

from the concerns of real people. Those days are over. Recognition of the destructive impact of cumulative deficits has spread to circles that we could not have imagined in the mid-1980s. This is a real accomplishment of our government and is an advantage that we must build upon.

Public understanding alone is not a sufficient condition for solving the problem, but, as I have learned through experience, it is a necessary one. There are tough decisions ahead at every level of government. However, I am optimistic. Governments are now reflecting a strong consensus among Canadians that we must deal with the debt and deficit problem -- now.

Don Mazankowski's April budget, coming in the wake of a tough and wintry December economic statement, keeps us on that course despite a weak global economy. Not only have there been no new taxes or tax increases, but we have cut personal and corporate taxes to aid the recovery and competitiveness. More than \$30-billion worth of spending has been cut. Federal fiscal policy is headed in the right direction.

But Canada is not out of danger yet -- and we are not yet getting all our oars in the water together. Even when we do get our stroke together we have a long way yet to go. Our collective public-sector debt, at 88 per cent of GDP, is much too high. Canada's total foreign debt at more than \$300 billion makes us one of the world's biggest foreign debtor nations. Our national productivity performance did not keep up with other countries during the 1980s, and with the United States in particular.

These are warning signals -- more than that, they are danger signals, red alerts -- which we ignore at our great peril. It's wake-up time for Canadian business, labour and government. This is no time for gradualism. We must respond immediately, and we must do so with a combined plan for action by the federal and provincial governments.

If there is one objective that takes precedence over all the others, it has to be the improvement of Canadian productivity. We must make our economic engine more efficient -- we must get a higher ratio of output to input. Achieve that goal and much of the rest will follow.

Better productivity starts an upward spiral. Better productivity brings better profit margins, more cash for investment, higher real wages and a better standard of living.

As we become more productive we become more competitive. As we become more competitive we reduce our current account deficit and we generate a greater flow of revenue to pay down the overall deficit. Better productivity means better economic times.