[*Translation*]

Hon. Jean Chrétien (Leader of the Opposition): Madam Speaker, I have a supplementary for the Minister of Finance. In October 1990, the Prime Minister candidly admitted that it was as clear as anything that the recession—he referred to it as a slowdown—had been induced by the government. It was the first time in Canadian history that a government admitted to causing a recession. The Minister of Finance himself admitted yesterday that his predecessor's budget forecasts were all totally inadequate. We feel sorry for the new Finance Minister who is trying to defend a program that was a total disaster, but we nevertheless want to ask him when he will table a new economic plan, to give new hope to Canadians who are becoming increasingly desperate.

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. Leader of the Opposition knows that it was necessary to wring out inflation and inflationary pressures that occurred in 1989. He knows that very well. To have been delinquent in that task would have put Canada in a situation which was similar to that which we were in in 1981-82 where we saw inflation rise to 13 and 14 per cent with interest rates to 21 and 22 per cent. We wanted to avoid that.

Every international organization that studies economics around the world—the OECD noted that the fiscal actions and announced inflation reduction targets together with continued efforts on structural reforms will leave Canada well placed to maintain its tradition role as one of the most prosperous and fastest growing economies in the OECD area.

The OECD expects the Canadian economy to expand 3.5 per cent in 1992. The IMF, because of the actions we took on the fiscal and monetary front, has indicated that we will have a growth rate of 3.8 per cent in 1992. The Conference Board of Canada also says because of the actions we have taken, we will see a growth rate of 4.3 per cent in 1992.

You must get the fundamentals right before you can have sustained growth and price stability.

UNEMPLOYMENT INSURANCE

Hon. Warren Allmand (Notre-Dame-de-Grâce): Madam Speaker, my question is for the Minister of Finance as well. As a result of the government's massive cuts in unemployment insurance two years ago, the heavy burden of helping Canada's unemployed has now been shifted to the provinces and municipalities which are consequently overwhelmed with excessive debt and high taxes.

In Ontario the proportion of people on welfare who are able to work but cannot find a job has risen to 63 per cent from 14 per cent in 1988.

How can the government preach national unity on the one hand and then shaft the provinces with the other?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Madam Speaker, the provisions of Bill C-21, which the opposition took issue with, has been a very important component in dealing with this particular issue. There have been increases provided for job training and skills upgrading. The Minister of Employment and Immigration just the other day announced an increase in expenditures from $1.4 billion to $1.8 billion.

The gloom and doom that is coming from the other side should not be taken overly seriously because there will be job creation occurring in the 1992—

Mr. Nault: What about the chamber?

Mr. Mazankowski: What about the chamber? The chamber took issue, Madam Speaker, with the level of debt in this country, not with the issue of spending more money and increasing the debt. That is what the Chamber of Commerce took issue with.

I indicated that we expect about 400,000 jobs to be created during the course of this year and next year. Under normal conditions that would reduce the unemployment rate by about 2 percentage points. But because the employment group is growing, because there will be additional economic activity and more people entering the labour force, the actual rate will go up.

Hon. Warren Allmand (Notre-Dame-de-Grâce): Madam Speaker, the fact of the matter is the government's policy has shifted the burden to the provinces and the