

21 août 1989, Québec

Conférence de presse à l'occasion de la visite de Gouverneurs américains

M. Bourassa Very briefly, I would like to express again my welcome to the US governors, MM. Thompson and Stevens, who came here this afternoon to discuss with us questions of trade and environmental issues. As you know, these questions are, implying greater integration between the United States and Canada. It is, in fact, a precedent that governors attend the Premiers' Conference and we are very pleased that this precedent took place in Québec City. We discussed trade in the light of the Free Trade Treaty, all the advantages for both countries and the questions of environmental issues which we discussed in Montebello two months ago. It was a kind of follow-up on these questions.

We will divide the press conference into two parts. We will start with the part concerning the common meeting with the Governors and the ambassador of the United States to Canada who was also here. Then we will go on with general questions on other issues. Are there any questions?

Nous allons diviser la conférence de presse en deux parties. D'abord, la partie qui concerne la rencontre avec les gouverneurs sur le commerce et les questions d'environnement. Ensuite, nous aurons une deuxième partie pour ce qui a trait à la rencontre entre les premiers ministres du Canada.

M. Girard: Vous n'avez pas de déclaration préliminaire sur l'une ou l'autre des deux parties?

M. Bourassa: On vous a distribué un communiqué.

Une voix (Inaudible)

M. Bourassa: D'accord. Vous allez l'avoir à l'instant, je viens de le voir. C'est sur la taxe de vente. Un autre communiqué suivra sur la question de l'environnement.

Une voix : En ce qui concerne la rencontre avec les gouverneurs en même temps, je pense bien que, quand on n'assiste pas au... Est-ce que vous pourriez nous faire au moins une preuve qui est sortie des discussions sur le commerce et sur l'environnement avec nos voisins Américains?

M. Bourassa: Oui. Pour ce qui a trait aux questions sur le commerce, les deux gouverneurs se sont adressés aux membres de la Conférence de même que plusieurs premiers ministres. La conclusion de ces discussions est que nous devons poursuivre cette intégration. Nous devons tenir compte évidemment des intérêts communs et de l'équilibre absolument nécessaire, des avantages du libre-échange. L'ambassadeur a mis en relief jusqu'à quel point – même si on n'avait pas de résultats très concrets après sept ou huit mois d'application – il y avait consensus que le libre-échange était une forme d'intégration économique qui convenait très bien au Canada et aux États-Unis.

On a référé dans le domaine de l'environnement à la loi proposée par le président Bush sur la protection de l'environnement et la réduction des émissions qui font suite aux pluies acides. Il y a eu une volonté très clairement exprimée de la part des deux gouverneurs, notamment, d'appuyer cette loi.

The question is concerning the new law which was proposed by President Bush. I said that you were quite supporting that law and that you avant ta comment on that.

Une voix: Thank, Mr Premier. First, let me, as the Chairman of the Free Trade Agreement for the Government of the United States, thank you for the rest of the premiers for allowing Governor Stephens and myself to attend your meeting. Also, to be able to comment on a very important issue affecting the country of the United States and specific States of Montana, Minnesota and Wisconsin as well as Canadian provinces. I was invited to the White House the day the President announced his Premier agreement because the State of Wisconsin is one of the leaders. We have already passed a very strong and stringent air emission law as well SO2 emissions.

We have already reduced our SO2 emissions in the State of Wisconsin by 50 % from our 1980 levels. So, few Governors were invited along with the ambassador who was with us today to attend the announcement of President Bush and both Governor Stephens and myself. We are very much in favor of it and very hopeful and optimistic that it is going to be passed in Congress. It is getting quite a bit of bipartisan support in Congress. We do not anticipate, however, that we pass in this particular year. It will probably be passed next spring. But all indications are that it will be passed in the National Governors' Association is going on record in support of it. We are very supported but very optimistic that it will pass.

Une voix: Governor Stephens.

M. Stephens: Mr. Premier, I would simply add to what the Governor said that the meeting today. We thought that it was very productive. Both Governor Thomson and I were most graciously and warmly welcome and we are very appreciative of that. During our discussion this afternoon, it became apparent that like Wisconsin, Montana also has initiated a number of environmental and pollution control pieces of legislation that actually exceed some of the standards of our Federal Government. It was evident to me that a number of initiatives have taken place among the Canadian Provinces and the American States, particularly in the North East I think it was Premier Buchanan of Nova Scotia who spoke of some joint agreements that have been put in place with New England States.

We have had a good dialogue with Alberta. We want to extend that as we move along with British Columbia and also Saskatchewan, the other two provinces of our States. So it was a productive meeting and we look forward to continuing along in this important line in a spirit of mutual cooperation.

Une voix: Inaudible.

M. Bourassa: As you know, at Montebello we discussed that kind of collaboration. I would ask Premier Devine, who was the one to start those meetings between the Governor and the Primes, to say a few words on trade and environmental. But also, two years ago, I went to Traver(?) City to improve the collaboration on Chat So, there are now the political will to establish a stronger and a doser collaboration on those questions. I will ask Premier Devine to answer ta this question.

M. Devine: It seems to me that the attitude over the lest few years of cooperation between Americans and Canadiens on understanding our separate jurisdiction has improved, certainly getting more and more positive. We understand our environmental Issues are agricultural, trade or educational. We went through several of those today. The free trade agreement has encouraged us to open up and see where we can mutually benefit by being more aware of our environmental objectives, our educational objectives of students' educational reciprocity of our agriculture and trades Irritants and we car best dress them.

There really do not seem ta be a down aide in better understanding and knowing each other. So you will see eye forecast more meetings at varlous kinds of levels ta help keep the communications. We are sovereign, we are independent, but we are each other's neighbours really tight together and we are each Cher largest training partners. So, we should rot take each other for granted, mutual respect, but find out where the common ground is. Today, we are encouraged by what we see in terms of the speed et which people want to reduce the tariffs on both sides of the boarders. On terms of the free-trade agreement, it seems ta be working in gathering momentum and encourage that we car continually show an example to the rest of the world. As we go ta the NTN in Europe in 1992, they are ail watching our disputes seulement mechanisms. There is a great deal of pressure on us to show eut it is workable. We have significant irritants there like the hog countervallence and nome other things we. have to deal with. But the mechanism is there and It la supposed to be now only in theory but in reality. We have the opportunity ta show the world in some responsible, because we certainly do not want to fail. This Is free as trading arrangements in the history of man as far as we know, il: is very open. So we are under some pressure ta show that it can provide some Insights and on the environment and on water, air, acid rain, SOU erosion and a combination of things. We are making our products progress and botter understanding how we can address k.

Une voix: (Inaudible).

M. Thompson: I would say that weu overhalf. Of course, there MI be some opposition to some of the Governors and States and it could cause a financial problem. Tere is going to be some problems with individual States that cannot meet the requirements. But overall, the vast majority of the Governor's support President Bush in his Clean Air Act I think that for some of these problems worked out, there will be unanimity in the National Governors Association, but right now, it is well overhalf.

Une voix: (Inaudible).

M. Thompson: I cannot answer specifically for California, I am sorry.

Une voix: (Inaudible).

M. Thompson: Every state, I am sure, has got some individual items. Premier Devine was talking about ... I come from Wisconsin which, of course, produces the best beer in the world and I would like to sell more beer to Canada, and hopefully, we could move fast on that in the future.

There are always individual items in individual states but overall, I would have to say that the free-trade agreement is an excellent step forward for us in the United States as in Canada. Would it not be great if we were able to make this free-trade agreement work to the mutual advantages of both the Canadians and the United States and be able to use this as a North America compact to go against the European Community or the Pacific countries?

We have to realize that we have a global environment right now and that we are going to have global competition. It is going to be necessary for all of us, whether you come from Saskatchewan, from Quebec or Ontario, from Wisconsin or Montana, that we have got to be able to trade. We have to have fair trade and it is got to be free trade. Canada and the United States have got so much to offer that the free-trade agreement is the catalyst, I think, to bring out the best in both countries.

Une voix: If I might add to what Governor Thompson said, one thing that the free-trade agreement is going to do that should be welcome in Canada is that it is going to increase the requirement on the part of all of us in the United States, to become more familiar with Canadian economy and culture, in general. It is going to require a greater understanding of Canada and its problems than perhaps exist today in the United States. It is interesting to note that most of the States, 38 of them, including my State of Montana, have a Trade Office in the far East in Japan. Some also have one in Taiwan. Only three American States at this point have a trade presence in Canada. That simply has got to change. Here we have our largest trading partner North of us with only three offices. And earlier in the discussion – I do not need to speak for Governor Thompson – he alluded to the fact that the Great Lakes States are forming together to develop a presence in Canada. We are to be doing the same in the West.

Because I think this is enormously important if we are going to follow through and make this Trade Agreement work the way we want it to work, we simply have to start to recognize the need to be present in Canada.

Une voix: (Inaudible).

Une voix: You just have to look at each individual proposal on its own, but it is competitive. I think that two countries are going to have to adjust to a fair and free open competition. And if it means that Montana, North Dakota and the other States in the West are faced with that kind of competition from our neighbours to the North, we will simply have to meet the competition. That is what the Agreement portends and we can expect that kind of competition. Out of that, we are going to come into some disagreements. Some

If there are disputes which arise on issues, but we have a mechanism within the Agreement to resolve those. Good clean competition I think is fine for Americans, for Canada and for the two nations as we seek to implement this agreement

Une voix : Any other question?

Une voix: (Inaudible).

M. Bourassa: ...few years, yes, we made progress. «Mis is a situation which is existing since many years. There are different approaches which are applied by provinces. Some provinces are doing it openly, others more discreetly. So, we will discuss that briefly at lunch and again tomorrow morning. But in the field of transports, for instance, some significant progress was made in the last few years, but this is connected, as you know, with regional disparities. For some provinces, they find it very difficult to open too rapidly their markets. Meanwhile they have to support a rate of unemployment which is much higher than other provinces. There are practical factors which could explain the delay in applying that policy.

Une voix: And the Free Trade Agreement is imposing new rules on us interprovincially, because if we are going to open up internationally, it is pretty hard not to do that interprovincially. So there is more and more pressure to have us open and Premier Vander Zalm has led the way in encouraging us to open up and stay open.

M. Bourassa: Alors, si c'est terminé pour les questions sur la conférence conjointe, je vais lire... Le communiqué va vous être distribué dans quelques minutes. Comme c'est relativement court, je vais le lire. « Alors, les premiers ministres provinciaux ont convenu que le projet de taxe fédérale sur les produits et services est inacceptable. Ils ont fait état d'un besoin de coopération intergouvernementale pour régler cette question. Les premiers ministres provinciaux ont mis l'accent sur leur inquiétude à l'égard de l'ampleur des changements qu'entraînerait la taxe. Ils ont, en outre, signalé qu'en empiétant sur un champ d'imposition qui appartient traditionnellement aux provinces, le projet pourrait mettre en péril la capacité des provinces de s'acquitter de leur responsabilité constitutionnelle.

De plus, les premiers ministres provinciaux ont dit craindre que le projet fédéral n'ait des effets néfastes sur l'inflation, les taux d'intérêt, l'emploi et le développement régional. Ils ont également mis en relief les difficultés que causerait, tout particulièrement aux petites entreprises, aux agriculteurs et aux pêcheurs, la complexité du projet sur le plan administratif.

Les premiers ministres provinciaux ont chargé leur ministre des Finances d'examiner les incidences qu'aurait la taxe sur les produits et services sur leur économie et de leur présenter un rapport avant la conférence fédérale-provinciale en novembre 1989. Est-ce que cela a été lu trop rapidement? D'accord. Je vais peut-être le traduire en anglais, si vous n'avez pas d'objection.

The provincial Premiers agree that the Federal Good and Service Tax proposal is unacceptable. Premiers stress the need for inter-governmental collaboration to address the issue. Premiers emphasize their concern of the magnitude of the tax change. They also noted that the proposal, by moving into a traditional provincial tax field as a potential to jeopardize the ability of the provinces to meet their constitutional responsibilities.

In addition, the Premiers were concerned about the potential impact of the federal proposal on inflation, interest rates, employment and regional growth. Premiers also emphasized the hardship that would result from the administrative complexity of the proposal especially on small businesses, farmers and fishermen.

Premiers directed their Finance minister to investigate the impact on the goods and service tax on their economies and to report to them in advance of the First Minister Conference in November 1989.

Une voix (inaudible).

M. Bourassa: Je ne crois pas que le gouvernement fédéral ait un intérêt fiscal, économique ou politique à aller de l'avant alors que les provinces sont unanimes. Il s'agit là d'une déclaration unanime des provinces comme quoi la proposition du projet de loi actuel est inacceptable. Donc, nous faisons état d'un besoin de collaboration intergouvernementale pour régler cette question. Plusieurs arguments sont avancés. Il y a la complexité administrative. Il y a l'impact que ça peut avoir sur l'économie, l'augmentation du taux d'inflation, des taux d'intérêt, le risque d'un frein très sérieux à la poursuite de la croissance économique, même à un rythme réduit. Pour toutes ces raisons, nous croyons que nous serons en mesure, à la conférence fédérale-provinciale des 9 et 10 novembre – comme je le dis dans le dernier paragraphe après que nos ministres des Finances nous auront fait rapport – de montrer encore au gouvernement fédéral notre volonté politique très ferme et unanime de faire en sorte que cette taxe soit au moins modifiée.

Yes, Mister.

Une voix: (Inaudible).

M. Bourassa: Obviously, we have no objection that there should be discussion again with Mr. Wilson. As you know, the source of the problem was the unilateral decision by the federal government to go ahead without the consent of the provinces. We feel that this is totally unacceptable. But we are asking our ministers of Finance to report to us, to make study and, obviously, they could discuss with federal civil servants, with federal advisors to make report to us and then, we could raise the question again at the conference in November.

Une voix: (Inaudible).

M. Bourassa: La position de consensus est que la taxe est inacceptable. Certains peuvent vouloir remplacer la taxe par d'autres mesures comme M. Vander Zalm. D'autres peuvent vouloir modifier la taxe, la réduire à un niveau inférieur et faire en sorte qu'il n'y ait pas des

milliards de dollars ajoutés au moyen de financement du gouvernement fédéral alors que les provinces se voient enlever leurs champs fiscaux traditionnels. Mais le consensus est que c'est inacceptable.

Une voix: (inaudible).

M. Bourassa: L'aspect constitutionnel, comme M. Rémillard l'avait déjà signalé, se retrouve dans le fait qu'il devient plus difficile d'accepter ou d'assumer nos responsabilités si notre espace fiscal traditionnel est éliminé, à toutes fins utiles, ou considérablement réduit. Sur le plan strictement juridique, tout le monde est d'accord que la possibilité pour le gouvernement fédéral est dans l'ensemble de la question. C'est avec une vision globale, c'est indirectement que nous pouvons être impliqués.

Une voix : (Inaudible).

M. Bourassa: La question juridique n'a pas été abordée, à toutes fins utiles. La constitution, on l'a toujours soutenu, est assez claire sur les pouvoirs du fédéral. Là où nous avons une cause politique très forte, c'est que si notre espace fiscal est réduit considérablement, il devient beaucoup plus difficile d'assumer nos responsabilités.

Une voix: Donc, vous admettez qu'Ottawa pourrait agir unilatéralement

M. Bourassa: Sur le plan strictement juridique, on a toujours dit que le fédéral avait... Personne n'a contesté l'aspect juridique, c'est l'aspect global.

Une voix: (Inaudible).

M. Bourassa: Oui.

Une voix: (Inaudible).

M. Bourassa: We did not discuss indeed... Our purpose was to get a consensus or unanimity on the proposal and we got unanimity saying to the Federal Government that the tax is unacceptable. There are many options which could be proposed to face the present situation. We will say that it will create a lot of problems for the Canadian economy. We will have in six weeks – in two months, I am sorry, a bit more than two months – a Federal-Provincial Conference to report and to make our views known again.

Une voix : (Inaudible)... les problèmes, de participer à ...

M. Bourassa: Pardon?

Une voix : ...qui vont participer...

M. Bourassa: Les provinces admettent que le gouvernement fédéral a un problème de déficit très important mais elles n'acceptent pas que ce problème soit réglé sur leur dos. C'est pourquoi nous voulons, à l'occasion de la prochaine conférence fédérale-provinciale, après

les rapports, les études ou les qui pourront nous être faites individuellement, avoir le pouvoir de faire des recommandations ou de faire valoir notre point de vue.

Une voix : M. Bourassa, en tant que premier ministre du Québec, est-ce que la formule proposée par M. Vander Zalm au premier ministre du Québec sera acceptée?

M. Bourassa: La formule de M. Vander Zalm est que le gouvernement fédéral réduise ses dépenses.

Une voix...la péréquation.

M. Bourassa: C'est évident que la province de Québec n'a pas une approche totalement identique à la Colombie britannique, qui ne reçoit pas de péréquation. Dans la mesure où la province de Québec, et c'est la même situation pour cette province, bénéficie des paiements de péréquation, nous pouvons difficilement avoir une attitude totalement identique à celle de la Colombie-Britannique.

What you are asking me is whether I will agree to reduce the equalization payments for the provinces. I say...

Une voix: ... What did you say?

M. Bourassa: I do not think the timing will be good, but..

Une voix: Not now.

M. Bourassa: On grounds of principle, I will hesitate also. Yes?

Une voix: Premier. .. (inaudible) ... say we do not like the ... (inaudible)

Une voix: All I have got to stand in this interesting day, today, because everybody wants to talk about the tax but nobody is quite prepared to put the finger on what are the best alternatives. We have many ideas of how to do it better and be more fair and to be acceptable. It goes some extremes where you absolutely can have a sales tax in one case to where you could have various levels of income tax, sales tax and modifications.

So, the key, as the premiers' part, is to find a consensus. We said: As it is proposed now, it is unacceptable. But we are interested in talking to you and that is why the second sentence is "Let us cooperate". It is going to take intergovernmental cooperation to work it out. Some of the issues of major concern are knitted in there on its level, on its impact on inflation, on what it might do to the economy and how it is applied, the cost to farm a small business, administrative... Everybody had various kinds of suggestions on how we could make it simpler, fairer, better. We could not get a consensus on how we were going to lead on that and how you start with that and at which one you give first. So we said: We are going to do some more work on it, get our smart people, take them home to work with theirs, and the Feds, and be prepared to discuss it in some detail by the FMC. That is the best we could get out of it So it speaks for itself. There is a consensus which, as proposed now, is unacceptable, which

means that we have to do some work, and this means that we are opened to co-operation. Lots of ideas are coming forward, but, frankly, nobody is prepared to say: I have just the right answer for you.

Une voix: Does that mean that we... (inaudible)... to co-operation?

Une voix: I do not speak for the Federal government. I am sure that they will be most interested in what we will have to say. I would think that they would be.

Une voix: Are you optimistic about finding a compromise for... (Inaudible)... around your table?

Une voix: This country is based on co-operation and compromise. We have seen the classic situation of More we want more money going to regional development, less taxes, and where we want to balance the budget at the same time. Obviously, you have to do some pretty hard thinking to make that magic work. I certainly believe that it can be a consensus. It is going to take a lot of work, but something like a tax and a new modification to a tax is extremely complicated and difficult and flooded with political possibilities, positive and negative.

Une voix: Premier Devine... Premier Getty, the major... (Inaudible)

Une voix: Premier Getty's position is very clear in principle. They do not have a sales tax and they do not want one. So then, you take it from there. They have a little bit of one on gas, so they are not entirely without sales tax. But the principal Albertans have not lived with the sales tax and they do not want it. They would rather have a different kind of tax altogether. And then it ranges all the way to provinces who would look at modifications, who would look at just the 13.5 % that we have and, if you need more money, then apply that one differently or higher, apply it to imports or to something else. There is a range of possibilities. So, obviously, Premier Getty has signed this which said: This tax is unacceptable. Now, his alternatives are different that maybe, Bill's or maybe even Robert's, and each province and region will respond. That is what we are working on. Can we find that common ground, as federal ministers, to be more loyal and to raise appropriate revenue, encourage development and encourage us to be as competitive as we can be with the United States because we are into a Free Trade Agreement. It is not going away, it is here. We are under some pressure on us to perform and, at the same time, there is always political pressure on somebody who is the first to stick as head of the whole and say: I have the answer.

Une voix: (Inaudible).

Une voix: It is always a question of political sensitivity. I think it is very sensitive. I mean, there seems to be a lot of interest all of a sudden, all of the provinces are pretty interested in talking about it. I would think that they are very interested. I would be very surprised.

M. Bourassa: A free lance question.

Une voix: (Inaudible).

M. Bourassa: C'est évident que la solution au problème ne sera pas facile, mais Il y a quand même unanimité comme quoi la taxe n'est pas acceptable actuellement telle que proposée. Il y a une volonté politique très ferme. Il y a un délai qui nous sépare de la conférence fédérale provinciale et qui devrait permettre une collaboration entre les provinces. Ce n'est pas étonnant – les provinces ou les régions du Canada étant différentes quant à leur rôle dans l'économie, leur importance respective, leurs disparités régionales – que les solutions alternatives ne soient pas identiques. C'est l'une des caractéristiques du Canada Mais une volonté de modifier ce qui nous est proposé est unanime et devrait favoriser une solution commune.

Une voix: (Inaudible).

M. Bourassa: Je veux dire que nous mentionnons le besoin d'une coopération intergouvernementale pour régler la question. C'est évident que ceci suppose de renouer le dialogue avec le fédéral sur cette question. Trois questions encore, s'il en reste.

Une voix: Sur la question des responsabilités...

M. Bourassa: Vous connaissez l'ensemble de ces responsabilités conditionnelles. Mais on peut penser, par exemple, au secteur de l'éducation où le gouvernement fédéral réduit les paiements depuis plusieurs années alors que nous devons nous baser sur un espace fiscal beaucoup plus étroit pour faire face à ces demandes.

Une voix: (Inaudible).

M. Bourassa: No, we have not discussed Meech Lake accept process.

Une voix: (Inaudible).

M. Bourassa: It is something that we will be talking about at our next meeting. I do not think we will have the opportunity to discuss it at this time.

Une voix: (Inaudible).

M. Bourassa: I think so. I think we were rather successful today in arriving after only one meeting et a unanimous decision to say that the tax as proposed is unacceptable. We also arrived at the conclusion that we would seek alternatives, determine what is the impact of what has been proposed and perhaps possibly as well look at a compromise. So, I think we have come a fair way and to expect that in one meeting we can consider specific recommendations, suggestions is a bit much, but there will be other opportunities between now and the next meeting.

Une voix: (Inaudible).

Une voix: What I am suggesting is not so extreme for the average Canadian or the average Canadian household. It is only extreme for governments. When people in their families or as individuals find they want to spend money on places other than where they have been spending it, they have to make adjustments within what is available or they may have to cut back on certain expenditures. It is only governments that tend to go out and simply say: We will invent a new tax and take in an extra 10 000 000 000 \$. I am saying they are better rethink that, because I do not think Canadians are ready to pay 9 % sales tax on all goods and services. It is not only tough on individual Canadians, particularly low-income earners, but it is a disaster, in my opinion, for tourism which happens to be our third biggest industry. A lot of Americans will refuse to