

*The Budget*

spent in Atlantic Canada and the programs and the diversity of those programs compared to previous programs for Atlantic Canada.

The point with Alberta, let me try to make this clear so that the member will understand, it is who has the financial resources to meet all the obligations of all the services provided in Canada, including education, hospital care and the whole range of services. The question is who has the financial ability to provide those services?

Is it the Government of Canada taking taxes from the people of Canada, or the governments of the provinces taking taxes from the people of the provinces, or some combination of both? What we are trying to explain to those who do not even want to understand is that right now that financial resource appears to be more with the provinces than with the Government of Canada. In that way the provinces have the possibility to reduce their expenditures, as the Government of Canada has done, to raise taxes, to cut the programs that they may find are not essential at this time. So I hope the member would understand the whole concept of financial responsibility.

We do not want to hurt anybody. We do not want to raise anybody's taxes. We just want people to recognize that financial responsibility is the basis for government services and the continuation of the social programs that I am sure the member advocates.

**Mr. John Manley (Ottawa South):** Madam Speaker, this year's federal budget, at least in terms of its size and weight, has a reduction in expenditures. When we found ourselves the other day in the lock-up with four hours to study the document that was roughly a tenth of the size of what we have become accustomed to in budgetary times, we had, if anything, an excess of time.

I found myself as I looked through and considered what was in it actually feeling some sympathy for some of my friends on the other side languishing at the bottom of the polls having the difficult task of trying to persuade the people of Canada to accept the goods and services tax lying ahead of them and also having to take on a budget like this.

Then we came into the House of Commons, sat and listened to the minister read the text that was contained in here. To my amazement, the government members responded with enthusiasm. I suppose I should not have

been amazed. Perhaps I am still too new to this place. But I was amazed to see the response that he got.

It reminded me of the story that we have all heard as children about the emperor's new clothes, and how the emperor was tricked into buying what he was convinced was an invisible set of clothes. He put them on and paraded not only before his court but before his people. They were too cowed by the emperor for anyone, except the smallest of their people, to come forward and say: "But the emperor has no clothes".

So when the Minister of Finance stood here the other day and read his budget speech, and his Cabinet colleagues and his back-benchers around him stood and cheered, I could think of nothing more than the emperor without his clothes. The issue that has to concern all of us, above and beyond the budget, is the issue of credibility. The question is whether, as we go into the very difficult times that we are embarking upon in this country, even by the admission of the budget papers themselves, does this minister, does this government have the credibility and the support of the Canadian people to take them into the difficult times ahead?

What does the budget say about the economy. I do not think that the minister in his speech really highlighted some of the things that his own document says. I suspect that the members opposite would not have been standing to applaud had he read, with conviction, words like this from page 43:

The weakest period is expected to be from the fourth quarter of 1989 to mid-1990 with growth averaging below 1 per cent at an annual rate. The first quarter of 1990 could be particularly weak. No increase in economic activity from the fourth quarter of 1989 is projected and a one-quarter decline in output is possible.

A negative growth in the first quarter of 1990 is what the minister projects in his budget documents. Did he stand in the House and say: "Troops, we are about to have negative economic growth this quarter." Did members stand and applaud?

What does it say about the second quarter? It does not say anything about the second quarter. A recession, in technical terminology, is two-quarters of negative economic growth. We have accepted in the budget document the possibility of one-quarter of economic growth and in the second quarter he does not say what is going to happen.