

### 3.0 FOCUS GROUP FINDINGS

#### 3.1 Economic Outlook and Driving Factors

As a lead in to the specific topics for discussion (i.e., International Trade, Competitiveness, Canada-U.S. Free Trade Agreement), respondents were asked to give their views on the short term (2-3 years) and longer term economic outlook and the likely driving factors affecting the economy.

Respondents were generally pessimistic about the short term health of the Canadian economy -- believing that the country is likely headed towards a recession (albeit modest) over the next number of months. In terms of contributing influences to the economic downturn, respondents believed that prolonged high interest rates, the implementation of the Federal Government's Goods and Services Tax (GST), and the continued growth of the Federal deficit, were key factors.

Further, there was concurrent anxiety over the potential impasse of the Meech Lake Accord and what the new political dimensions vis a vis Quebec and the rest of Canada might contribute to economic uncertainty; and what the impact of the Canada-U.S. Free Trade Agreement might have on various sectors and regions throughout the course of its implementation.

While the economic mood of the respondents was generally pessimistic both on a personal and national basis, there were regional variations: Vancouver respondents viewed the future with modest optimism due to increased foreign investment from the Pacific rim countries; Montreal respondents were optimistic that the Free Trade Agreement was beginning to show some positive effects and that their outlook for Quebec on the world economic stage appeared bright; St. John respondents expressed a sense of resignation with respect to the future -- noting that the entire maritime industrial base, prone to chronic unemployment and government assistance programs, was seeking a direction for its next generation; and Toronto respondents appeared the most negative in terms of their outlook -- with the Free Trade Agreement cited as the key determinant in numerous recent plant closures and a general economic and industrial "slide to the south".