

# The Financial Crisis in Nova Scotia . . .

## What does it REALLY mean?

Nova Scotia has an immediate financial crisis. The bottom line is:

### **We spend more than we make.**

The problem is made worse by our long-term addiction to other people's money - we have been spending more than we have been making since 1976 and borrowing like mad to cover the difference.

### **This is not a political question.**

Whether you support an activist government or feel that government needs to take a back seat, you can agree that we must be in control of our financial future.

If we didn't pay all that money on interest each year, government could choose to spend more on providing services for people or to reduce taxes, or both. Right now, we have no options.

### **We need to understand the consequences of inaction.**

The Metropolitan Halifax Chamber of Commerce has put together the following list of frequently asked questions in order to foster public discussion and promote a broader understanding of the consequences of the government's financial crisis.

## **FREQUENTLY ASKED QUESTIONS:**

### **1) Is the debt really all that big?**

ABSOLUTELY

- ▶ Each Nova Scotian owes nearly \$12,000, this money and the interest on this money, are dollars that are not going into our hospitals, classrooms, or highways.

**2) We have always borrowed before, why can't we just keep borrowing?**

FROM WHOM?

- ▶ Just like you, the government can hit the wall, have its loan application denied or, even worse, not be able to make the payments anymore.

**3) Do we really need to cut by 15-30%?**

YES, BUT WE NEED TO CUT SMART

- ▶ We can not cut across the board, we need to make government smaller and stick to delivering core services (like health and education for instance) as efficiently and effectively as possible - not cut just for the sake of cutting.

**4) Are we talking about job losses for public servants?**

YES

- ▶ But, fewer government jobs is a good thing. A growing private sector and private sector jobs will more than compensate for public sector job losses. The private sector in Atlantic Canada absorbed ALL of the government job losses of the early 1990s and created 32,700 additional new jobs.

**5) Aren't government services cut to the bone?**

NO

- ▶ Government needs to get out of the business of doing business: in Nova Scotia, the government runs hotels, golf courses, retail outlets, and many other corporations.
- ▶ Government should eliminate all direct business subsidies. This means no more operating subsidies, loans or loan guarantees from the province, regardless of the recipient, industry sector or geographic location.

**6) Shouldn't government deliver all the services Nova Scotians want?**

NO

- ▶ Government is at its best when monitoring the work of others, not doing it themselves. To restate an old adage - government needs to steer the ship, not row it.

**7) Don't we need to spend more, not less, money on health care?**

WE ALREADY HAVE

- ▶ Despite federal cutbacks, and popular belief to the contrary, total health care spending has increased by more than \$400 million in Nova Scotia since 1996. We don't need to spend more than we already do, we need to spend smarter.

**8) Business just wants to take over government, right?**

NO

- ▶ There are services or programs of sufficient overriding public interest that they can only be provided by the public sector. Government ought to be in the business of providing those services which would not otherwise be provided by the private sector.

**9) Wouldn't this problem just go away if the federal government would only pay their fair share?**

NO

- ▶ Even if the federal government made up the \$384.5 million Nova Scotia over spent on Health and Education in the last two fiscal years alone, we still would have run up another \$163 million in debt based on overspending in at least six other departments.

**10) Can't we just raise taxes?**

NO

- ▶ Raising taxes is the easy answer and still leaves the people of Nova Scotia holding the bag. Reducing spending is the answer, not raising taxes.

**What do I do about it?**

- 1) If you are concerned about the financial crisis we now face and want to convince the government to take action, you need to do it now before this threat gets worse. Please go to [www.halifaxchamber.com/action.htm](http://www.halifaxchamber.com/action.htm) for more information, a sample letter you can e-mail, and direct contact information for the Premier, the Minister of Finance and your local MLA.
- 2) **Urge your colleagues and the people you know to consider the financial crisis we face** and to take action to voice their support for making the choices necessary to secure the health and education system that their children will need in the coming years.