

Canada, which before the last election issued a statement on precisely this subject, called "Managing Adjustment". This government has ignored that statement.

I am hurrying because I realize I have to share my time, so let me just rapidly conclude.

My point in conclusion is that this government has not managed change. This government has resisted, has shuffled and has studied the problem to death over the last four years. It has squandered four valuable years of opportunity to re-position Canada to be ready for the new economy which we now face. That is the tragedy which this government has perpetuated and that is its legacy for Canadians.

Mr. Alex Kindy (Calgary Northeast): Mr. Speaker, it is interesting to listen to those debates on the economy because what we hear mostly is rhetoric and really no solutions.

If we look at Canada's present economic state, the national debt, provincial, federal and Crown corporations, it is now about \$660 billion. That amounts to 95 per cent of the gross domestic product. To put it in perspective, it is the same level of debt that Brazil and Venezuela have. When New Zealand reached 75 per cent of the gross domestic product as its debt, it was declared bankrupt. Recently, we have seen what is happening to Newfoundland in its budget, to Saskatchewan and to Ontario as well.

• (1345)

As we all know, only Ontario Hydro has a debt of \$34 billion. It is a bankrupt company.

What do we hear? What do we hear from the government side? We are told for instance, that our exports are up, that we have a surplus in exports, in goods, of \$9 billion for this year. What the government forgets to tell us is that in the current account which includes goods, services and financial transactions, there is a deficit of \$30 billion for this year.

This means that Canadians have to borrow \$30 billion outside of Canada. It cannot be borrowed from Canadians. It has to be borrowed from outside so our foreign debt now reaches the amount of \$300 billion. We owe that to foreigners.

What are the solutions? This is what I am trying to find out. The opposition parties and the government side,

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what do they propose to deal with this crisis? They talk about having more—

The Acting Speaker (Mr. DeBlois): In fairness, I have to give the floor to the previous speaker, the hon. member for Cape Breton Highlands—Canso.

Mr. LeBlanc (Cape Breton Highlands—Canso): I share the hon. member's deep concern with the state of the government deficits, provincial and federal. It is a very serious problem. It is a problem that is not going to go away. It is a problem that we are going to have to deal with and to manage as prudently as we can when we form the government.

I want to make one quick point. The best way to deal with the deficit is to create a growing economy, a growing productive, competitive economy. That is my point about adjustment. That is where the government has failed. It has failed. It has wasted four years. The economy has changed and this government has not enabled Canadians to change with that economy. That is what we need to do to have a strong economy to meet the debt obligations which have been incurred by this government. That is my point.

[*Translation*]

Mr. John Manley (Ottawa South): Mr. Speaker, I welcome the opportunity to speak in this debate on the economy and economic policies.

In the ten minutes I am allowed, I think I should go straight to the core of this debate. As was pointed out by the hon. member for Cape Breton Highlands—Canso, it isn't easy to deal with the serious problems of debt and deficit.

At this point, however, we must realize the problem is not exclusive to federal and provincial governments, Crown corporations and Ontario Hydro, which has a very large debt, as the hon. member for Calgary pointed out. It is a problem that concerns us all in this country. We must find ways to deal with debt-related problems and with a deficit that is increasing annually at all levels of government.

[*English*]

We have, I believe, reached the point in Canada where we can say without fear of overstatement that our finances are approaching crisis proportions. The level of our debt and deficit is reaching those of countries where the International Monetary Fund has taken action.