

transaction, a fourth refinery has been affected, but we are working with the appropriate parties in order to save the refinery and not close it down as the Liberals did.

INQUIRY WHETHER PETRO-CANADA WAS WILLING TO BUY REFINERY IN MONTREAL EAST

Hon. André Ouellet (Papineau): Mr. Speaker, the Prime Minister was elected for better, not for worse. Even his friends Louis Laberge and Péladeau are leaving him because they are so disappointed.

Mr. Speaker, could the Prime Minister inform the House whether it is true that Petro-Canada was prepared to purchase the refinery in Montreal East and keep it open, but that the Cabinet preferred the transaction with Ultramar whose objective was to close down the refinery?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that is utter nonsense! And as far as . . . Everybody knows that when you were in Government, you people closed down three refineries in Montreal East.

An Hon. Member: Unfortunately.

Mr. Mulroney: And this cost us 1,100 jobs in the industry. That is a fact. That is what happened. There was no question of having Petro-Canada intervene in this question. However, I can give my hon. friend the assurance that unlike Liberal members from the Montreal area who maintained complete silence and never protested even once to the former Minister when he closed down three refineries, the Hon. Member for Shawinigan, who closed three refineries in Quebec . . . Not one Liberal member here in the House protested, not even once. However, we are working with our Montreal caucus on keeping the refinery sector alive in Montreal East.

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[English]

THE ECONOMY

INTEREST RATE LEVELS—REQUEST FOR MINISTERIAL ACTION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Finance. A minute ago he informed the House that he intends in his forthcoming Budget to reduce the deficit further. When he was in opposition, the Minister of Finance pointed out the following: "Higher interest rates mean lower growth, larger deficits and more debt". At the same time the present Minister of Regional Industrial Expansion when in opposition said: "A one percentage point increase in the interest rate means the loss of 25,000 jobs". Given the accuracy of both of these statements, would the Minister of Finance, now that he has responsibility, practise what he was preaching when he was in opposition and take steps to ensure that interest rates do not go any higher?

Oral Questions

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think we have indicated very clearly by our actions since September 4, 1984, that we believe in exactly what the Hon. Member has just quoted.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): Since September 4 the typical one-year mortgage rate is down three percentage points. That is a savings of \$104 per month for the average home owner. The typical three-year mortgage is down two and three-quarters per cent, and a typical five-year mortgage is down two and a half per cent. Because of this we have seen housing starts increase by about 25 per cent or 35 per cent, from 145,000 units to 185,000 units in the past year. We have seen investment intentions increase significantly from what they were back in September, 1984, when we came into office. That underlines the direction and the importance of the direction, which we are taking to get the economy moving.

Some Hon. Members: Hear, hear!

• (1425)

REQUEST THAT BANK OF CANADA HALT INCREASES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Minister of Finance has simply been taking bad lessons from his Prime Minister. We are not talking about what was going on last fall. I agree with what he is saying about last fall. When American interest rates went down and we had no short run crisis to deal with, our interest rates went down too. We had those good benefits. The Minister knows last week all the interest rate tendencies were going up. If he believes what he preaches about low interest rates—and he said in recent days the crisis is temporary—will he phone the Governor of the Bank of Canada and say with regard to tomorrow's announcement, tomorrow should see no increase at all in the interest rate?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I want to say quite clearly to the Hon. Member that neither the Governor of the Bank of Canada nor the Minister of Finance can wave a magic wand and say interest rates will be this or this or this. Interest rates are decided by the market-place. We have been doing everything in our power during the course of the last 16 months to get interest rates down. There have been, back in February and March last year, as well as currently, some upward pressures coming into the market-place, which we have tried to moderate. As the general direction of our economic policy has taken hold, the force of interest rates has been down, and I would expect that that would continue.

[Translation]

REQUEST THAT MINISTER ISSUE INSTRUCTIONS TO BANK GOVERNOR

Hon. Edward Broadbent (Oshawa): Mr. Speaker, if the Minister believes the economic crisis to be temporary, then it is all very simple. He must now put into practice what he said