

*Oral Questions**[English]*

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, my supplementary question is for the Prime Minister.

The Prime Minister knows that the Economic Council of Canada showed that Canada had, out of 16 countries, the 15th highest level of unemployment. We should be ashamed of our level of unemployment. We should not be bragging about our level of unemployment. We should be planning for full employment in this country.

This recession that has been created by this government, created by its economic policies of free trade, privatization and deregulation, has been all too effective. We can ask the poor across this country, working families who are out of a job, and companies that have moved across the border as a result of this government's policies.

I say to the Prime Minister that his policies have been very effective in getting us into a recession. What kind of policies does he have to get us out of a recession?

• (1430)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think it is generally acknowledged by all members of the House, or certainly most members of the House, that for the last six years Canada's job-creation record topped the G-7 and that our record of economic growth was second only to that of Japan.

Apart from some of the job-creation figures, it is true that the economy is in a slow down. But during that period since 1984, 757,000 Canadians have been removed from the poverty rolls. That is a major contribution toward social justice by any standard. What we are seeking to do is to create new wealth in the country in a non-inflationary climate. That is why the policies of the government were designed to avoid what is taking place in some other industrialized countries where inflation is now approaching 10 per cent and 11 per cent. Because we believe inflation to be the most insidious of ills in an economy since it hurts the poor and those on fixed incomes more than anyone else, we are maintaining the elements that have brought about record economic prosperity for six years and it is our hope to do so in a non-inflationary manner.

If my hon. friend has one single idea that would improve upon that, please stand up and tell us because all we have heard is more spending, more spending, more spending, more taxes and more taxes and more taxes from the NDP.

Mr. Axworthy (Winnipeg South Centre): Resign.

[Translation]

Mr. Paul Martin (LaSalle—Émard): Mr. Speaker, I direct my question to the Minister of Finance. Last week the Economic Council said that the activities of his government are the main cause of inflation. Yesterday, at long last, the Minister of Industry, Science and Technology did admit that we are in a recession. Again yesterday the Conference Board of Canada said that the recession will be harder on Canada than on any other country in the world, harder on Quebec than on any other Canadian province. Yesterday we lost 1,000 jobs in Montreal. Why? Because of the crushing interest rates we have to endure. My question is this: What does the minister intend to do to get us out of the mess he made, to get us out of the recession he has created?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me take my hon. friend back to how this all started. It was 1988 and 1989 when inflationary pressures in the economy started to increase. We had a point where the inflation rate got a good deal higher and the inflationary pressures, as measured by the unit labour costs got a good deal higher than those in the United States, Japan and Germany. We had to take action as a government to ease those inflationary pressures.

That resulted in higher interest rates. The higher interest rates were also designed to slow down the rate of growth of credit, which was growing two to two and a half times faster than the nominal rate of growth in the economy. If we had let that go on, we would have got ourselves exactly back into the position that the Liberal Party of Canada got us into in 1981-82.

Surely my hon. friend, who was not part of that government can recognize from a distance that that was a mess we should avoid if we possibly could. That is precisely what we are trying to avoid with the policies that we have been following.