

*The Budget—Mr. MacLaren*

The unanswered questions about the proposed goods and services tax are almost endless. What will the tax credit be, and to whom will it be paid? What assistance will be provided small business and the self-employed in administering this new tax? How will the new tax affect the different regions of Canada?

We on this side of the House do not support hidden tax increases to generate new dollars to finance deficit reduction. An opportunity for real reform has been missed, and Canadians who can least afford to pay will suffer.

Regional development has always been fundamental to the Liberal view of the Canadian federation. Following the 1981-82 recession, one would have hoped that the regions would have benefited from the economic recovery as much as central Canada. But under the Conservative Government this has not been the case. While Ontario's unemployment rate is lower today than it was before the recession, the unemployment rate in the rest of the country is, on average, higher than it was.

Why is unemployment so high in many regions of Canada? Structural factors are involved, but the wide gap in unemployment levels can better be explained by some of the Government's policies.

First among them is the high interest rate policy. With unemployment figures at 15 per cent in Newfoundland, 13 per cent in Prince Edward Island, 12 per cent in New Brunswick, it is readily understandable why provincial Premiers consider unemployment a greater problem than the 3 per cent inflation rate in St. John's or Charlottetown or the 4 per cent rate in Halifax.

The Government has accepted the advice of the Governor of the Bank of Canada that a single national interest rate is the only valid monetary policy. But it has ignored completely his advice that fiscal policy can offset some of the adverse effects of a national monetary policy. The Bank of Canada will not act. The Government also will not act. So the less affluent regions will now be hit twice. They must pay interest rates which bear little relationship to local circumstances and at the same time see the Government cutting drastically regional development program.

If the Governor of the Bank of Canada and the Minister of Finance both take a hands-off approach to regional development, who will help our regions? Whose job is it? Does the Minister think that further privatization, deregulation, and cuts to VIA Rail will help those regions, will help unify our country?

Are we not to express some caring for each other amongst the regions of Canada? Or are we seeing a Government, preoccupied with its free trade deal with the United States, preparing itself, consciously or subconsciously, for the day when the United States condemns Canada's regional development programs as "trade distorting subsidies"? Does the Government believe that it is sidestepping that problem by reducing or eliminating the regional development programs now, before the negotiations with the United States begin?

• (1340)

At the time of the last election, there were warnings that the Free Trade Agreement with the United States posed a serious threat to Canada's regional development. Despite repeated government denials, economic development assistance for those regions with the greatest need is indeed now being drastically reduced.

Who will be the most seriously hurt by those cuts? It will be those regions which are already suffering economic distress—Cape Breton, the Gaspé Peninsula, towns in the interior of British Columbia. The severity of the impact of those cuts will of course vary, but the fact remains that the local impact of some cuts, even minor cuts, will be out of all proportion to their budgetary magnitude.

For example, reductions in funding for economic regional development in the fisheries and forestry sectors have the potential to send tremors through the entire economies of several resource based provinces. Is this what the Government meant when it said that it would be fair to all Canadians? Is this what the Government meant when it spoke of sharing?

The Minister of Finance is dancing the deficit shuffle. Determined to create the appearance of having finally made some real reductions in the Government's deficit, the Minister has moved to reduce his own deficit by sending the bill to the provinces for payment.