

Federal-Provincial Fiscal Arrangements

● (1150)

[English]

In fact, the Government seems to be completely out of touch with the regions of Canada. Let us take a look at the situation. The unemployment rate in Newfoundland at the height of the 1982 recession was 16.8 per cent. In January, 1987, that unemployment rate was 19.2 per cent. You can see, Madam Speaker, that it was higher in January, 1987 than it was at the height of the recession of 1982, a recession that affected the whole western world.

If we take the statistics for February, 1987, the rate of unemployment in Newfoundland at 18.4 per cent is again higher than it was in the 1982 recession. The situation is the same for Prince Edward Island, which is now suffering an unemployment rate of 14.5 per cent compared to 12.9 per cent in 1982. And what about Nova Scotia? It is the same situation. The unemployment rate was 14.6 per cent in February, 1987, while it was 13.2 per cent in 1982. What about the unemployment rate in Saskatchewan, Alberta and British Columbia? In February, 1987, the unemployment rates in those provinces were higher than they were in the 1982 recession. Canadians living in St. John's, Charlottetown, Halifax, Quebec City, Calgary and Vancouver know that Canada's regions are experiencing a recession today that is as bad as the one that we and the world faced in 1982.

The Minister told us in his Budget Speech that everything was perfect. It seemed to me that what the Minister of State for Finance (Mr. Hockin) told us today was along the same lines. It is imperative that the Government address in a much more serious manner the problem facing our regions, things such as the plight of our hard-pressed farmers, fishermen, saw-mill workers and those in the energy sector. We Liberals believe in equality of opportunity no matter where one might live in this great land. We believe that Canada is only as strong as its most disadvantaged region, and we believe that Canadians expect the Government to do much more.

Let me examine the disastrous record of the Government in the crucial area of regional development. Since the Conservatives took over as government, they have cut the regional development envelope by almost \$3 billion, or by 20 per cent. We see the effect of that on the rate of unemployment. The Government should reverse its policies and fight for the principle of equality of opportunity in each region. This morning, Madam Speaker, we learned that in New Glasgow, Nova Scotia, over 1,000 workers are going to lose their jobs, and the Government is doing nothing except cutting the regional development envelope.

I ask the Government to change its policies, not only to revise the decision made in terms of fiscal arrangements but also to revise its attitude and thinking concerning Canada's regions. It is not the Canadian way to let our regions suffer such high rates of unemployment. I think our history shows that the opposite is true and that Canadians are prepared to support the different regions.

[Translation]

Madam Speaker, if we were to speak more directly to the measure under consideration, Bill C-44, we could analyze some of the more technical aspects. We have seen that the Government has decided to make some technical changes in the equalization formula. I have nothing against that, believing as I do that the law must reflect the new requirements. Still, they chose not to maintain the guaranteed interim payments in the equalization formula. You may remember that in 1982 the previous administration had altered the equalization formula to base payments on the average revenues of five provinces. The main reason for this was that natural gas and petroleum prices had soared to levels such that under the existing equalization formula the federal Government would have had to make equalization payments to Ontario, Canada's richest province. This would have been ludicrous and the Central Government was forced to amend the equalization formula to establish the base on the average for five provinces, Quebec, Manitoba, Saskatchewan, Ontario and British Columbia. And because of these changes, the Provincial Ministers of Finance and the Minister of Finance of Canada had a long discussion to know what would be the advantages of the new formula compared to the old one. The provinces were saying that they were going to lose some equalization payments. The Federal Government maintained the opposite. And to solve the problem, the Federal Government granted the provinces transitional guarantee payments to assure them that the equalization payments under the new formula would be as significant and would grow at the same pace as under the old one. These payments had been guaranteed for three years. Meanwhile, the Conservative Government which was now in office realized that the transitional payments had been not only significant but essential to maintain the balance in the formula but instead of making long term adjustments, gave something to most provinces one year, granted a couple of provinces a little more the following year, and then completely stopped the transitional payments. Not only they did that, but they also blamed it on the previous Government, while the very purpose of the transitional payments was to guarantee payments to the provinces under the equalization formula. The Conservative Government blamed the Liberals, but did nothing to rectify the situation and maintained the transitional payments in the same spirit in which they had been introduced early in 1981-82 when these agreements had been renegotiated.

Madam Speaker, this is the Gospel truth, and I could provide figures for several provinces. The Minister of State (Finance) nods his disagreement. I am prepared to debate the matter with him to prove him wrong. The legislation obviously provided for transitional payments since there is an amendment in Bill C-44 to abolish them.

Generally speaking, Madam Speaker, transitional payments have helped most provinces. As far as Quebec is concerned, the situation as shown by the Conservative Government—and I am not referring here to Established Programs Financing but only to equalization payments—in 1984-1985, according to the