

*Government Orders*

this government is unable to obtain the consensus that would be necessary to ensure long-term growth.

Even though we agree that the deficit needs to be controlled, even though we agree that certain measures need to be taken, some elements are acceptable. I am referring particularly to the limited growth of expenditures for richer provinces. Those elements are acceptable, but they are put in a context that makes them virtually impossible to manage, because not only are provinces limited in their spending, but the whole cost of the recession is passed on to them. Therefore, Mr. Speaker, we have to oppose most of the elements contained in this bill.

**Mr. Dennis Mills (Broadview—Greenwood):** Mr. Speaker, I have a question for the hon. member for Rosemont. He gave a very accurate picture of the present economic situation. However, I have a problem with his speech. I think that the confidence of investors in the Canadian economy is very shaky right now. There are many reasons for that of course, but I think that the problems we are having in the constitutional debate is one of them. I think that the things the separatists have said are not helping the economy at this time. Does the hon. member believe that what they said is good for the Canadian economy?

**Mr. Benoît Tremblay (Rosemont):** Mr. Speaker, I want to say that the growth of business investments in Canada was excellent during the 80s, perhaps too optimistic, because the same people have decided to stir up the Constitution crisis. And now we are scowled at as if we were responsible for the crisis. We are not, Mr. Speaker. A process was in place, which was challenged perhaps by short-sighted people. That being said, there is no doubt that the present situation regarding investments has much more to do with uncertainty about the possibility of restoring confidence among heavily indebted consumers and transferring to the provinces a very heavy tax burden. We know that they have very little room to boost the economy and that consumers' borrowing capacity is limited. As for the American economic recovery, we must realize that, for the first time, we have created a recession made in Canada before the U.S. got into a recession. Historically, Canada had always followed in the footsteps of the U.S. But this time, in order to fight inflation, we have brought about a made-in-Canada recession before the American recession, with the hope

perhaps of getting out of it first. That was not allowing for the fact that the American economic recovery is—That showed a total disregard for the fact that the American economic recovery is essential to our own recovery, given the levels of our exports.

Because the American growth is slow, our exports are growing slowly and Canada has had a trade deficit for the first time in 15 years. I think that we are paying for the lack of responsibility displayed by the federal government since the early 80s. Mind you, I am quite happy with the efforts that were made to control the deficit. The problem is though, basically, not so much the necessity for controlling the deficit as the way it is controlled. Transferring the deficit to the provinces and municipalities leads to much higher taxes. For example, in Quebec, inflation due to the private sector is nearly zero, but the total inflation figure is 7 per cent. Why? Because the Quebec government decided to limit its deficit, to raise taxes considerably, to pass the costs on to municipalities, which in turn increase their taxes, and to double tuition fees.

So in the end, the federal government creates inflation by transferring its responsibilities to the provinces. As for medium-term investment in Quebec, I would tell you that we are very optimistic, especially if Quebec attains sovereignty.

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso):** Mr. Speaker, the hon. member told us that if this bill passes, Quebec would no longer receive money for health and education, for established programs. He also said that he does not agree with the way the government is fighting the deficit, and we agree with him on that. We in the Liberal Party have said many times in the House that we did not agree with the government's strategy of passing its deficit on to the provinces and municipalities. We agree on that point, but he wants to make Quebec a sovereign state, so it would no longer receive federal transfers. Taxes in Quebec are already among the highest in Canada. Does he think that in a competitive economic situation, Quebec, which already has trouble accepting the reduced transfers that will result from this bill, will not be further disadvantaged if it accepts no more transfers, in addition to having to make up for much of its accumulated share of the federal deficit should it become independent?