

any more discipline imposed upon them than we are imposing upon ourselves.

The hon. member knows very well that the challenges of fiscal consolidation are very real. The Chamber of Commerce suggested yesterday that we have to do a better job of fiscal consolidation than we have done in the past.

**Mr. John Manley (Ottawa South):** Madam Speaker, the issue here is who is going to deal with the human consequences of the recession that we have been experiencing in this country.

Yesterday the social services commissioner for Ottawa-Carleton said, "The federal government has ordained that this is the way it will be. It is a way of them saving money but it costs us money. We have no alternative but to continue to carry this". Other levels of government are not willing to simply abandon the poor and unemployed at a time when they are hurting, when they are running out of cash, when they are running out of unemployment benefits. Why is the federal government willing to give up on these people and cause them to give up on hope for tomorrow?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Madam Speaker, perhaps the hon. member may want to explain to the House whether in fact he is in favour of the kind of fiscal stimulus that has been employed by the Government of Ontario, which sees its deficit for this year tripled and the over-all combined deficits over the next four years rising to \$37 billion. Is that what he wants the federal government to do? I think that would be an illogical course.

The unemployment rate is clearly higher than we would like to see. But let me remind the hon. member that 101,000 new jobs have been created since February. We expect that there will be an increase of about 300,000 jobs over the next year, and that means an increase of 400,000 jobs over the course of the next year. We expect the unemployment rate to average out at about 10.2 per cent in 1992, dropping to 10 per cent by the end of the year. The budget forecast was 9.8 per cent at the end of the year. The strong growth in employment itself will be offset by a growing population and a healthier economy, which will attract more people into the labour force. So the hon. member should recognize that it is not all gloom and doom. There are some positive features there.

### *Oral Questions*

**Hon. Herb Gray (Windsor West):** Madam Speaker, I have a supplementary question for the Minister of Finance. Canadians are asking him to stop the flim-flam and admit that the government's policies will not create enough jobs to fill the needs of Canadian workers. If that were the case, the unemployment rate would not be going up.

Yesterday he said that business is experiencing "a strong squeeze on profit margins" as a result of, among other things, "a strengthening Canadian dollar".

I want to ask the minister, now that he has admitted that his high dollar policy is squeezing the profits of Canadian companies and destroying business confidence, will he confirm that he is finally taking steps to reverse that policy and get the economy moving?

**Hon. Don Mazankowski (Deputy Prime Minister and Minister of Finance):** Madam Speaker, that is but one factor, the issue of productivity and competitiveness. The hon. member would know that between 1985 and 1990 the unit cost of production as a result of employment rose by 28 per cent in Canada while it stayed at a zero rate of increase in the United States. So that has hurt the competitive position. The value of the Canadian dollar is but one factor.

I remind the hon. member that the decline in interest rates has had a very positive effect upon small business and it is reducing its cost of business by about 20 per cent in terms of interest rate costs as compared to last year.

If we can continue to curtail the inflationary pressures and keep inflation down, we will keep interest rates down, and that is the secret to sustained economic growth and price stability.

**Hon. Herb Gray (Windsor West):** Madam Speaker, I understand that the gap between our interest rates and American rates is still higher than usual and therefore damaging our competitiveness.

Yesterday, Tom Courchene, director of the School of Policy Studies of Queen's University, said to a conference that the high Canadian dollar has resulted in "a hollowing out of the Canadian manufacturing sector".

So I ask the minister, why does the government want to continue this hollowing out, this destruction, of our manufacturing sector? Why will he not listen to Dr.