with beaver pelts and fish, with logs and grain, with minerals, with oil and gas and with power generated by our rivers.

Times change. We are increasingly turning our raw natural resources into manufactured goods, everything from cars and snowmobiles to fish sticks and frozen french fries. It is a valued added, information based economy today and those who would tap into this new economy must have the know how and the skills to compete with countries all over the world.

Canada's old economy, labour intensive based on natural resources and basic manufacturing, is no longer able to pay for all the things we want as a country and is no longer providing the jobs we need.

The situation is not unique to Canada. The countries of the developed world are experiencing the most important economic shift since the industrial revolution, the shift to a knowledge based economy in which the brain power of our citizens is our most valuable natural resource.

Government can help to cultivate Canada's most important natural resource, to develop our country's intellectual infrastructure by helping young people get a quality education. Two direct ways to do this are to invest public funds in education, for example by distributing cash transfers through a voucher system, and the other by enabling Canadians to invest in their own education through an improved system of student loans.

For the first time in 40 years and only after the Reform Party brought up the idea, the Liberals are looking at the income contingent loan repayments as a realistic way to help finance post-secondary education.

Let us take a look at the proposals by the Minister of Human Resources Development. The Liberal social policy discussion paper points out that established program financing for education is currently frozen. This funding consists of $3.5 billion in tax points on $2.6 billion in cash. The government says the value of tax points will increase as the economy grows and because of this the cash transfer will taper off to zero in about 10 years if nothing is done. His discussion paper proposes an immediate elimination of the cash transfer and the implementation of a student loan system where repayment of the loans depends on income.

In question period some time ago the Minister of Human Resources Development said the growth and value of tax points represents an increase in education funding, but that is clearly not the case. The reality is the cost of education will probably grow at least as much as the value of the tax points and possibly quite a bit more. All other things being equal, the elimination of the cash portion of federal transfers would represent a funding reduction of over 40 per cent.

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The government has recently figured out that we have a debt problem. It is encouraging that the Liberals are finally coming around to the Reform's way of thinking on income contingent loan repayments. A lot of work needs to be done. The crushing debt burden on Canadians, in particular the burden to young Canadians, will force them into more difficulty in the future.

What have we done for our young people lately? There is nothing more important to the future of our country than our young people. This is something politicians say every time they go to a campus or a high school, or otherwise make a political pitch for the youth vote. I say it, the Liberals say it and members of the Bloc say it. Talk is cheap.

Let us consider for a moment what we have done for our young people lately. By creating the national debt we have robbed from the next generation, our young people, to pay for today's consumption. I have said this across the country as I have travelled on the social program reform review. We have loaded off a tremendous debt on to our young people.

The government has spent tax dollars our grandchildren have not even earned yet. We have done something else. Through high debt and high taxes government has aided and abetted the decline of the Canadian job market. One result is that too many young people with degrees are flipping hamburgers or working as bartenders.

The spendthrift ways of our government have also crowded out education funding, resulting in a decline in the quality of education and higher tuition fees. Recently the Minister of Human Resources Development proposed eliminating the cash transfers in support of education altogether. Just a few months ago we saw students protesting hikes in tuition fees on Parliament Hill. As I said, talk is cheap.

We must realistically address the basic problems of the student loan system. Just as if unemployment insurance payments were reduced nationally, the welfare roles would swell. As post-secondary education funding to the provinces dwindled, tuitions rose and students turned more and more to student loans. More and more of them default when they cannot find jobs after university.

By 1992 loan defaults reached unprecedented levels. Almost one-third of outstanding loans were in default. Only two-thirds of those who had reached the repayment stage had begun to pay. Since 1964 the value of defaulted student loans has reached nearly $1 billion. The true cost of the student loan system to the taxpayer is also unrepresented because the government charges only simple interest on defaulted loans.

There is another problem with the present system which works hardship on students. Under the present system students must begin repaying student loans eight months after graduation whether they have a job or not, whether they have a high paying