

## Oral Questions

## ORAL QUESTIONS

[Translation]

## INTEREST RATES

**Mr. Michel Gauthier (Roberval):** Mr. Speaker, the downward slide of the Canadian dollar, coupled with the fact that interest rates appear to be on the increase, is cause for great concern. This disturbing situation comes at a time when the dollar has fallen to its lowest level in eight years.

For the consumer preparing to renew a \$100,000 mortgage, this could mean an increase of \$80 a month, just at a time when the largest number of real estate transactions are made.

My question is for the Minister of Finance. Does the Minister recognize that the downward slide of the Canadian dollar and the upward pressure on interest rates are largely attributable to the actions of Japanese investors who are divesting themselves in mass numbers of their Canadian securities?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, I appreciate the hon. member's question and the tone in which it was put. However, as you know, international markets are extremely volatile and it is really not the Minister of Finance's place to comment on the reasons why this is the case.

**Mr. Michel Gauthier (Roberval):** Mr. Speaker, does the minister recognize that the falling Canadian dollar, which has tumbled even further than the US dollar, and the reaction in Japanese financial circles are directly attributable to the failure on the part of the Finance Minister to introduce strong measures to control public spending?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, perhaps I could refer the hon. member to an article in yesterday's *Le Devoir* by Mr. Sansfaçon who lists the reasons why markets are nervous and gives his own views about the Canadian dollar. He notes that a survey of the vast majority of foreign stock exchanges and a review of their reports has revealed one clear fact, namely that the reasons for the uncertainty surrounding our currency obviously have nothing to do—and these are his own words—with the February 22 budget.

**Mr. Michel Gauthier (Roberval):** Mr. Speaker, does the Minister of Finance not agree that his strategy, which consists in shifting the deficit onto the backs of the provinces, is being judged very harshly by foreign markets and that this strategy is the direct cause of the problems which the Canadian dollar is currently experiencing?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, when we were in opposition, we made it very clear that shifting the burden of the federal debt onto the backs of the provincial governments was extremely harmful. That is why we did not take this kind of action in our budget. In fact, we did quite the opposite.

A month and a half before the budget, we adopted our equalization program which, I must say, is very beneficial to Quebec and to the seven provinces which receive equalization. This was a program that the previous government had neglected to ratify, preferring instead to merely extend its provisions. We have signed a five-year agreement and even Quebec has said that we have been generous. Moreover, when the time came to move on social security reform, we provided a two-year period of predictability with respect to payments and we have indicated that we will work with the provinces. And I must say that the provincial ministers of finance, including Mr. Bourbeau of Quebec, have reacted very positively to our actions.

\* \* \*

• (1120)

## UNEMPLOYMENT INSURANCE

**Mrs. Francine Lalonde (Mercier):** Mr. Speaker, my question is for the Minister of Finance.

Confirmation was given to us yesterday that the poorest of the provinces, that is to say the Maritime provinces and Quebec, will be the hardest hit by unemployment insurance cuts. In Atlantic Canada and Quebec alone, cuts will total \$1.36 billion a year for the next two years. Furthermore, these cuts will cause a substantial increase in provincial expenditures for social assistance.

Will the Minister of Finance confirm the statement made by his colleague the Minister for Human Resources Development to the effect that only 3 per cent of UI recipients will be affected by reductions in benefit rates, which means that, in Quebec, 3 per cent of our unemployed work force will foot the \$735 million bill passed on to the provinces as a result of the minister's cuts?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, in terms of per capita UI benefits, Atlantic Canada will be receiving \$970 and Quebec \$739, as compared to a national average of \$575. Following these changes to the UI system, Atlantic Canada and Quebec will continue to receive much more than the national average. So, there is no basis for saying that they are hit harder.