

Oral Questions

ping dollar. I would ask the Minister of Finance, if it made sense to have that policy during the summer, and we believe it did, what is the difference between now and then? Is the only difference the fact that members of the Conservative Party are now on that side of the House? Why does the Government not pursue a consistent policy and keep interest rates down?

● (1430)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not think the Hon. Member has the appropriate amount of understanding of what is going on in the exchange markets today, or else he would not have asked the question. We have not seen in history the type of exchange markets that we have had in the last three weeks. That is a significantly different point which I think the Hon. Member must take into account. We are trying very hard to develop a balance wherein some of the pressure will be on the exchange rates and some of the pressure will be on interest rates. I think the commentators who are watching this are saying that the balance which we have struck is very appropriate.

EFFECT OF INTEREST RATES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, they are the same commentators and the same experts who said the same thing about Marc Lalonde when he was Minister of Finance. He, too, was pursuing their policy.

Since the high interest rate policy is affecting farmers, who are in one of the worst debt crisis situations they have been in for years, and since it negatively affects exporters in forestry products—

Mr. Wilson (Etobicoke Centre): What is that again? The low dollar affects—

Mr. Broadbent: No, we are talking about interest rates.

Mr. Speaker: Order, please. Could the Member please put his question, and could others let the Member put his question?

Mr. Broadbent: The Minister of Finance will understand clearly that since the low dollar positively affects farmers with the export of grain, forestry workers with the export of forest products, automotive workers and steel workers, and since it would positively affect almost everyone who is looking for a job in Canada, why does the Minister not let the dollar seek its own level and keep interest rates down so that we will prosper?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I would like to make one point. Marc Lalonde never had to deal with the type of interest rate and exchange rate situation which we are faced with today, as is every other industrialized country.

I have said it in the House before, and I will say it again. We are not happy that interest rates have gone up. I would also say to the Hon. Member that I cannot sit in my office on Parliament Hill, pull big levers, set interest rates, and say that

they will be a certain level. Interest rate and exchange rate decisions are made by thousands of investors in Canada and in other countries. We try to moderate the impact of those decisions, but we cannot establish them. The Hon. Member knows that, because he is too smart not to know it.

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[Translation]

REGIONAL INDUSTRIAL EXPANSION

DOMTAR—QUEBEC—GOVERNMENT POSITION

Hon. Jean Lapierre (Shefford): Mr. Speaker, my question is directed to the Right Hon. Prime Minister.

Yesterday, the Prime Minister let the cat out of the bag when he revealed another reason why his Government was refusing to subsidize the Domtar project. He said that the fact the Caisse de dépôt et placement du Québec and the SGF held 45 per cent of the shares had been a factor in turning down the request for a subsidy of \$100 million for the project.

Mr. Speaker, I would like to ask the Prime Minister, first of all, how the presence of Quebecers through their institutions could have affected his Government's analysis of the merits of the Domtar case and second, whether the Government's answer would have been any different if the Caisse de dépôt et placement du Québec and the SGF had not been involved?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that has no connection with the case. We in the Progressive Conservative Party are the ones who defended the Caisse de dépôt et placement du Québec against an attempt by the Liberal Government to kill this opportunity for Quebecers to participate in the province's economic growth.

The fact is quite simply this: the Government of Quebec is the principal holder of Domtar shares, so it is entirely normal that I should discuss expansion programs with the Government of Quebec. That is all there is to it.

REQUEST FOR DETAILS CONCERNING REFUSAL OF SUBSIDIES

Hon. Jean Lapierre (Shefford): Mr. Speaker, the Prime Minister himself referred to the holdings of the Caisse de dépôt et placement du Québec and the SGF yesterday to justify his Government's refusing to pay a subsidy of \$100 million, saying it would be a direct transfer to the Province of Quebec. And if he wants to bring up Bill S-31, our caucus took a stand against that Bill, not like a group of yesmen over there who are afraid to get up and defend Domtar.

Mr. Speaker, I would like to ask the Prime Minister whether he now intends to set new standards for companies whose shareholders include the SGF, the SDI ou the Caisse de dépôt et placement du Québec?