

*Oral Questions*

budget, he will be totally incapable of reaching his budget targets in coming years?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, if the hon. member is capable of convincing the auditor general that we ought to change the accounting method because contributions now come only from employers and employees, we are prepared to examine the situation.

I understand the hon. member's questions but he is constantly quoting the auditor general as if he were quoting the Deity. Sometimes we have to accept that God does things that are not to our liking. Only the Pope is infallible.

Instead of making forecasts, let me point out what we have done to date. The government's operating balance has risen from a \$4 billion deficit in 1993-94 to a \$17.6 billion surplus this year, a \$21.6 billion improvement. Within that amount, there was a \$6 billion improvement in the U.I. fund deficit. This means that, looking at the cuts, the reorganization of public finances, less than 30 per cent has come from the unemployment insurance fund, and 70 per cent from government activities, cuts and other steps.

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**OLD AGE PENSIONS**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I would first off remind the Minister of Finance that the Canadian Institute of Actuaries and almost all employer organizations, including the Conseil du patronat du Québec, are today calling for a separate account for unemployment insurance, separate from the government's revenue and expenditure budget. He seems to have forgotten it at the moment. He is talking about 1988; he should be looking at 1995.

The Minister of Finance has made the unemployed carry a major portion of his cuts to program expenditures and he is now saying that, to reach his new deficit reduction targets by 1997-98, he has to make additional cuts of several billion dollars.

With the Minister of Finance clearly indicating yesterday his intention to go after old age pensions, are we to understand that, as of next year, the brunt of the additional cuts will fall on current and future recipients of old age pensions?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, first, there is a separate account for unemployment insurance, now employment insurance. So there already is one. However, even with the separate account, the auditor general is insisting it be included with our figures.

• (1425)

Second, unemployment insurance premiums have been reduced by a billion and a quarter dollars, as announced by the Minister of Human Resources. This is a huge reduction, which will contribute to job creation.

Third, as regards the old age pensions, I said the exact opposite to what the member is saying. I said that the statements the Prime Minister has already made regarding old age pensions will certainly be foremost in our minds when we draw up the budget.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, we put the question to the Minister of Finance and he says that the unemployment insurance surplus is part of the consolidated fund; the next day he says it is not. We do not know which way is up.

I will put the question to him another way. We are giving him his fourth and fifth chances today. Since his government has just grabbed the surplus in the unemployment insurance fund and drastically limited access to it, will the Minister of Finance acknowledge that he is preparing to do the same thing to the old age pensions, that is, in addition to cutting them, he will make benefits harder to obtain?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, it is possible to have a separate account and still have consolidated funds.

I understand the member's problem. He is an economist, and economists have a hard time understanding accounting. Perhaps the member for Roberval will explain it to him.

Furthermore, we were very clear on the pension funds. Our aim is to leave seniors untouched and to protect the system so it will be there for young people.

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[English]

**THE DEFICIT**

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, innumerable ordinary Canadians, business leaders, think tanks, economists and the IMF insist that setting interim targets for the deficit is not enough. They have urged the Minister of Finance to set targets for the complete elimination of the deficit within this government's mandate. I am baffled that the finance minister blinked and missed the easy opportunity to do so.

Only relatively small additional cuts are needed to satisfy these Canadians. The interim targets he chose increase the uncertainty about the government's resolve and prevent getting into the virtual cycle of more growth, even faster deficit elimination and lower interest rates.