

Oral Questions

led to the very high levels of interest rates in 1981 and 1982 and the high levels of unemployment that were caused by that. That is what we are trying to avoid.

Mr. Douglas Young (Gloucester): Mr. Speaker, the minister has to understand that representatives from every sector of our economy are now asking that interest rates be reduced and that the value of the Canadian dollar be allowed to fall.

Is the Minister of Finance going to listen to business, labour, and consumers, or is there a part of the free trade deal that requires the Canadian Government to keep the value of the Canadian dollar above 80 cents and is that, in fact, why it will not lower interest rates?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, we have had this red herring time and time again. If the hon. member understood how financial markets work, how interest rate markets work, how the Canadian dollar market works, he would never ask that question. He would know that if a commitment of that sort were given it could not be fulfilled.

[*Translation*]

Mr. Douglas Young (Gloucester): Mr. Speaker, the Governor of the Bank of Canada is clearly obsessed with zero inflation, and now the government is supporting that obsession. I want to ask the Minister of Finance today, since he is responsible for Canada's monetary policy, whether, considering demands across this country from all sectors of our economy, he is prepared to see Canadian interest rates and the value of the Canadian dollar go down. The time has come to listen to Canadians. The minister did not listen to them during the GST debate. Will he now listen to what they have to say about interest rates?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, if there is one thing that the government and I, as a minister, can say we have done, it is that we have listened very carefully. We have consulted broadly about all the ranges of economic policies that we have put in place over the last five and a half years. That is a matter of fact; that is a matter of the record. It is not a matter of judgment on the part of anyone.

We have talked to a wide range of people, during the course of the last few months and the last few years, on the questions of economic policy, be it it is inflation, monetary policy, or fiscal policy. We listened and we have taken all that into account in the decisions that we have taken as a government.

My hon. friend talked about an obsession. Our obsession is to have good, non-inflationary, sustainable growth over an extended period of time. We had a good period of that in the latter part of the 1980s, from 1984 through to 1989. We are going through a rough period now, but our commitment is to get back on that track of sustainable, non-inflationary growth, and I believe that if we continue these policies we will be able to do so in the very near future.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have a question for the Minister of Finance. The discount rate of the Bank of Canada today went up for the twenty-first time since 1988. The Canadian Manufacturer's Association is stressing that the manufacturing sector across the country is being devastated by these interest rates.

I want to quote another economic observer who put things as follows:

The inflation rate is between 5 per cent and 6 per cent. The current interest rate at 13 per cent or 14 per cent is simply too high."

Does the minister accept this clear judgment, and will he act to bring these rates down now?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that the answers that I gave earlier this week in the House, as well as those I have given today, are a very clear response to that question.

We have indicated very clearly our concern about inflationary pressures. We are determined to get those inflationary pressures down. When they do come down, interest rates will come down. That is very clear. That is a clear statement of this government's policy.

Mr. Steven W. Langdon (Essex—Windsor): Of course, Mr. Speaker, that quote was the hon. Minister of Finance, himself, when he was in opposition.

• (1430)

I ask the minister if what was right then is not right now. If what was right at that time as an analysis that those interest rates were too high at 13 to 14 per cent,