

Oral Questions

The minister's budget projects a bank rate of 4.5 per cent, a long term bond rate of 6.4 per cent and interest costs of \$41 billion this year. It also predicts a 1 per cent rise in interest rates will add about \$1.7 billion to the deficit.

Today the Bank of Canada rate is already half a per cent higher than projected and rising interest rates are mainly due to higher interest rates in the United States over which the government has no control.

Will the minister today acknowledge that his estimates for next year's budget deficit are simply too low? Just acknowledge it so that the House can get on with addressing the real problem that represents.

• (1425)

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec): Mr. Speaker, the member's statement in terms of the short term interest rates is a little out of date as of the present time, although the numbers he cited were good as of about ten o'clock this morning.

The member is nonetheless right in one area and that is on the long term rates. The long term rates are higher than those which we projected.

When one looks at the degree of conservatism which we built into all of the forecasts, that is to say in terms of growth, inflation and interest rates, we are very confident that the projections we have made in our budget will be attained.

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, it is the degree of conservatism that we are particularly worried about.

Just last week the minister's parliamentary secretary answered a question on rising interest rates by saying: "The outlines in the budget were done very conservatively. These types of considerations, that is higher interest rates, were taken into account".

Does the finance department actually have in place a contingency plan for dealing with the impact of higher interest rates on the budget as the minister's parliamentary secretary has implied?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec): Mr. Speaker, we remain very confident in the objectives and our ability to attain the objectives that have been set out in the budget.

As I mentioned, the deficit projections that we made, the question of revenues and expenditures, are based on a series of projections. While the member is obviously right in terms of long term interest rates, the fact is that we are nonetheless easily within the safe side on the vast majority of our projections.

I would like to say one other thing. The member made reference to my use of the word conservatism and the use of the same word by my parliamentary secretary. I share that difficulty. I wish I could find another word, Mr. Speaker.

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, I have a further supplementary question.

There must have been somebody in the finance department who had anticipated interest rates higher than those projected in the budget and what to do about it. I ask the minister if the government will be forthright and publish its real interest rate projections and its real interest cost projections as distinct from those contained in the red ink book.

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec): Mr. Speaker, the interest rate projections are simply part of a series of projections within the budget. We remain confident that we are going to attain the objectives of the budget.

We are going to have the opportunity to sit down some time after Easter with members of the Reform Party, as has been described in discussions with Mr. Speaker and myself. We are quite prepared to go through all of the various scenarios and discuss a multitude of contingencies.

Let me say one thing to the member. We are confident that we are not going to need a contingency plan because we are going to hit our targets.

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[Translation]

HYUNDAI PLANT IN BROMONT

Mr. Gaston Péloquin (Brome—Missisquoi): Mr. Speaker, my question is for the Minister responsible for the Federal Office of Regional Development in Quebec.

Yesterday, the big three American automakers clearly indicated that they had no intention of taking over the Hyundai plant in Bromont. In answer to a question from the media, the Minister of Finance said that if the big three persist in ignoring the Bromont facility, the government might decide to look up companies from other sectors.

Is the minister confirming that the big three American automakers do not intend to participate in the recovery of the Bromont plant, and can he specify which type of businesses he was referring to yesterday?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec): Mr. Speaker, it is certainly a relief to see that they have stopped directing questions to the Minister of Finance.