

Oral Questions

Do they really think it serves the public purpose for them to consistently stand up in advance of the budget and ask the government, under our position which is not to respond on what the budget is, all kinds of questions, knowing that the answers are not going to be satisfactory and cannot be until such time as the budget has been presented?

• (1445)

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I am responding to a principle enunciated by the minister in the House several times.

Sweden recently cut spending and raised taxes. The higher taxes were seen by investors as a lack of government will to attack the causes of chronic deficits. They punished the Swedish krona in the exchange markets.

I have a supplementary question. What has the minister learned from the experience of Sweden?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, one thing is don't ever be the Swedish finance minister.

We have made it very clear that in the next budget we intend to deal with the deficit primarily by cutting government spending. We have said that. The Prime Minister has said that on countless occasions. I can confirm it to the member opposite. We are going to deal with the deficit. We have demonstrated that clearly, and we are going to do it primarily by cutting government spending.

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[Translation]

INTEREST RATES

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the repeated drops in the value of the Canadian dollar and hikes in interest rates can be attributed to the government's inaction and its refusal, for more than one year, to work on cutting the government machine's overall spending. Financial circles are becoming even more sceptical because of the possibility that the government will try to arrest its deficit by implementing new taxes or a general surtax on income.

Will the Minister of Finance admit that his government's inaction and complete nonchalance have directly caused interest rates to rise, in particular mortgage rates? Will he admit that implementing a general surtax will strangle economic growth and will only drive interest rates even higher?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Once again, Mr. Speaker, the opposition

is asking hypothetical questions and is inventing straw men. Why? I do not know.

Allow me to say that at our last meeting, my counterparts from G-7 countries and IMF officials had only praise for the progress that Canada has made over the past year. When we hear the figures that the Prime Minister quoted earlier, when we see the action taken since the last budget, we can conclude that, for the first time in a long while, the government not only intends attaining its goals, but also is credible in this pursuit. The hon. member should be very proud of our achievements since we formed the government a year ago.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, of course we have nothing but praise for the fact that interest rates have increased during the past two months and the fact that the financial community has lost confidence in a Minister of Finance who, for the past year and a half, has done nothing to bring the deficit under control. That is certainly praiseworthy.

How can the minister reject the official opposition's recommendations to cut spending and review the tax system? How can he justify imposing new taxes and asking the middle class to add to its tax burden, while at the same time giving Canada's wealthiest taxpayers tax credits of over \$2 billion so they can buy deluxe condominiums in the United States? Now, that is good management. That is something to be proud of.

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, first of all, I have yet to receive any constructive proposals from the Bloc Québécois as to the kind of cuts we should make. The hon. member says he will give us a list tomorrow. I can hardly wait.

Since the hon. member mentioned interest rates, perhaps he could explain why, for the past few months, the interest rate differential between Quebec bonds and other provincial bonds has been increasing every day.

[English]

The member should explain why it is that the interest rate differential between Quebec bonds and the other provincial bonds is getting larger and larger. That is the real question that ought to be asked in the country.

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[Translation]

PUBLIC SERVICE

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, my question is directed to the President of the Treasury Board.