

Oral Questions

this statement, or is he admitting that when it comes to knowing what is really going on all across this country he and his government are blind to the dismal reality caused by this government's policies?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend knows that the statement he has just quoted is out of context and was explained to be out of context by the Minister for International Trade to the hon. member on the floor of this House of Commons last week. This exchange took place last week, and the Minister for International Trade gave a full and complete explanation.

In part of his explanation the minister referred to tax reform which took some 850,000 low income Canadians including 250,000 seniors off the rolls completely; the GST tax credit, that in 1991 \$2.4 billion will be paid out to 8.6 million low and middle income tax filers; that the child tax credit was increased by almost 50 per cent since 1986; and so on. This indicates the context in which the statement was made by the hon. minister.

I think when my friend examines the statement objectively he will come to the conclusion that as usual the Minister for International Trade spoke frankly and well on behalf of Canada.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Prime Minister must have been so busy lobbying at the UN he did not notice that I did not ask the Minister for International Trade a question on this subject or any other subject last week. The Prime Minister seems to forget that there are still more than three million Canadians living below the poverty line in this country. Can he explain that?

I want to ask the Minister of Finance: today the Department of Finance reported that the deficit for the period from April to August is nearly double what it was in the same period last year, and the department said this was a result of "costs associated with the implementation of the GST and the impact of the recession on tax bases".

• (1430)

Will the Minister of Finance admit today that his projections on the deficit and the economy were wrong, and that this recession is turning out to be much worse than has already been expected? Will he admit that it is his government's policies that are causing these problems?

Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I think one of the most important things that has developed today is that the Bank of Montreal announced its prime rate would be 8.5 per cent, the lowest in 14 years.

Some hon. members: Hear, hear.

Mr. Mazankowski: We said last February that if we followed the plan that we embarked upon in the budget of February 1991 it would lead to lower inflation and lower interest rates, and so it has begun.

In response to the other part of his question, I simply want to remind the hon. member that the number of low income Canadians declined by over a million since we have come into office.

The real average family income grew at a rate of over 2 per cent per year since we have come into office. Yes, the first half of this fiscal year has seen the deficit higher than normal. We expected that. We indicated that in the budget as a result of the transitional costs and the slowdown in the economy, but the transitional costs are behind us and the economy is starting to boom.

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LABOUR

Mr. Jerry Pickard (Essex—Kent): Mr. Speaker, my question is for the Prime Minister.

Last week the Canadian Labour Congress declined participation in the government's prosperity plans process. Given that the Porter report commented that labour should be treated as a partner, not an adversary, why does the government not recognize the importance of labour's participation in the prosperity plan?

Will the Prime Minister outline an approach that he intends to follow to show that labour will be guaranteed a partner in this process?

Hon. William C. Winegard (Minister for Science): Mr. Speaker, as you know, labour was invited to be part of the umbrella group and co-chair. Labour has said that it did not wish to take up one of those co-chair positions, but it will be involved in the process through the community consultations and through the sectoral consultations.

Mr. Jerry Pickard (Essex—Kent): Mr. Speaker, my supplementary question is for the same minister. The minister is well aware of the need for co-operation. However, the labour movement is equally aware of the government's actions toward Canadian labour.