

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.