

Statement

Minister for
International
Trade



Déclaration

Ministre du
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extérieur

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NOTES FOR A SPEECH BY

THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE,

TO THE

MOUNT PEARL CHAMBER OF COMMERCE

MOUNT PEARL, Newfoundland

March 4, 1991

I wish to speak to you about three topics today: first, the successful conclusion of the war in the Gulf; second, the difficult problems of unity that face Canadians today; and, third, the Plan for Economic Recovery contained in the recent federal budget. These are three diverse topics, but they are united by a common theme, that this government can and will take the tough decisions to meet the hard realities of today.

Let me begin with the situation in the Persian Gulf. Like all Canadians, I am relieved that the fighting has ended and that victory has been secured. Coalition objectives have been achieved. Kuwait has been liberated.

Our thanks go to the courageous men and women of the Canadian forces who helped achieve this victory. They put their lives on the line and they performed with outstanding professionalism, in the best traditions of the Canadian forces. There have been no Canadian casualties and all Canadian personnel will be returning home as soon as possible.

Canadians can be proud that our country stood with the 30 other countries of the Coalition. This has been a victory for international law and for the United Nations. The principles of the UN Charter have been upheld and the value of collective security has been proven. The UN Security Council is now dealing with the terms of the cease-fire and the disposition of its resolutions against Iraq.

We must now work to build a just and durable peace. The first steps are to provide for the continuing security of Kuwait and its neighbours, for the humanitarian needs of the victims of war, for reconstruction of Kuwait and Iraq, and for restoration of the environment. The opportunity also must be seized to address on-going problems in the region, especially to bring an end to the arms race there and to resolve the Arab-Israeli issue.

Mr. Clark will meet the UN Secretary-General this week in New York to put the services of Canada at his disposal. Mr. Clark will also meet with U.S. Secretary of State Baker soon and will make a visit to the region shortly to meet leaders of coalition countries and visit Kuwait. Canada will play its full part in securing the peace just as we did in winning the war.

As a final point, I would recall what was, in retrospect, one of the critical meetings of the Gulf conflict. In August 1990, leading Americans were counselling President Bush to go it alone and launch an immediate limited attack. At their meeting in Kennebunkport, Maine, the Prime Minister opposed this and encouraged President Bush to act through the United Nations. The President did so, and the prospects for peace and security today, both in the Middle East and globally, are far better for it.

Let me turn now to national unity and begin with a quote from Gordon Robertson, former Clerk of the Privy Council and chief constitutional advisor to Prime Ministers Pearson and Trudeau. Mr. Robertson recently said:

"A great many people in English-speaking Canada did not understand the importance to Quebec of the Meech Lake Accord. They were misled into thinking that it could be rejected and life would go on as before."

Well, no one in Newfoundland should have thought this.

In that fateful week last June, the Prime Minister, the Premier of Ontario, the Premier of Saskatchewan and the Premier of New Brunswick all spoke in the House of Assembly to make clear just how much Canada's unity would be threatened if Newfoundland maintained its recession of the Accord. Well, here we are, right where we were told we would be.

As Richard Cashin recently said:

"Once Meech Lake went down the tubes, there was no question that Quebec would have to take another look at the issue of sovereignty."

And, as Fraser March recently said:

"What [the Meech Lake Accord] would have done is given us another 20 years of at least discussion, kept us glued together."

That is what would have been. As things stand now, time is short.

And, change is needed. As Liberal Leader Jean Chretien has said:

"Politically... the status quo is not the solution for Quebec, nor for Canada as a whole.... It is easier to reject the non-solutions -- independence and the status quo -- than to define exactly what reforms will meet the needs of Canadians and the economic, social and cultural challenges of the modern world."

NDP Leader Audrey McLaughlin said much the same last year:

"It isn't going to be the status quo. That's clear. That's the reality. It's what we can work out with Quebec."

My vision of Quebec has always been, long before I was in politics, that it is a distinct society, both historically and culturally."

In February, the Prime Minister spoke in Toronto and Quebec City about Canada's future.

He began from the premise of a strong and united Canada. He outlined our government's intention of working with Canadians to restructure Canada, not dismantle it. He emphasized the need to restore mutual understanding and respect among the partners in Confederation.

He recognized that we must deal with the sense of powerlessness in the West and disparity in Atlantic Canada. We must listen to the concerns of the North and of our aboriginal peoples. We must seek to understand the growing feeling of frustration of many Ontarians whose contribution to Canada is rarely recognized. And we must find a way to ensure that Quebecers become willing and enthusiastic partners in Canada.

The Prime Minister outlined that in looking at new arrangements, seven basic principles must be respected.

First, any change should lead to a more prosperous Canada. If it can be demonstrated that a transfer of some federal powers to the provinces will enhance the prosperity of Canadians, the federal government will not hesitate to agree to it.

But the process of re-Confederation is a two-way street. There may be some things now in provincial jurisdiction that could be handled better by the federal government, as Canada is called upon to confront the challenges of globalization in the 21st century.

Second, the federal government will promote constitutional changes that lead to a more efficient federation and a more competitive nation.

Third, we must be guided by fairness, we want a Canada that respects not only the diversity of its citizens, but also their equality.

Fourth, let's not be tied down by stale dogma or tired ideology. Let's ask what's practical. Let's look at common features of the various agendas, and let's look where differences can be reconciled, for the good of all.

Fifth, we need to maintain certain national standards in the interests of all Canadians. This means, for example, that pensions must be portable, and that health care must be accessible for all Canadians. It also means that, in shared

jurisdictions, such as the environment, we have a duty to work together in the common interest.

Sixth, we are prepared to consider any and all arrangements that have the effect of moving decision-making closer to the people and involving people in the decision-making process itself.

Finally, we must safeguard the rights of all Canadians. It is enough that we already have one notwithstanding clause in the Charter, we will have no more.

In any constitutional discussions, the Government of Canada will not be a referee. Vital interests are at stake and the federal government will be playing a strong and vigorous role in defending them.

Our Constitution should not be seen as cast in stone. The Constitution should be made to fit the country and not the country made to fit the Constitution. And for the good of the country, change is needed.

Premier Wells responded positively to the Prime Minister's speech. He said:

"I welcome the leadership that he is giving in taking this position across the country...."

The Premier's support for the Prime Minister's efforts is appreciated, but I am concerned that the possibility of a divided nation is one that the Premier seems to accept with remarkable equanimity. As Mr. Wells recently said:

"If we cannot agree on a compromise [with Quebec], then I can only assume that we're going to end up as two countries."

This prospect doesn't seem particularly troubling to Mr. Wells now, just as it did not in the fateful weeks of last June.

And it appears that many people in Newfoundland believe that if Quebec separates it will make no difference. Some people even believe that Newfoundland would be better off in a Canada without Quebec. A few call openly for Quebec to leave.

As Peter Boswell recently wrote:

"[P]erhaps the greatest contribution Quebec could now make is for it to separate as quickly as possible and to let the rest of Canada get on with building a prosperous and united country."

This is more or less what Parti Quebecois Leader Jacques Parizeau is also saying.

Here's what Prime Minister said recently in Quebec City:

"Beware of the dream merchants, those who say it's no problem to destroy a great country and rebuild it later, those who claim they alone can change the course of history."

That is a message that people across Canada and not only in Quebec need to bear in mind.

If Canada divides, why should we believe that would leave us untouched or that we would benefit in the wake of Quebec's separation? Of course, if you assume that things couldn't get worse, then any change must be for the better. This is what an Evening Telegram editorial of February 14 seemed to suggest:

"The point is made that keeping Canada together is vital to the economic future of the Atlantic Provinces and the West. That the departure of Quebec would lead to greater dominance by the centre, by Ontario, in both political and economic terms. But the statement belies the existing situation. The Atlantic and the West are already suffering and the dominance of the centre can hardly become worse than now."

Certainly not all Newfoundlanders agree with this.

As Cabot Martin recently said about a Canada divided by Quebec's separation:

"[M]inorities will be hit the hardest... central government will not be able to look after Newfoundland like it has... [W]hen the federal government is put under tremendous stress like its going to be over the next couple of years, it's the people of this province who are going to suffer, and the people of other poor provinces."

Christopher Pratt expressed the same idea when he said:

"[W]ith Quebec gone, for example, Ontario and the West may show very little interest in supporting Newfoundland...."

And Peter Fenwick was almost apocalyptic when he described Newfoundland as "attempt[ing] to make our way in the world as the poorest part of a new East Pakistan."

National Unity is important for Newfoundland. It is important because a divided Canada would be crippled internationally, no longer standing in the first rank of nations, politically or economically. It is important because a divided Canada could lead to a loss of the shared commitment among Canadians, in terms of major national social and economic policies. And it is important because a divided Canada could lead to less fairness and less opportunity for poorer provincial governments as wealthier provinces hold more tightly to their wealth in a time of uncertainty.

In considering the need to strive, to go the extra mile to maintain a united Canada, Newfoundlanders must debate and understand what can be lost. Otherwise, we may be sleepwalking to disaster.

Let me turn now to the third topic I want to speak about today, the recent federal budget. The budget sets out a Plan for Economic Recovery -- one which will put the recession behind us and lead to continuing growth and prosperity. The priority is to create the essential conditions for recovery. The key to recovery is lower interest rates. This will be achieved by:

- . clear, achievable inflation targets designed to lower inflation to two per cent by the end of 1995;
- . creation of a Debt Servicing and Reduction Fund, which will target net GST revenues and privatization proceeds to deficit reduction;
- . extending the existing Expenditure Control Plan and reviewing recent expenditure decisions;
- . restraining the operations of government, notably by freezing departmental wage budgets and ministerial pay and imposing new limits on MPs' salaries; and
- . legislating limits on program spending for the next five years.

During the last recession, Canada's deficit doubled from \$14 billion to \$28 billion. However, measures in this budget will hold the deficit to \$30.5 billion this year and the next, despite the pressures from the current recession. In the following fiscal year, with a recovery and lower interest rates, the deficit will fall below \$25 billion for the first time in a decade. As well, new federal borrowing in financial markets will be eliminated after 1993-94.

In spite of these difficulties, the federal government is committed to maintaining major federal transfers (equalization, CAP and EPF) to the Newfoundland government.

- . In 1991-92, federal transfers to Newfoundland will total over \$1.4 billion or about \$2,500 per person.
- . In 1992-93, the limit on EPF will account for only about 0.2 per cent of provincial revenue.
- . In 1991-92, major federal transfers will continue to account for over 45 per cent of Newfoundland's revenues.

Overall, the national economy is expected to begin to grow again in the second half of this year under the Economic Recovery Plan.

The Newfoundland government recognized the wisdom of the tough but necessary measures in the federal budget. Premier Wells said:

"I'm kind of relieved, to be honest. I would say it will not cause us to make significant changes to our own budget."

Finance Minister Hubert Kitchen said:

"[The budget] is a very reasonable one given the times in which we live.... [The budget will have] minimal impact on the province's fiscal position this year."

Treasury Board President Winston Baker welcomed Michael Wilson's announcement that Goods and Services Tax revenue will be targeted to deficit reduction:

"I think that's a good move, it's something that's got to be done."

Mr. Baker added concerning the federal budget's effect on the provincial government's ability to address its deficit problem:

"Yesterday we had a \$200 million deficit problem. Today we still have a \$200 million deficit problem that will have to be addressed in our budget so in that sense there's no impact."

Provincial Ministers have reason to show confidence in the overall economic outlook for Newfoundland in 1991. The reason is Hibernia. In January, the Conference Board of Canada predicted that:

"The Newfoundland economy will post the strongest growth in Canada this year on the basis of the Hibernia

project, which will also add significant strength to the province's economy in 1992."

The Conference Board's predictions for Newfoundland this year are for the highest rate of economic growth, the highest rate of job creation and the highest rate of increase for retail sales for any province. That, too, is part of this budget's Plan for Economic Recovery.

I have spoken today about three topics: the situation in the Gulf, Canadian unity and the nation's economy. For all three, this government took the tough decisions to meet the hard realities of today. We could do that because Canada is internationally respected, united and prosperous.

This is all now at issue in a way that too few in Newfoundland seem to recognize. If we do not go the extra mile to maintain a united Canada, we may lose far more than we recognize that we have today.