

budget is also contributing to the weak outlook for 1991" and will have a "dampening effect on the economy's return to health."

When will the Prime Minister admit that the February 26 budget was a mistake? More than 1.4 million Canadians are asking the Prime Minister for a new budget so that we will create the jobs that are needed, or a new Minister of Finance who will know that we need a new budget in Canada.

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, my hon. friend refers to a report of the Conference Board. Immediately post-budget, the Conference Board predicted that recovery would occur in an April-May timeframe. In the budget itself the government had said that the economy will recover in the second half of this year and grow strongly in 1992.

Other economists support the government's view. What appears to be happening is that the Conference Board is now bringing its forecast into line with the forecasts that were set out very clearly by the government in the budget in 1991 where there is no doubt—I think this will dishearten my hon. friend—that there will be substantial economic recovery by mid-year 1991. There will be very strong growth in 1992 and the same in 1993.

**Hon. Jean Chrétien (Leader of the Opposition):** Mr. Speaker, that is not a very good answer for the 1.4 million Canadians who are looking for jobs.

Neither is it very good for the 73,000 children who depend on social assistance in Toronto alone. Food bank officials in Toronto say that the number of people using food banks today has increased 30 per cent to 120,000 people.

Will the Prime Minister do something about this problem? Will he make sure that his Minister of Finance stops talking about inflation and keeping a high Canadian dollar? Will he make sure that there will be jobs for the parents of these children who are the innocent victims of his made-in-Canada recession?

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, this is a remarkable statement by someone who was a former Minister of Finance. He urges me to tell the Minister of Finance to stop talking about inflation. I will never do that. Inflation is an insidious illness—

• (1420)

**Ms. Copps:** So is unemployment.

### *Oral Questions*

**Mr. Mulroney:** —that affects most of all the elderly, the poor and people on fixed incomes. We want to keep inflation down and not let what happen when the Leader of the Opposition was minister of finance. We do not want a repeat of that.

Now, with regard to the very serious question my hon. friend raises, the bank rate is down by some 409 or 410 basis points.

**Ms. Copps:** The polls are down.

**Mr. Mulroney:** My hon. friend says the polls are down. Well, I cannot quarrel with that; the polls are down. But you know what? They have been down before and as long as they are up on election day, that is what matters. It means we have stuck to a very serious economic game plan that has brought about recovery.

In point of fact, apart from the very significant decline in interest rates, my hon. friend who raised questions about Toronto will acknowledge that housing is one of the most important indicators of economic growth or decline. In March, sales of existing homes increased by 64 per cent in Toronto. The March sales were the highest total since April 1988. This indicates that the beginnings of a recovery are there and all Canadians can look forward to better economic times.

**Some hon. members:** Hear, hear.

[*Translation*]

**Hon. Jean Chrétien (Leader of the Opposition):** Mr. Speaker, I am very pleased that the Prime Minister decided to answer my question on interest rates. Yes, there was a slight drop in the interest rates. However, they remain four percentage points higher than in the U.S. So, the Canadian dollar is very high and therefore our Canadian products cost too much on the international market. When will the Prime Minister come to realize that, if we had a more competitive dollar instead of a high interest rates and high dollar policy, jobs could be created across the country which would allow the 223,000 Montrealers who today are looking for jobs to regain the dignity they are entitled to as citizens of this country.

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, the interest rates dropped not slightly, as the hon. member said, but by a full 4.5 points over the last 11 months. That is quite substantial! I recognize without hesitation, though, that interest rates of 11, 11.25, 11.50 and 11.75 per cent are still too high. I readily admit it. I