

*The Budget*

have gone down. Jobs are getting scarcer and less stable. Access to social programs is increasingly restricted.

In the next few minutes, I will review the changes and propose goals and ways to reconcile economic and human considerations.

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Successful reconciliation of these considerations depends on our ability to strike a healthy balance between competition and individual achievement, on the one hand, and sharing and co-operation, on the other hand.

In the last 20 years, our economy has been shaken by three major changes: the global economic slowdown which started in 1973; two major anti-inflationary recessions in 1981 and 1990; and, in the last decade, the economic system's gradual rejection of people with little education.

Before 1973, our average standard of living rose by 40 per cent every decade. All classes of society were reaping the fruits of this growth. Since then, the rate of economic development has barely exceeded 15 per cent per decade. Several groups, including less qualified workers, have even seen their standard of living drop in absolute terms. This long term economic slowdown is common to all industrialized countries.

In the wake of the great depression and the second world war, all countries enjoyed enormous catch-up growth potential based on delayed technological development, cheap natural resources and an agricultural workforce ready to move to the cities. It took us a quarter of a century to use up this potential. Since then, all countries from Finland to Canada and from Italy to Australia have been having a hard time. Nothing is easy any more.

We managed for a while to circumvent the new economic constraints. The declining birthrate, the generalization of female labour, the high prices obtained from the sale of our natural resources until 1981, the debt increase in the 1980s allowed us to constantly defer until later the painful adjustment in our material expectations. The strong decline in consumption during the current recession underlines our belated awareness that money no longer grows on trees. Members of the middle class have finally started to tighten their belts.

But people are very nervous. Economic stagnation has resulted in both an increase in the need for social protection and a narrowing of the tax base financing our social safety net. Governments have managed to partly resolve this contradiction by raising taxes, which fuels the anger of taxpayers, already aroused by the state of the economy. This situation threatens our income security system, which is already starting to erode. Sharing does not come as easily when there is no growth.

Most industrialized countries started off the 1980s with an inflation rate of 12 per cent and were blamed for it. At the instigation of central banks, governments then subjected their economies to two anti-inflationary recessions. In 1981, Canada suffered the most severe recession in the industrialized world and inflation was brought down from 12 per cent to five per cent. Later on, starting in 1988, the Government of Canada and the Bank of Canada undertook to finish the job and force the rate of inflation further down, from five to two per cent. This target was just met in 1992.

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Once again, Canada stood out because, once again, it put itself through the worst recession in the industrialized world.

These two recessions have led to a massive underutilization of our human and material resources in the past few decades. The resulting loss of income for Quebec is already to the tune of \$100 billion. Obviously, this loss is on top of the general economic slowdown I mentioned earlier.

The \$100 billion swallowed up by the two recessions represents an astronomical and senseless waste. It is cruel, considering the hardship and countless psychological, family and social problems it caused. It is also fundamentally unfair. In addition, this loss of \$100 billion so far is not distributed equally amongst all people. Small businesses and low income earners are being hit absolutely disproportionately. Yet, they are not responsible, in the first place for causing the inflation we are now trying to curb.

Nowhere is growing chronic unemployment more obvious than among workers of all ages who did not finish high school. For the past decade, people in this category have slowly been sinking deeper and deeper. They are offered less and less money for jobs that are fewer and fewer and increasingly unstable; the rate of unemployment is increasingly higher than average. They have started to leave the labour force massively, generally ending up on the CSST or welfare rolls.

One third of Quebecers between the ages of 20 and 64, three times as many as in Germany or Japan, do not have a high school diploma. Barely one third of them have jobs. They are in a desperate situation. Compared to this group, the Gaspesian Peninsula is a real employment paradise. School may get you nowhere, as the saying has it, but it sure seems that ignorance does not get you much further.

Workers with little education were affected by the long term economic slowdown, like everyone else, and by the 1981 and 1990 recessions, which have hit very hard, but they also seem to be gradually pushed aside.

We have in Canada great economists and great minds. In Quebec, we have an economist of nationwide and even world-wide reputation. I have had the pleasure of meeting him on a