

reports that a 30-year record of 79 per cent of business expects conditions to worsen in the next six months.

Despite all this documented evidence of a deepening recession and the possibility of a depression in the country, does the government plan to continue with its high interest rate policy and continue with the introduction of the goods and services tax? Does the government still forecast, brazenly and arrogantly, economic recovery this spring?

Hon. John McDermid (Minister of State (Privatization and Regulatory Affairs)): Mr. Speaker, I will draw to the hon. member's attention that interest rates have dropped some 1.75 points in the last number of months. They have shown a downward trend since May and are continuing to go down. As inflationary pressures fall, those interest rates will continue to fall. So, I think the record on that is very good.

If we compare the interest rates today with the interest rates back in 1981 and 1982, when people were paying 23 per cent and 24 per cent interest rate instead of the 13 per cent and 14 per cent today, the comparison of the definition of high interest rates between a Liberal and a Conservative leaves something to be desired, I can tell you.

Mr. Brian Tobin (Humber—St. Barbe—Baie Verte): Mr. Speaker, I would like to point out to the minister, who obviously has not a clue what he is doing standing in for the Minister of Finance, that there is still a five-point spread in interest rates between Canada and the United States. Interest rates in this country are still too high.

Some hon. members: Hear, hear.

Mr. Tobin: The government, in its vain and egotistical attempt to defend its failed policy, is playing Russian roulette with the jobs of Canadians. There have been 7,600 more laid off at GM, 6,000 in the forest industry, and fishermen and farmers devastated all across this land.

I want to ask the Deputy Prime Minister, on behalf of thousands of Canadians who have lost their jobs, will the government abandon its high interest rate policy? Will it abandon the goods and services tax that we can no longer afford? Give up this Thatcher-like stubbornness and face reality.

Oral Questions

Some hon. members: Hear, hear.

Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and Minister of Agriculture): Mr. Speaker, I think we should put things into perspective. When the government came into office, in his own home province of Newfoundland, for example, the unemployment rate was 23.5 per cent. Today it is down around 16 per cent. It is still too high, but it is certainly going in the right direction.

• (1440)

Nationally, the unemployment rate was 11.7 per cent or 11.8 per cent. Today it is 8.8 per cent. It is still too high. That is right.

What is necessary is to ensure that we make the proper structural changes and adjustments. The GST is an important tax measure that will improve the competitiveness of Canadian industry. It should be passed. It should be brought into law.

If the hon. member wants to provide some confidence to the Canadian economy, he would prevail upon his Liberal friends in the Senate and urge them to co-operate and pass this piece of legislation, because all Canadians need it.

Some hon. members: Hear, hear.

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PERSIAN GULF

Mr. John Brewin (Victoria): Mr. Speaker, my question is directed to the Minister of National Defence. Last night, we were regaled with film of the minister, Rambo-like, swinging onto the deck of HMCS *Terra Nova*, proclaiming his support for the Canadian participation in Operation Imminent Thunder.

Did the minister personally authorize Canadian participation in Operation Imminent Thunder? How does he square that with the UN resolutions and with his personal commitment to the House to consult the House before a Canadian role in the Persian Gulf was extended?

Hon. Bill McKnight (Minister of National Defence): I am sorry, Mr. Speaker, that my colleague, who also had the opportunity to visit Canadian forces, did not have the advantage to use some of the equipment that was available and visit all the troops who were there.