

Oral Questions

budget, pages 89 and 94, he took those surpluses into account in calculating the revenues and expenditures of the federal government?

Are we to conclude from the statements by the Minister of Human Resources Development and the Minister of Labour that the Minister of Finance has decided to set up an unemployment insurance reserve fund and to give up on his plan to apply UI surpluses to the federal government's revenues and expenditures?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I will answer the hon. member by simply repeating what we said yesterday.

During the course of our extensive public discussions we received a number of recommendations, including recommendations from the trade union movement in Quebec, that we establish a reserve fund to stabilize premiums. In that way we could prevent the kind of drastic economic downturn which occurred in the early nineties when, because there had been no reserves set aside, the recession was worsened by the previous government's necessity to substantially jack up premiums.

That was recommended by the trade unions in Quebec. It was recommended by business groups and by the general public. It is good, prudent economics to set aside a reserve fund so we will not have the additional costs faced in 1992 which would make a downturn worse than it would be otherwise.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, this was an important question concerning the Minister of Finance's budget, yet it is the Minister of Human Resources Development answering—everything is topsy-turvy. I shall repeat the question.

It is clearly set out in his budget, as in the federal government's financial report, that the annual activities of the unemployment insurance program have a direct impact on the deficit and the net indebtedness of the federal government.

• (1425)

Under these circumstances, is it or is it not true that the federal government intends to set up a reserve fund. If so, will the Minister of Finance admit that his deficit forecasts based on using the UI surplus will be struck a fatal blow by the creation of this reserve fund?

[English]

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, let me answer the member directly

as to how it does affect the deficit not just of the government but of the people of Canada.

Because of the failure of the previous government to set up a reserve fund in order to stabilize premiums, the interest charged against the UI account between 1992 and 1993 amounted to \$1 billion which had to be paid by workers against the premiums. That is what members of the Bloc Quebecois are now recommending, that we put additional burdens on workers because they will not support the establishment of a reserve fund.

* * *

FEDERAL-PROVINCIAL RELATIONS

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, when it comes to some provinces, the government's attitude is now we see them and now we don't.

The federal government has been utterly indifferent to B.C.'s concerns on aboriginal issues and the mismanagement of the salmon fishery, and the Prime Minister's constitutional veto scheme ignores British Columbia completely. About the only time the government recognizes B.C. or Alberta is when it comes time to extract money. These western provinces are becoming increasingly alienated from Ottawa. That alienation will deepen when the human resources minister withholds \$47 million from B.C. for introducing residency requirements for welfare.

What does the human resources minister really expect to accomplish by fining British Columbia for attempting to manage its welfare rolls more effectively?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, that is a very surprising question coming from the leader of the third party whose members stand up every day and demand that we ensure that individuals live up to the law.

The British Columbia government has broken the law. If I understand the leader of the third party, he is saying that it is okay for the provinces to break the law but it is not okay for individuals. We believe the law applies to everybody whether they are a provincial government or an individual.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the law is not the issue. If the provinces could fine the federal government for every commitment it has broken, they could pay off their deficits.

The real issue here is the government's Neanderthal approach to federal-provincial relations. The government talks about ushering in a new era of flexible federalism. The reality is that a bankrupt federal government is attempting to use fines and threats to control provincial areas of jurisdiction.