

Oral Questions

Mr. Wilson (Etobicoke Centre): The Member from Saskatoon—

Mr. Hnatyshyn: No, no!

An Hon. Member: Regina.

Mr. Broadbent: You just don't understand the West, Michael.

Mr. Wilson (Etobicoke Centre): The property values in Saskatoon nearly went down.

Some Hon. Members: Oh, oh!

Mr. Wilson (Etobicoke Centre): The international influences on both the exchange market and on interest rates are much bigger than the ability of the Bank of Canada to influence in a lasting way. We moderate them on a short-term basis and will continue to do so. That is the policy of the Bank of Canada.

EFFECT ON DEFICIT

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, my question is directed to the Minister of Finance. He will remember when he was sitting on this side of the House in opposition as the Finance spokesperson for the Official Opposition that he said higher interest rates mean larger deficits and more debt for the country.

Considering that interest rates have gone up 1 per cent since January 1, to what extent will this add to the country's debt, and to what extent will it add to the country's deficit?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have not made a calculation of what effect that short-term change in interest rates will make on the size of the deficit. At this point it will not be meaningful one way or the other. However, on a long-term basis the best way that we can lower the deficit, the debt of the country and interest rates, is to continue to work at bringing the size of the deficit under control.

As I said yesterday—

Mr. Broadbent: Talk about a circular answer. I will take you aside after, Michael.

Mr. Wilson (Etobicoke Centre): I will take you aside too, Ed. The best way to meet the objectives that he and I want, which is lower interest rates and a healthy economy, is to lower the deficit. I look forward to his support when we bring down the Budget.

MINISTER'S POSITION

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, is the Minister of Finance saying, after standing in the House time after time and virtually being traumatized by the deficit and debt facing the country, that he or his Department has not

made any calculations to determine what a 1 per cent increase in the interest rate means to a deficit increase in this country? Is he actually admitting that he does not know that figure?

● (1430)

Hon. Michael Wilson (Minister of Finance): No, Mr. Speaker, that is not what I said.

Mr. Riis: It is what you said.

Mr. Wilson (Etobicoke Centre): If the Hon. Member will look in the budget papers of last year, he will see exactly what the amount will do—

Mr. Broadbent: Tell us what it is.

Mr. Wilson (Etobicoke Centre):—over a one year basis.

The question which the Hon. Member put to me just a minute ago was what would the 1 per cent increase in interest rates that we have seen in the last two weeks do to the deficit. That is over a two-week period. No, I have not done that calculation because I do not think it is a lasting change.

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[Translation]

INDUSTRY

ESTABLISHMENT OF PAPERMILL IN MATANE, P.Q.—
GOVERNMENT POSITION

Hon. Jean Lapierre (Shefford): Mr. Speaker, I have a question for the Right Hon. Prime Minister. He will be aware that, for about 20 years, there have been major investments by the people of the Matane region in Gaspé for forestry development, manpower training and sawmill modernization.

As the Prime Minister knows, a project submitted to himself and his Government proposes that the long-awaited regional Matane papermill finally go forward.

I know that the Quebec Government has given its approval—

[English]

Mr. Speaker: Order, please. This is the third statement in the preamble. Could we have a question please?

[Translation]

Mr. Lapierre: Mr. Speaker, I would like to ask the Prime Minister: What is the position of the Federal Government now that the Quebec Government has given its approval and that the private sector is interested?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member is quite right when he speaks about the people of the Gaspé region who have been in favour of a regional papermill for 20 years and who have been coming to Ottawa to plead their case before the Liberal Government only to have their requests refused. The answer of the Liberal