

Oral Questions

reduce the deficit debt will benefit everyone in the years ahead.

ORAL QUESTION PERIOD

[English]

THE BUDGET

EFFECT ON RATE OF UNEMPLOYMENT

Hon. Warren Allmand (Notre-Dame-de-Grace): Mr. Speaker, my question is for the Minister of Finance. The April unemployment figures released this morning indicate that since March, the unemployment rate has increased by three points to 7.8 per cent with more than one million Canadians unemployed and increases in unemployment in eight out of ten provinces, increases for women and increases for youth. In these circumstances, how can the Minister justify his deflationary Budget with higher taxes, high interest rates, cuts in unemployment insurance and cuts in regional development? For the last week, we have said that this is the wrong Budget and this morning's statistics confirm that. Why is the Minister adding to this misfortune? Is he trying to drive the country into a recession?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have said on many occasions that this Budget is to do exactly the opposite. If we had not taken these actions, we would be moving much closer to a recession because of the impact of the high debt on the economy. Surely the Hon. Member should understand this.

I have listened to the Hon. Member very carefully. I think this is the first time in four years that he has been on his feet asking questions about the unemployment rate because every other time, it has been coming down. A million and a half jobs have been created during the course of the past four and a half years, and the record that we have achieved as a country during that period of time we believe will be reinforced by the Budget that was brought out last week.

UNEMPLOYMENT RATE FORECASTS

Hon. Warren Allmand (Notre-Dame-de-Grace—La-chine East): Mr. Speaker, the statistics released this morning confirm the forecast that the Minister tabled with his Budget last week. In his document entitled *Canada's Economic Prospects in the 1990s*, he said that unemployment would increase in 1989 to 8.2 per cent and in 1990 to 8.5 per cent.

A report published this morning by Wood Gundy, a well known Canadian investment house, said that the Budget has caused it to revise its economic forecast for next year, and under its new forecast, unemployment would rise to 9.2 per cent in 1990 and we would be pushed into a shallow recession.

With that kind of forecast, and I am referring to the Minister's own forecast, why did he bring in such a recessionary Budget? Can he not understand that the best way to deal with the deficit is to stimulate economic growth and not to strangle investors, consumers and Canadian workers?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I can very well understand the desire on the part of all Hon. Members of the House to get lower interest rates. This Budget, by putting a better balance between budgetary policy and interest rate policy, is designed to get interest rates down so that we can ensure that we continue the tremendous record of growth that we have exhibited as a country over the last number of years.

The Hon. Member refers to the fact that we are projecting a small increase in the unemployment rate. He neglects to say that we are also projecting an increase in the number of jobs that will be created, as has been the case over the past year. There has been close to 200,000 jobs created and that surely is a positive sign that this economy is a healthy one.

• (1120)

Mr. Allmand: Mr. Speaker, not everyone is wrong except the Minister. He is driving the country into a recession.

[Translation]

INTEREST RATES—NEGATIVE EFFECTS

Hon. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, for months now, the provincial governments