

I appreciate the fact that you have been able to attend this briefing on such short notice. I, my colleague, Monique Landry, and the officials present here today will do our best to provide the kind of information that will be of most use to you and to your governments.

We have invited you to come here because we, in the Government, regard this budget as a most important one for Canada's future. That future includes, along with our domestic well-being, our capacity to play the kind of role we wish to play internationally.

You already know that the Government is concerned by the growing size of the public debt and the exploding cost of paying interest on that debt. If we fail to get this problem under control, all Canadians will suffer -- through a weaker economy, higher interest rates, fewer jobs and the erosion of programs we all value.

Internationally, the deficit reduces our ability to contribute to world economic growth and stability, to the reduction of international economic imbalances, and to containing inflation. We have indicated to our international partners, most recently at the meeting of the Interim Committee of the IMF in Washington, our determination to deal with this important challenge.

You have heard the numbers describing our debt problem in Mr. Wilson's budget, but let me highlight some of the key indicators. When the present Government took power, we inherited a federal deficit that was huge, structural and growing.

As a result of twenty years of Government borrowing, our national debt now totals \$320 billion. As that debt has grown, so too has the cost of interest payments. Thirty-five cents of every tax dollar now goes to pay for interest on our debt.

Clearly this is not a road on which we wish to continue. Over time the debt burden would come to absorb an ever increasing portion of Government revenues, and further crowd out necessary Government programs.

Since coming to office, this Government has taken the mounting debt problem very seriously. We have brought program spending under tight control with considerable success. By last year, we had slowed the annual growth rate of the debt from twenty-four per cent to under ten per cent. The fiscal measures taken, along with constructive economic policies, have resulted in a stronger, more buoyant economy.