turn is essential for job growth and more job creation for Canadians.

Over $13 billion in savings will be realized through spending cuts and there will be no increase in personal income tax rates. Going beyond to 1997–98, our reforms will deliver a further $13 billion in savings for a three year total of $29 billion. This is the largest set of actions in any budget since the war years in the 1940s.

We are also taking firm steps to increase tax fairness and close loopholes. The budget delivers almost $7 in spending cuts for every dollar of new tax revenue. That is very significant, a 7:1 ratio of spending cuts to taxes.

The government accepted the challenge not only with this budget, but with several budgets to come, to work toward a balanced budget. This is not politically expedient, but it is the right thing to do.

The measures taken in the budget will ensure that Canadians can face the economic challenge of international competition and that we will be able to do so with growth and confidence. This budget is about restoring confidence in government and confidence in Canadians.

Measures which were taken last year in the first budget of this government showed positive results in our economy. Economic growth is at 4.5 per cent which is the strongest of the G–7 nations. 1994 was the most impressive year ever in Canadian exports. We showed a massive trade surplus with the United States and inflation was at its lowest in three decades. There were improved business profits and some 433,000 more full time jobs.

A snapshot of our growth is found in Statistics Canada's report on railway car loadings. It showed that in a seven day period ending February 21, 1995, just a few weeks ago, the number of railway cars loaded in Canada increased 3.7 per cent from the same period a year earlier. Revenue freight loaded increased 6.9 per cent to 4.6 million tonnes. Piggyback traffic tonnage which is included in total carload traffic increased 9.5 per cent during the same period. Tonnage of revenue freight loaded as of February 21, 1995 increased 19.8 per cent from the previous year.

● (1520)

That is growth. Growth in freight means growth in GDP where it should be and not growth in government.

Cuts in government spending mean pain. The budget is about pain. However, the pain was spread fairly to all regions. In the west, grain transportation subsidies were eliminated, while in the east the Atlantic region freight assistance program was abolished. However, both the west and the east, including Quebec, will receive transitional funding helping to alleviate shipper hardship and upgrade transportation infrastructure.

The bill also proposes the elimination of the Atlantic freight subsidies under the Atlantic Region Freight Assistance Act and the Maritime Freight Rates Act. This measure will take effect in December of this year. It will save nearly $100 million.

The MFRA and the later ARFAA subsidies derive from recommendations of the 1927 report of the royal commission on maritime claims, the Duncan commission. The report noted that the BNA Act had guaranteed construction of the Intercolonial Railway, an obligation long met at the time the Duncan commission was appointed. The commission concluded however that there was a particular intention behind the enactment of this guarantee and on its interpretation of this intention recommended a reduction in freight rates.

Therefore, we had the Atlantic freight subsidies program. However, it has proven inefficient in reducing shipper costs. Moreover, it has encouraged companies to structure their investments and organizations to meet regulatory criteria rather than for sound business reasons. The subsidies are of marginal and declining importance to regional economic activity, since transportation services in the region are now more competitive than they once were.

To help ensure that elimination of the subsidy contributes to a better transportation system, the budget announced a five year $326 million transportation adjustment program. Provinces will be able to target assistance under the program to meet local shippers' needs and upgrade infrastructure. Among other things, this should help to modernize the highway system in Atlantic Canada and eastern Quebec.

The people of Nova Scotia know that the backbone of the economy is small business and that Atlantic Canada ended 1994 with the highest rate of growth per capita. Our region grew by 2.7 per cent. This was followed by the prairie region.

One of the most important elements of the bill is the reformation of transfers to the provinces. This represents new federalism. The federal government wants to create a transfer system that functions better and is more fiscally sustainable.

The centrepiece of this reform is the replacement beginning in 1996–97 of established programs financing for health and post–secondary education and the Canada assistance plan with a single consolidated block transfer, the Canada health and social transfer.

The Canada health and social transfer represents a new approach to federal–provincial relations. This new approach is marked by greater flexibility for provincial governments and more sustainable financing arrangements. It continues the evolution toward more mature fiscal responsibility.

The Liberal government approach to provincial transfers passes three important tests. First, the federal government has hit itself harder through cuts. Second, we have given the provinces ample time, that is, one year notice of our intentions.