

Oral Questions

ment's failure to cut where it should cut, in other words, public spending.

Does the Prime Minister agree that the negative assessment of the financial community will add another \$3 billion to his deficit and that rising interest rates will compromise economic recovery and job creation as a result of a lack of confidence among consumers and investors?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, we are certainly not satisfied with the situation, but I think everyone will agree that we have made considerable progress on the employment side, because 114,000 new jobs were created in February and March of this year alone and the unemployment rate went down from 11.6 per cent to 10.6 per cent, between the time this government was formed and the end of last month.

• (1420)

We are on the right track. We must keep calm and keep going. When you know you have a good plan, you have to stick to it. I agree there is some instability, but part of that instability is caused by the political option of the Leader of the Opposition.

Hon. Lucien Bouchard (Leader of the Opposition): Mr. Speaker, it is unfortunate to see a government so irresponsible in the way it interprets the negative movements of financial markets.

For instance, Mr. Speaker, the Prime Minister sees an improvement where there has been deterioration. Fewer people are unemployed because more people are on welfare. When people go on welfare, they are no longer included in the unemployment statistics, and so the government is satisfied. This does not make sense. And the few jobs that were created are not durable jobs.

I want to ask the Prime Minister whether he will let his government review its deficit reduction strategy to restore its credibility with the financial markets. Is he prepared to immediately implement measures to cut government spending?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, what the financial markets need is a government with a plan, a government that intends to stick to its plan, a government that does not lose its cool, a competent government that is consistent in its policies. It would be a disaster to have as the leader of this government a political leader who has changed parties five times.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot): Mr. Speaker, in his budget, instead of proposing a real plan to cut spending, the Minister of Finance attacked the most disadvantaged people by making substantial cuts to unemployment insurance benefits in particular. With the recent instability in the markets, which seems likely to continue, given what the Canadian dollar did this

morning, the federal government's interest charges have already increased by \$3 billion.

How will the Prime Minister explain to the unemployed and to seniors that the sacrifices imposed on them will be pointless and that the loss of his budget's credibility in the financial markets will by itself wipe out the billions of dollars that his government wrung from the disadvantaged to reduce its deficit?

[English]

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, the fact that the economy has produced 114,000 new jobs in the last two months is a sign that we are on the right track.

We are not satisfied with that. We know that when we started unemployment was 11.6 per cent. We want to reduce it. We want to create jobs. This is the program of this government. This is the goal of this government.

The infrastructure programs will start to produce jobs in the coming weeks because the agreement has been signed with everybody. We are very hopeful that it will continue creating more jobs, that there will be more jobs in the ridings of every member of Parliament because of the program.

Of course the rest of the economy will produce other private sector jobs. We are on the right track. We should not lose our cool because there are some fluctuations in the market. I have been Minister of Finance before and I have learned that it is serving—

Some hon. members: Oh, oh.

Mr. Chrétien (Saint-Maurice): Yes, and I managed to reduce the deficit while I was there.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot): Mr. Speaker, their irresponsibility is endangering the employment recovery.

Does the Prime Minister not agree that he must in the short term review his deficit-fighting strategy and undertake a review of all budget and fiscal expenditures by setting up the parliamentary committee to review public spending that the Official Opposition has been demanding from the beginning and that the financial community now supports, Mr. Speaker?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, the opposition members will have to make up their minds one day. We presented a budget and made cuts. They criticized us for the cuts we made. They should start by accepting these cuts and then we will accept their suggestions.

Every time we do something, they just criticize and of course that is why they will never form the Government of Canada.