

*The Budget—Mr. Garneau*

Tories' huge tax increases which, as predicted, have put the brakes on a nation-wide economic recovery, which was well under way when this Government took office in September, 1984. We on this side of the House warned the Minister of this. I made a speech telling the Minister that the huge increases in taxes would have an effect in 12 or 18 months, and this is what we are now experiencing. The huge tax increases have taken money away from the consumers' pockets. Now they have less money to spend and we see the effects of this on the economy and particularly on job creation.

Let me be more specific. Looking at Canada's regions, the unemployment rate in Newfoundland at the height of the 1982 recession was 16.8 per cent, and it is now, as of January, 1987, 19.2 per cent. This is a significant increase in unemployment, not a decrease as the Government would have us believe.

If we look closely, we see this pattern repeated in many regions right across Canada. In Prince Edward Island, unemployment has risen from 12.9 per cent in 1982 to 14.6 per cent in January, 1987. That is not a decrease, it is an increase. In Nova Scotia, the unemployment rate went from 13.2 per cent to 14.3 per cent in the same period of time. In Alberta, it went from 7.7 per cent to 10.8 per cent. In British Columbia, as I am sure my Leader knows very well, unemployment has risen from 12.1 per cent, at the time of the economic crisis of 1982, to 13.6 per cent. In other words, unemployment in both the East and the West is worse today than it was in 1982 during the height of the world-wide recession.

Let us be honest. Canadians living in St. John's, Charlottetown, Halifax, Quebec City, Calgary and Vancouver know that the regions of Canada are today experiencing a recession which is as bad as the one Canada and the world faced in 1982. The Minister told us in his Budget that everything was fine because one area of Canada, the Golden Horseshoe, is doing well. Is this the Tories' version of "what is good for General Motors is good for the United States"? The situation calls for action, not for more empty promises.

• (1130)

It is imperative that the Government address in a much more serious manner the problems facing our regions, things such as the plight of our hard pressed farmers, fishermen, sawmills and our energy industry. We Liberals believe in equality of opportunity, wherever you may live in this great land. We believe that Canada is only as strong as its most disadvantaged region, and thus we believe that Canadians expect the Government to do much more.

Let me examine the disastrous record of the Government in the crucial area of regional development. The first thing the Prime Minister's Government did when it came to power, after conveniently forgetting most of its election promises, was to cut the budget for regional development. First action. In 1984-85, funds allocated to the economic and regional development spending envelope totalled \$14.9 billion. This year the spending envelope would have been as low as \$9.1 billion if it were not for the inclusion of the grain subsidy program which

the Government had already announced. Nevertheless, the total economic and regional development spending envelope, including this, has been slashed from \$14.9 billion to \$12 billion. That is a drop of nearly \$3 billion in less than three years of Conservative Government. Considering the desperate needs of the regions, the Government has a lot to answer for to all Canadians.

That is not the only thing the Government has done to help cripple the regions. You probably remember that in his previous Budget the Minister of Finance phased out the incentives provided by way of investment tax credits to the regions, with the one exception of the Maritimes. In other words, the Government, without prior consultation or full public debate, has dismantled both major components of Canada's regional development strategy which were put in place by previous Liberal Governments. Has the Government replaced those with another and better strategy? No, the regions have been left out in the cold. This lack of government strategy for regional development can be summarized in two cold words: *laissez-faire*.

The Government trusts that market forces will overcome all regional disadvantages. Let us look at the result of that policy as it affects investment in the private sector. According to a survey conducted by the Department of Regional Industrial Expansion which was published on January 12, 1987, the investment intentions of Canadian businesses will barely increase in 1987 after declining in 1986. It is clear that we have not even recovered to the 1985 business investment level. It is thus difficult to understand how market forces are going to redress regional economic imbalances.

I would like to examine the regional picture for business investment intentions more closely, as they are even more disturbing. In Newfoundland, businesses expect to reduce their investment by 23 per cent, having already reduced it by 20 per cent in 1986. In Nova Scotia, businesses expect to reduce their investment by 16 per cent, having reduced it by 15 per cent last year. The outlook for the Northwest Territories is dismal. After spending \$388 million in 1985, major businesses will invest only \$59 million in 1987. This is certainly not a rosy outlook, and it means the regional economies will have to muddle through again this year without gaining much help from the Government.

What about the energy sector? The Government shamelessly increased taxes on gasoline by another cent a litre. Yet there is no program to support our energy producers. It is clear to me, as it is to my colleagues and all Canadians, that this *laissez-faire* policy of the Government is not working, in that it is only a pretext for inaction by a dogmatic and heartless Conservative Government.

[Translation]

Mr. Speaker, poverty is another problem which worries a good many Canadians. Bread lines have become a common occurrence under this Government and it does not seem to realize the impact it has on society, particularly in urban