problem. However, we must pay those interest charges and we must reduce that debt.

Let me give some examples to show the very serious trends that have developed over the last decade especially. In 1974-75, the interest component of our total expenditures amounted to 11 per cent. That left 89 per cent of our expenditures for other forms of Government projects with respect to Health and Welfare and in other areas.

● (1820)

In 1984-85 the interest cost is 22.6 per cent which, of course, reduces the amount available for other social programs to 77.4 per cent. Clearly, the dollars available for these other programs are shrinking. They are getting smaller and smaller because of the ever increasing burden of servicing that awesome debt.

Just last Saturday I held a policy committee meeting in my own riding of Don Valley East. It was chaired by Mrs. Lynn Brebner and Bill Mackness, the Vice President and chief economist of the Bank of Nova Scotia who was with us to lead the discussion. There were almost 70 people at that meeting and by the time we finished the hour of discussion and debate it was clear in the minds of those people just how serious the debt situation and the servicing of it is for our country. I only hope that type of discussion will take place with more and more people across the country so that they can understand the true magnitude of the problem.

The dollar has been declining for several years. There has been a lot of attention paid to that problem in the last couple of weeks. I would submit that one of the reasons for the decline, the underlying reason, can be summed up in one word, "confidence". The major investors of this world are not confident in the way this country has been run. They are not confident with the lack of fiscal accountability. The erosion of confidence started years ago. The National Energy Program was central to the problem of billions of dollars fleeing this country. The foreign investment review agency had a very negative effect on capital and even Canadians began investing abroad.

We are in the midst of a great economic performance. In the western world I suppose our numbers would rank highest of any. Yet in this up cycle we are toting up a deficit of something in the order of $34 billion this year. We should have a surplus this year, if the country had been run correctly for the last 10 years, to pay down the deficits of some tougher earlier years. We just cannot pursue Keynesian deficit expansion because it will inevitably drive up interest rates. There are many examples of countries which have tried that process such as Brazil, Argentina and Mexico. Clearly if wild and reckless spending was the solution, these countries would be enjoying a wonderful economic performance. Instead, their currencies have been debased and devaluated. Their standard of living has plummeted. They are basically insolvent. Mexico, of course, is in very dire straits because of the drop in oil prices and, unfortunately, it may not be able to service the colossal debt it has as a country.

There are many ways in which to tackle this tough problem, but let me name seven. First, we should take a closer look at grants to businesses and other agencies. We cannot keep pouring taxpayers dollars into as many schemes as we have in the past. Huge tax deferral processes have to be looked at more closely. We must downsize the size and cost of the Government, which has grown exponentially over the last decade. I was delighted to see the Government's initiative to have the Nielsen tax force review hundreds of programs of the Government. I know it will produce some savings and get at some of the waste which has been occurring. The major review of the Unemployment Insurance Commission under the leadership of Mr. Forget is an excellent example. Many Canadians feel there have been some abuses and waste in that area. We have started on the process of privatization of Crown corporations and we must move more quickly and on a broader basis to get companies which are not viable and not part of public policy back into the private sector so they can stop bleeding the treasury of the country. The new President of Canada Post, I understand, will be appointed shortly. We are haemorrhaging there. Yesterday we heard that $243 million must be poured into that organization. We also must examine in a co-operative way with the provinces transfer payments which are so costly to the overall treasury.

The equation is very simple. It is a combination of more taxes and less spending. I do not necessarily mean raising taxes, but with a healthier economy, with more confidence in it, businesses will do better and will pay more taxes, as will individuals, so the volume of taxes will rise. We cannot ignore the other part of the equation, and that is spending. Canadians expect us to be tougher in this area. It is not going to be easy. It is a massive communications job. As a matter of fact, according to a recent poll, Canadians highlighted that their first concern was unemployment, that their second concern was hunger in the world and that their third concern was the pursuit of peace. The deficit or the financial problem of the country ranked thirty-sixth, I believe it was. We can see the grave problem in terms of communicating to people what a tough and difficult situation we have ahead of us.

● (1825)

I have confidence that we as a Government will deal with it because to ignore it would be ignoring a tremendous albatross or burden, a burden which will be placed not only upon our children but upon our children's children if we do not turn around this massive, awesome problem.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is indeed a pleasure to hear questions in the House being put to the Government in a positive way, questions that give one something to think about and that are positive.

The Hon. Member for Don Valley-East (Mr. Attewell) has been talking about the budgetary measures taken by the United States. As you know, Mr. Speaker, both in Canada and