

Adjournment Debate

The government finds itself in a very interesting situation. On the one hand it is suggesting that there is a freeze to municipalities and that it will not be paying above and beyond what it thinks is necessary in its mind as the federal government which is a cost of \$80 million to the municipality. On the other hand it has a legal obligation to change the Municipal Grants Act in order for the whole process to take place.

In order for us to get back to reality in this place, I would ask the government to consider lifting the freeze on grants in lieu of taxes as a sign of good faith and get on with working with Canadian municipalities.

Mr. Jack Shields (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, for more than 40 years the federal government has voluntarily paid out grants in lieu of taxes on a wide range of federal lands and buildings. However, in recent years the cost of these grants has been escalating at a rate that is simply incompatible with our commitment to normal fiscal management such as seen in most Canadian households.

In the past seven years over-all government spending grew by 32 per cent. By contrast the cost of the municipal grants program increased by a whopping 78 per cent. This sort of continuous upward escalation is clearly not sustainable in the current environment when we are working very hard to contain government expenditures all across the board.

It was for this reason the Minister of Finance felt compelled to announce in his December economic statement that total grants for the coming year would be maintained at the current level of \$424 million.

The Minister of Public Works who is responsible for administering the grants program is meeting with municipal leaders with a view to restructuring the program so as to make its application more equitable across Canada.

THE ECONOMY

Mr. Chris Axworthy (Saskatoon—Clark's Crossing): Mr. Speaker, some time ago I asked the Prime Minister about the economic policy of his government and pointed out that after almost nine years of Progressive Conservative government Canada has over 1.6 million unemployed, over one million children living in poverty,

and over 2.6 million people trying to exist on social assistance.

In addition consumer and business bankruptcies are at record high levels and continue to grow, and the farming community is in the worst crisis in living memory.

My point was and remains that something is wrong when 16 per cent of Canadians are unable because of government policies to play a role in the economy and earn a dignified living.

We hear about a jobless recovery. What does that mean to those 4.2 million Canadians who have no job and have at the present time no hope of any job? What does it say about a government which can talk in terms of a jobless recovery without any pangs of guilt or unsettlement?

All these numbers are worse than those of other developed countries. Perhaps the only country we compare favourably with is the United States and then certainly not on unemployment figures. If we look at countries in Europe, particularly those with social democratic traditions, Sweden, Austria and Norway, for example, they have all done much better than Canada. They have much lower poverty rates, sometimes only 20 per cent of Canada's rates. They have much better rates with regard to inflation and interest. Their currencies are strong. They are experiencing problems but all those countries have records which are infinitely better than Canada's.

The Prime Minister in response to the question said the government would stay the course and we restated the government's old, worn-out nonsense. The government inherited a debt of \$160 billion from the Liberals, generated mostly in good times, and almost tripled it. Of course the Liberals did not learn a lesson in Ontario where the last four years of the Ontario Liberal government were the best four years in Ontario's economic history and yet a huge deficit was built there too.

• (1820)

The Conservative government took a debt and almost tripled it. It inherited an unfair tax system from the Liberals who had already begun the shift in tax from rich to middle and low income Canadians, from income taxes to consumption taxes and from corporations to individuals. The Conservatives made it more unfair, adding about \$4,000 in taxes to family tax burdens in Canada.