of consultation that is being given to it, particularly when one thinks of the consultation that will be taking place with labour and industry over this coming weekend. I appreciate my honourable friend's anxiety to see action—we all want that—but I would sooner be right a little later on than take some action today which might not be productive.

Senator Sinclair: I have a supplementary question. The point I would draw to the honourable senator's attention is that the one way to cause continued disquiet is to create an element of uncertainty, and the one way to create that uncertainty is to do nothing. You can consult and consult and consult but there comes a time for action and the taking of responsibility. My suggestion is that that time has passed. I would ask the Leader of the Government in the Senate to force upon his conscience the necessity of drawing that forcibly to the attention of his colleagues.

Senator Roblin: I can tell you one thing I am not going to do: I am not going to recommend to them that they follow the policy of the last administration. It had approximately 12 years to deal with this matter and during that—

Hon. Royce Frith (Deputy Leader of the Opposition): And they brought inflation down.

Senator Roblin:—whole period of time we saw the deficit increasing and the problems of inflation and interest rates increasing. They proved that they were unable to cope with those matters. I think we are going to do considerably better than they did.

Senator Sinclair: Honourable senators, the Leader of the Government has a convenient memory. It was the former administration that took action in regard to inflation and wrestled it to the ground.

Some Hon. Senators: Oh! Oh!

Senator Frith: You don't like the numbers!

Senator Roblin: I hesitate to stand up and prevent Senator Stewart from making his contribution, but I really must say that I appreciate the comment of Senator Sinclair because he said it with a smile on his face. That took all the sting out of it, didn't it? It wrestled inflation to the ground but inflation was shaking its fists in our face before we could turn around. It really was not a successful operation.

Senator Frith: Don't you read the figures, for God's sake!

An Hon. Senator: Steady, Royce!