

Supply

What the Progressive Conservative Party believes, through this Budget, through the Hon. Minister of Finance's (Mr. Wilson) initiatives, is that we will in time ensure reasonable interest rates in this country based on a strong national economy, based on a strong national Treasury and based, most importantly, on reduction of debt and deficit so we will not cause interest rates to rise. I think that is the thrust of the Budget and I am sure Canadians understand that.

I have a question that I want to put to the Hon. Member. He suggested that the solution to interest rates at the present time in Canada is not the Budget and the budgetary measures, but that instead the Minister of Finance should sit down with the Governor of the Bank of Canada and tell him to lower interest rates.

The Member has a long history in this House and we appreciate the contribution he has made to it and to Canada, but I am sure he remembers the dispute between another Leader of the Progressive Conservative Party and another Governor of the Bank of Canada and what havoc that created when the Government told the Governor of the Bank what to do. This led to his resignation, to economic havoc in the country, to actions in this House of Commons and to all kinds of related problems.

I cannot believe in 1989, with the credibility the Bank of Canada has developed over the years, with the faith and confidence Canadians have in the governance of the Bank of Canada, that the Member is now suggesting that the Minister of Finance trot across the street and tell the Governor of the Bank of Canada what to do. What does he think would happen if that occurred? What does he think would happen internationally to the view held of Canada around the world? He knows we are dependent in monetary matters to what goes on in other places. Surely he does not want to erect a wall around Canada and cut us off from the rest of the world and make us another banana republic.

Mr. Broadbent: Mr. Speaker, that question was almost as straightforward as the ones we ask in Question Period.

Do I want to create a banana republic in Canada? The answer is, probably no.

Some Hon Members: Oh, oh!

Mr. Broadbent: It is definitely no. The serious matter that the Member asks about is whether we believe that

the Minister of Finance should have ultimate responsibility for interest rates. The answer to that is an unequivocal yes. As to whether the Finance Minister should trot down to the bank, knock on the door and say to the Governor of the Bank of Canada, "Do this forthwith", that is not what I meant.

I have said, in a different context, that whether one is talking about Canada or if you look at the way the Government functions in Japan, France or West Germany now, I do not believe for a minute—and I would not think that the Hon. Member does—that people in those countries in their financial institutions having the position equivalent to the Governor of the Bank of Canada, if he or she—and they are all men right now—were not pursuing the policy of the Government of the day they would not have the job. That is what I am talking about. You do not give it necessarily a 24-hour notice but, as the Member knows, the Minister of Finance meets regularly with the Governor of the Bank of Canada, and what he ought to do in those meetings is to indicate that the direction of the policy has to change. That is the way it would be done. It would be talked about in very serious, direct terms in a meeting, and then the Minister of Finance would sit back and watch and see if the policy began to change. If the policy did not change there is not doubt in my mind or in my Party's mind where we stand. If that policy does not begin to change and change soon then the Governor should be replaced. That is how you do it.

Mr. Rodriguez: Just like the president of VIA.

Mr. Kindy: Mr. Speaker, I will be brief. Could the Leader of the New Democratic Party comment on a statistic that I will mention? It concerns the personal income tax that Canadians have to pay. In 1977 it was 40 per cent of government revenue. In 1987 that had increased to 45 per cent. On the other hand, the corporations in 1977 were paying 17 per cent of government revenue and in 1987 that amount had dropped to 11 per cent. Does he think that corporations pay their fair share of government revenues?

Does the Hon. Member think that the projected value-added tax or the goods and services tax has an inflationary component? Is it regressive in the sense that it punishes low-income earners, and is it fair?

Mr. Cooper: Are you guys paying his salary?

Some Hon. Members: Oh, oh!