Oral Questions

and 138,000 incorporated. That is just a little over 1 per cent of all the new start–ups in small business in Canada.

Mr. Steven W. Langdon (Essex—Windsor): Madam Speaker, the minister has suggested that somehow all these jobs have been created. In fact, unemployment rates are up as well as personal bankruptcies. At the same time, the inflation rate has fallen to the lowest point it has been at since 1987. In short, the justification for high interest rates is disappearing and the damage to people from those high interest rates is growing dramatically.

Does the government recognize that to protect Canadians, it must now finally, reduce interest rates in the country?

Hon. Gilles Loiselle (Minister of State (Finance)): Madam Speaker, the fact that the CPI has declined is indeed good news. However, we have to look at the reasons why it has. We see that two factors, basically, have caused this to occur. For example, the increase in taxes from the federal and provincial governments in the spring have been more or less swallowed. There is also the fact that companies' profits are the lowest they have been in the last seven years, a situation that cannot continue.

We have a very artificial situation here. Meanwhile, the ongoing pressures are there, especially for the unit labour costs. The pressures are very real and in no way can we relax our effort to deal with this because this is the real threat to the Canadian working people.

Mr. Steven W. Langdon (Essex—Windsor): Madam Speaker, it is typical of the government to blame workers for its mistakes.

The fact is that average weekly earnings have declined by 2.9 per cent since 1984 when the Conservatives came into power. The fact is, too, that at this stage in the cycle, as the minister puts it, output is slowing down and therefore naturally unit labour costs increase. It means nothing in terms of indicators. It is just a statistical output.

Will the minister recognize that it is his own high interest rate policy which is slowing down output and, therefore, creating the rates of higher unit labour cost that he says he is fighting? In short, will he get out of the

vicious circle he is in by cutting interest rates right across the country?

Hon. Gilles Loiselle (Minister of State (Finance)): Madam Speaker, I wish it was that easy. Our policy has been approved and supported by all organized groups, the OECD and others.

With regard to unit labour costs, we are not blaming labour, we are just looking at the facts. To develop themselves, our business and industry have to be competitive. Our competitiveness has continually decreased over the last few months. This is what needs to be tackled, otherwise we will never be able to compete and more jobs will be lost. This is certainly something we do not want to occur.

* * *

BRITISH COLUMBIA FLOODING—EMERGENCY RELIEF

Mr. Al Horning (Okanagan Centre): Madam Speaker, my question is directed to the Acting Minister of National Defence. The severe rain storms in British Columbia, and in particular in my constituency of Okanagan Centre, have caused severe property damage and a tragic loss of life.

Can the minister responsible reassure the people of British Columbia that the federal government will provide assistance under the disaster financial assistance arrangements to the Province of British Columbia?

● (1140)

Hon. Harvie Andre (Minister of State and Leader of the Government in the House of Commons): Madam Speaker, I would like to confirm with the hon. member that the federal government will indeed provide financial assistance under the guidelines of the Disaster Financial Assistance Arrangements and a federal Emergency Preparedness Canada official will be appointed immediately to work with British Columbia officials to co–ordinate this federal response.

* * *

IMMIGRATION

Ms. Mary Clancy (Halifax): Madam Speaker, in the absence of the Minister of Employment and Immigration, my question is directed to the Deputy Prime Minister. The Siu family of Toronto is under deportation order because they have retained legal status in China.