

In short, it has been the level of federal transfers which has caused federal spending to rise; and which has allowed B.C. and other provinces to avoid the kind of deficits shouldered by the federal government. In fact, federal transfers make up more than 22% of total provincial government revenues.

Our plan is not to actually cut spending flowing to B.C. and the other wealthier provinces. Rather, we merely propose to limit the overall increases. Transfers to B.C. under EPF and CAP are expected to rise by \$100 million a year. On a per capita basis, federal transfers are expected to amount to \$992 for each B.C. resident in 1990-91 and \$1,000 the next year.

We believe this solution is fair. For we are asking the strongest provinces of our nation to help us solve a national problem - a problem which has been caused in part by federal transfers to the provinces.

We don't like having to do it; but it is a necessary part of the solution.

B.C.'s own Bruce Hutchinson, the dean of Canadian journalists, once wrote that the Canadian breed has never failed a single decisive test when the alternatives were clear. For whatever else it may lack, the nation is rich in sanity.

Today, I have attempted to lay out some of those alternatives for you as we face an increasingly competitive global economy. I would suggest the alternatives couldn't be more clear.

We have a choice between a future of lower deficits, lower inflation, lower interest rates and higher growth if we work together to solve our national debt problem, or a future of higher deficits, higher inflation, higher interest rates and economic stagnation if we don't.

Faced with these clear alternatives, I can tell you that my colleagues and I are absolutely convinced the fiscal plan laid out by Michael Wilson is right and necessary for our country.

So I ask you to consider the alternatives facing this country. And I'm confident that when you do, you will support us as we stay the course towards a more competitive, progressive and united Canada which can take its rightful place in the global arena.

Thank You.