

*The Budget*

spending record that he supports, being a member of the Liberal Party.

The Liberal Party of Ontario increased spending in southern Ontario at a rate of 14 per cent a year for all of those years when he is talking about the federal government keeping its spending under constraint. If we had not had those huge increases in spending, I would suggest that the NDP today would not be faced with \$14 billion deficits. Some of it is NDP fault, but I would suggest that it was Liberal policies in Ontario that caused the major problems that the Ontario manufacturers have. It was Liberal policies in Ontario that made the Ontario economy the highest taxed economy in North America. It has taken it in a space of five years from being one of the lowest taxed in North America to the highest taxed in North America. Now the NDP are simply going to build on that. That is the problem of southern Ontario.

**Mrs. Diane Marleau (Sudbury):** Mr. Speaker, in the budget you introduced a decrease in the manufacturers' tax or in taxation for manufacturing companies. I want to say that it is always good for corporations to have a decrease in taxation. But I am wondering whether it was such a good move seeing as we all are very well aware of what the NDP in Ontario stand for and that is: Get those big bad large corporations and tax them as much as you can.

I am wondering whether you are aware of whether your Minister of Finance had any negotiations with the province of Ontario as to whether it would now move into this area that you have vacated and whether we should perhaps be considering some other way of giving these people a break if all that is going to happen is the provinces will move in and take over that tax area, and whether you really think that the—

**The Acting Speaker (Mr. Paproski):** The hon. member has a minute to answer that question.

**Mr. Soetens:** Mr. Speaker, that is certainly a major concern. We have through not just the income tax cut but through several other measures provided for Ontario based industries, in fairness for industry all across Canada but I represent an Ontario riding and we have major industries in southern Ontario.

We cannot guarantee that the provincial NDP will not sabotage our efforts. If it does, that is unfortunate. I guess the nice part of this is that there are manufacturing sectors all across Canada, not that I would like to see Ontario based manufacturers move, but we have to address the entire Canadian problem. Hopefully, within Ontario—for example, in the adjoining riding where GM is making some major decisions—they can apply appropriate pressure on their provincial MPPs to make sure that the tax planning of the provincial government does not negate all of the positive things that we have done federally.

• (1210)

[*Translation*]

**Mr. David Berger (Saint-Henri—Westmount):** Mr. Speaker, in my speech on the budget last year, I suggested that there was an alternative to the Conservative government's present policies. Today I could repeat much of the speech I gave last year, but I will rather stick to the essential.

Like many Canadians, our party recognizes that the federal deficit is a serious economic and political problem. We recognize as well that limiting inflation is also an important objective. We thus agree with the government on these two points.

However, we do not believe that it is necessary to knock the economy out, to create unemployment for millions of Canadians in order to fight inflation. For nearly 20 years, many European countries have been able to fight inflation without creating unemployment.

In my speech last year, I repeated the recommendations which the Economic Council of Canada made in its 1990 annual statement. It gave the government suggestions on pursuing such a policy in Canada. The Economic Council of Canada noted that those European countries have some things in common. First of all, they are committed to full employment; second, government, management and labour work together in those countries. The council believed that better co-ordination of federal and provincial economic policy was possible in Canada and that management and labour could be brought together in this country.