

Oral Questions

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have made it abundantly clear what the policy is, not just yesterday, not just the day before, but for many months now.

With the instability and the volatility in the markets today, our first objective is to gain stability in those markets, and second, on an ongoing basis, to reduce the level of inflation so that we can get interest rates down.

I acknowledge what my hon. friend has said. Interest rates have stayed up longer than we had anticipated last April. The reason is that inflationary pressures have been stronger and the economy has been stronger than we had anticipated in April. I might add that they are stronger than many other economic forecasters had anticipated last April.

Once we get inflation under control, we will be able to see some easing in interest rates. But until we see some real progress in getting inflation under control, we will not be able to see any meaningful reduction in interest rates.

[*Translation*]

Mr. Douglas Young (Gloucester): Mr. Speaker, is the minister prepared to at least admit that the contradictory statements made by the Prime Minister, the Minister of Finance, Conservative backbenchers and the Governor of the Bank of Canada contribute to the uncertainty among Canadians and investors here and abroad? My question for the Finance Minister is: Do Canadians not deserve a coherent, comprehensible policy from this government after five years in power? Is he prepared to articulate such a coherent policy in order to reassure investors that the Government of Canada knows where it is going?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, above all, what investors, whether they are Canadian or foreign, have received over the last five years is a coherent economic policy. This coherent policy was first set out in November 8, 1984 in the Agenda for Economic Renewal where we stated clearly the two prongs of our economic strategy: first, to get our financial house in order, and second, to deal with some of the structural problems that were causing inefficiencies in our economy. We have followed what we set out to do in

November 8, 1984 in a very careful, consistent and coherent way.

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The results have been very clear. In Canada, we have had economic growth only a small margin behind that of Japan. We have had the best job-creation record of any of the major industrialized countries through that period, and precisely because Canadians and foreign investors could understand exactly where we were going as a country because it was all set out in that document of November 8, 1984.

Mr. Douglas Young (Gloucester): Mr. Speaker, interest rates are going up, the dollar is going down, the government is going where even angels fear to tread.

The question that the finance minister has to address and that I put to him today is that just last Friday the Prime Minister was saying after the budget is introduced next week, the interest rates are going to go down. Interest rates today are up to an unparalleled height since the Minister of Finance came into office. The rates are going up this week. Are they going to go down next week? Does the minister have a policy, and how is he going to explain to Canadians that he is saying one thing and the Prime Minister is saying another?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the hon. member is absolutely wrong and he knows that he is wrong. If he had taken the time to read the transcript of what the Prime Minister said, he would have seen that it was exactly what I have been saying over the past number of weeks. I say to him, read it before trying to sow this uncertainty in the minds of Canadians.

I have made it very clear that if people want to see lower interest rates then we have to see lower inflation. Until we get lower inflation, we are not going to see lower interest rates. It is as simple as that. That is what we have been striving to do with our interest rate policy, and that is what we have been striving to do in our fiscal policy.

Every time this government has tried to do something to get our expenses down, to get the deficit down and to get the debt problem under control, every time we have put something on the table that party, as well as the New Democratic Party, have fought tooth and nail to try to stop us doing these things. These are the things that we are committed to do. We are going to do them because