Oral Questions

Mrs. Francine Lalonde (Mercier): Mr. Speaker, I am sure that this answer will sound incredibly cynical to all unemployed men and women in Quebec and the Maritimes, and the scale of the demonstrations held by people who are seeing more and more clearly what the government is up to should prompt him to act.

Here is my question. Is the Minister of Finance prepared to defer cutbacks in the unemployment insurance system at least long enough to put in place a real job creation strategy to help the jobless find work instead of forcing them onto welfare?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec): I will answer the hon. member through you, Mr. Speaker. Our budget is a real job creation strategy. Atlantic Canada and Quebec stand to benefit the most, because these regions are unfortunately the most seriously affected by unemployment.

I must say that the rollback in unemployment insurance premium rates will benefit small business in Quebec and Atlantic Canada and thus foster job creation. I must say that our technology network will help small business, Atlantic Canada and Quebec. I must add that our budget will help those provinces where the unemployment situation is the most serious because it is designed to create jobs by calling upon one of their strengths, small and medium-sized businesses.

Allow me to quote this statistical data published today concerning Quebec. There are apparently real signs of an upward trend in employment in Quebec. This fact was confirmed by the Quebec manpower development agency. From August to January, the employment level in Quebec has grown by 51,000 jobs to 2,983,000, the highest level since October 1991. Last January, a net number of 23,000 jobs were created, as opposed to 13,000 lost in December.

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[*English*]

THE ECONOMY

Mr. Elwin Hermanson (Kindersley—Lloydminster): Mr. Speaker, the dollar is falling, interest rates are rising, the government has stooped to writing its own report cards. Thank goodness it is Friday and thank goodness it is Easter break.

My question is for the Minister of Finance. Contrary to repeated assurances by the minister that he is not terribly concerned about interest rates, these rates continue to climb.

My purpose today is not to ask the minister why rates are climbing, whose fault it is or even whether he can do anything about it. My purpose is to get a straight answer to a specific direct question: Can the minister tell this House whether his department has developed any contingency plan to meet its deficit reduction targets if interest rates continue to climb.

• (1125)

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development –Quebec): Mr. Speaker, we are on track for our deficit targets. We have built into our budget sufficient room to manoeuvre given the number of variables which well could affect our targets. Let me simply say to the member that we are going to hit our target.

Mr. Elwin Hermanson (Kindersley—Lloydminster): Mr. Speaker, not only are interest rates rising but the dollar is falling at a dramatic rate. The minister must realize that a falling dollar will increase the cost of imports and will inevitably cause inflation. The minister is counting on a low inflation economy and that is not a traditional characteristic of the Liberal government.

Can the minister tell the House if he has a strategy to maintain low inflation in Canada if imports begin to drive the inflation rate above 3 per cent?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development –Quebec): Mr. Speaker, I know that this is not the case but the member seems to be almost rubbing his hands in glee at what is happening. I am sure that is not the case because all members in this House will seek the best for the Canadian economy.

An hon. member: Right on.

Mr. Martin (LaSalle—Émard): Before Christmas the Governor of the Bank of Canada and I sat down and set out our inflationary targets for the next five years. Those inflationary targets we did in a very short period of time, something that took the previous government two and one–half years to arrive at.

Those inflation targets are among the most disciplined of any of the industrial countries in the western world. They are a 1 to 3 target with mid–point 2. The Governor of the Bank of Canada testifying before the Senate the other day made it very clear that we are going to stay within those targets.

Mr. Elwin Hermanson (Kindersley—Lloydminster): Mr. Speaker, certainly this boasting that the budget is a great success may impress backbenchers but it has obviously failed impressing those who finance Canada's $500 billion debt, namely taxpayers and investors.

For six weeks now the minister's promise of a strong medicine next year has been undermined by repeated statements by the Prime Minister that all cuts are already on the table.

In light of rising interest rates and the falling dollar, will the minister ask the Prime Minister to remove the handcuffs and