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As I stated earlier, the problems affecting Canada today are not only economic. They are also less obvious, certainly to the NDP and the PC's. Canada's problems also have to do with language and culture, their dignity and place in Canadian society. They have to do with the responsibility and responsiveness of government to the electorate. They have to do with the equalization of resources and constitutional power. Finally, Canada's problems also have to do with regional expression and regional identity.

Only the Liberal party, as the Prime Minister has shown, recognizes the duality of the challenge which faces Canada. Our party recognizes that there must be a re-arrangement of constitutional powers which will satisfy cultural, linguistic, and regional aspirations. But, Mr. Speaker, our party also recognizes the paramount need to preserve a strong central government, one that can act beyond sectional desires, to represent the collective interests of all Canadians and, Mr. Speaker, a central government which has the constitutional power to act in this fashion. For my part I am an avowed, unabashed centralist, and I have no qualms in telling the House why.

Over the past 20 years the proportion of government expenditures out of the total Gross National Product has increased to about 42 per cent. During this time federal expenditures have grown but, Mr. Speaker, they have not grown nearly as much as expenditures by provinces and municipalities. Since 1955 federal government expenditures have increased seven-fold, provincial expenditures 20-fold, and municipal expenditures ten-fold. Although the public sector portion of the GNP has increased in absolute terms to 42 per cent of all Canada's goods and services, the federal portion of total government expenditures has decreased from a post-war high of 60 per cent to about 40 per cent today.

We see a startling fact. The Government of Canada takes 40 per cent of all government expenditures, the provinces and municipalities the balance. This compares to the 60/40 ratio found in two comparable industrial confederations, the United States and West Germany.

A fundamental error is being made in the national unity debate. Critics of the present constitutional arrangement argue that many Canadians across the country are alienated from the federal government. They feel removed from the federal decision-making process. Therefore it is argued that more power should be vested in the provinces. I agree with the premise, but I disagree with the conclusion. Surely if federal institutions and the federal bureaucracy are not serving the needs of Canadians, then those institutions, the Senate, the House of Commons, the Supreme Court, the Public Service Commission, should be reformed. We should not devolve more powers to the provinces as a response.

In a speech made in this House last year I proposed certain institutional changes that could be made with respect to the House of Commons, such as a system of proportional representation which could effectively restore the confidence of Canadians in parliament. We can only do this by changing the method of election to the House of Commons. As the Prime

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Minister stated, we can also make changes to the Senate and the appointment of Supreme Court judges.

We could also decentralize not only the administrative plant of our public service, but also decentralize the decision-making process in the bureaucracy so that regional directors have the authority necessary to adapt government policy to the various needs of the regions.

As a federal state, Canada is the most decentralized in the world. Any further devolution of authority to our provinces would so weaken national decision-making as to allow Canada to become little more than a loose commonwealth of independent states, with wide differences between the quality of government services offered in medical care, in treatment of the elderly, in higher education, in housing standards, and in a host of other fields. Mr. Speaker, is this what Canadians want? That is not what I want, and I am sure that is not what the Liberal party wants. I am sure it is not what the government wants. That will be for Canadians to decide in the next federal election.

If it is our duty to restore the confidence of Canadians in the parliamentary process in the country in order to deal with the problems of national unity, it is equally important that we, as parliamentarians, encourage Canadians to restore confidence in our country as a whole, but in our economy in particular.

Contrary to the opinion of the opposition, I believe the government has done a pretty good job in managing the economy during the difficult period of the past few years. Indeed as the Prime Minister and the Minister of Finance (Mr. Chrétien) have pointed out, our economic problems are the problems of all the industrialized countries and, with a few exceptions, are not nearly as serious as those faced by our major trading partners.

It is not the Government of Canada which should take the blame for deteriorating economic confidence in Canada. Surely critics in the business community, in the media, and in the parliamentary opposition should be castigated for their negativism, their pessimism about such a great country with such a great future.

The leader of the NDP has talked in terms of Canada facing another great depression. This is absolute rubbish. I wonder what Canadians think of such a political leader as the hon. member for Oshawa-Whitby whose resort to hyperbole and hysteria has seriously marred any respect he may have had from the public and from the members of this House.

Let us look at the facts, Mr. Speaker. Over the past ten years Canada has outpaced the United States when one takes into account all economic factors. It is true that over the past two years Canada has lost its competitive edge because of declining productivity and higher wage rates. However, the high costs of Canadian labour are now being corrected by the anti-inflation program, and by the dollar's decline in value.

On the question of lagging productivity in 1976 and 1977, we must remember that productivity reflects not only attitudes toward work by employees. To listen to the Conservative party you would be led to believe that all Canadians are lazy. If they