

The Budget

There are, as has been detailed in the budget papers, very stern measures with respect to transfer payments. Why would the Government of Canada reduce, freeze or limit transfer payments? I think the answer is very obvious, and I think every provincial premier knows what the answer is. The financial situation of the provinces of Canada is much better than the situation of the Government of Canada. I do not know whether I need to detail that, but just so no one will think this is the member for Halifax West, this is a Tory talking.

The Financial Post says the same thing. In an article on February 22, 1990, it says that the provinces will have to do their part. I am quoting: "The provinces are complaining about finance minister Michael Wilson's budget, but he was justified in requiring them to do their part in fighting the deficit. Ottawa has frozen per capita grants for health care and post-secondary education for two years. Until 1977, established programs for financing transfers were strictly tied on a matching basis to the provinces providing health care and post-secondary education. The provinces wanted more freedom and since 1977 they have been able to use the funds in accordance with their own priorities. In some cases, this has been to support their general revenues."

• (1700)

Does anybody think that *The Financial Post* was mistaken when it published that? If you look at the record you will find ample evidence of what exactly has been going on.

While the federal deficit has been going up and the Government of Canada has been experiencing difficult financial times, the deficits of the provinces, particularly in Atlantic Canada, have been going down. Prince Edward Island has a balanced budget. New Brunswick is heading to a balanced budget. In the 1989-90 fiscal year, Nova Scotia reduced its budget by a windfall of \$48 million and has announced that in the next fiscal year it would have a balanced budget. The same can be said about New Brunswick where Premier McKenna said that things were never better in Atlantic Canada in terms of the financial picture and structure. Newfoundland has experienced similar reductions in its deficits over the years.

As a result, in July, 1989 the total provincial deficit of every province of Canada amounted to \$3.7 billion. The provinces of Canada all together had a collective deficit

of \$3.7 billion. Do you know what, Madam Speaker? Accounting for \$2.2 billion of that was the province of Alberta where there is no sales tax and where most goods and services are cheaper than in any other part of Canada. The province of Alberta had a \$2.2 billion deficit.

I can tell the province of Alberta how to wipe out that deficit. It can wipe that deficit out overnight. All it has to do is the same as the rest of us have done, impose a sales tax. Although I am sure that my colleagues from Alberta are concerned about the deficit, I do not think that anybody has to cry too much about Alberta.

Graphically demonstrated is the difference between the situation with the provinces. In the province of Nova Scotia, compared to Canada, we spend 35 cents of every revenue dollar on interest charges. The province of Nova Scotia spends 16 cents of every dollar on interest charges. The average across Canada is about 12 cents interest per revenue dollar. I guess that proves, does it not, who has the better financial resource in 1990. The provinces do.

The provinces, as *The Financial Post* and every other sensible and serious financial writer states, have to do their part. They have reduced their deficits because of transfers from the Government of Canada. It is not the Government of Canada, it is not the right hon. Prime Minister or the hon. Minister of Finance, it is the people of Canada. They are the taxpayers, that is where the money comes from. We are simply taking the money of the taxpayers of Canada and giving it to the provinces. Now the time has come for the provinces to take hold of their finances and take the appropriate action. While our expenditures have gone down to the point where there will only be a 3 per cent increase in 1990-91, the provinces expenditures have continually gone up with 10, 11 and 12 per cent increases.

The measures taken in the budget are serious and difficult for Canadians, but they are serious and difficult times. In the end, all Canadians, including the provinces of Canada, will benefit from a balanced budget. They will benefit from financial responsibility because it is only with financial responsibility that you show any concern for the people of Canada.

Mr. Manley: Madam Speaker, the hon. member referred favourably to things said by the new President of Czechoslovakia, Mr. Havel. When he was in Canada last week, he said that he believed any country that per-