

ORAL QUESTION PERIOD

[Translation]

THE ECONOMY

Hon. Jean Chrétien (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. Yesterday in Toronto the Minister of Finance told bankers that he was very optimistic. However, since he brought down his budget the minister has revised his economic growth predictions for 1992 downward from 2.7 per cent to 2.3 per cent.

That being said, will the Minister of Finance revise his forecast for unemployment upward to reflect the impact of his economic policies?

[English]

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I know the hon. member is encouraged as I am that we have had positive growth in the last three months of this year. It has been modest and moderate but, nonetheless, it is going in the right direction.

Today we have had new evidence that the economy is strengthening inasmuch as on the manufacturing side shipments are up by 0.9 per cent. Orders were up by 0.8 per cent in the month of March. That, too, is encouraging.

We have indicated all along that because of the restructuring accompanying this slowdown the job side of the picture is not as optimistic as we would like to see it.

Nonetheless, with the continuing decline in interest rates, with the strengthening of the U.S. economy, with the initiatives that have been taken in the budget, and with the improvements in productivity, it all augurs well for a stable and durable recovery.

Hon. Jean Chrétien (Leader of the Opposition): Mr. Speaker, the Royal Bank announced its forecast for the economy yesterday and predicted growth of only 1.4 per cent. This is very much in line with what the Conference Board predicted two weeks ago: growth of only 1 per cent.

Oral Questions

In releasing the report the bank said: "That type of growth is not enough to stop the unemployment rate from rising or lead to a substantial recovery in profits".

Why is the minister sticking to his predictions at this moment for jobs when every indicator makes it very clear that he was wrong on that forecast? Will he revise it so that the Canadian people know the real unemployment situation?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Very simply, Mr. Speaker, if the hon. member wants to quote from the observations of the Royal Bank of Canada, I will do the same thing.

Mr. Earl Sweet, the Royal Bank's assistant chief economist said in connection with the release of his projections: "On the plus side the significant restructuring by Canadian business needed to regain and increase their share of world markets is beginning to make itself felt in stronger productivity and exports to the United States are growing".

The hon. member and his party continually harp at the government's initiative to try to expand trade opportunities.

• (1420)

It is quite obvious it is the merchandise trade, the exports out of Canada particularly to the United States but also to other countries, that will create jobs and economic activity and is what will improve our standard of living. That is what we are pursuing on all fronts.

Hon. Jean Chrétien (Leader of the Opposition): Mr. Speaker, since we have been in a recession for virtually 30 months, it is obvious that sooner or later, something will happen. Something will suddenly happen in the Canadian economy when we have a new government in Canada.

In the meantime, we have problems which cannot be denied. Manpower temporary services says that this summer the employment situation is worse than last year. In some sectors it is the worst situation since 1978, when surveys in that field were started.

Why is the Minister of Finance being stubborn? Why does he not want to do anything concrete to give jobs to