

• (1425)

[English]

THE ECONOMY

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, my question is for the Prime Minister.

While the House was recessed Statistics Canada announced the combined federal and provincial debt to be \$660 billion. That is 93 per cent of GDP or \$23,000 worth of debt for every man, woman and child in the country.

Will the Prime Minister today acknowledge—

Some hon. members: Oh, oh.

The Speaker: I know we have all missed the House and we are anxious to be back. I also know all hon. members would want to listen to the question by the hon. member for Calgary Southwest.

Mr. Manning: I make reference to the record level of debt. Will the Prime Minister today acknowledge that this debt level is unacceptable to the government and that extraordinary measures beyond those contained in the budget must now be considered to combat it?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, I would agree with the hon. member that we are not happy at all and we do not find having this big debt very easy.

We only formed the government six months ago, but when we have a problem like this one we have to be rational and make sure we are managing it in a way that would not cause a recession. That would compound the problem.

That is why we have a very balanced approach. Sometimes the opposition parties criticized us for some cuts and some would like to have more. However we know that if we go too deeply into debt we will compound the problem by having more unemployed people. When people are unemployed in Canada, being a civilized society we do not let them starve. We help them through these difficult periods.

This is why we think that our balanced approach is the best one. We made some very difficult cuts but at the same time we have kept our priority to ensure that new jobs are created in Canada. I hope the hon. member will recognize that in the last two months the economy created 114,000 new jobs. That is not too bad.

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, I find the Prime Minister's answer incredible. All members of the House had better recognize that the government is spending

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\$110 million more per day than it takes in. We are sleepwalking toward a fiscal crisis.

I have a question for the Prime Minister. Will the Prime Minister today acknowledge that this spending rate simply cannot continue and that the government will have to consider extraordinary measures not contained in the red book, the throne speech or the budget to bring this spending rate under control?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, we have cut quite substantially in the last budget. It was not easy to do. We have some problems to cope with and we think we have managed the situation quite reasonably.

We have a goal that is achievable: to reduce the deficit in relation to GDP to 3 per cent per year. This goal is very reasonable because 3 per cent of the GDP is the requirement for any country to qualify in Europe to use the new currency called the ECU. If it is good enough for all countries of Europe to have that goal, it should be good enough for Canada. I am saying that is a commitment in the red book and we will achieve that goal.

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, the countries that are part of the European Community are running debt to GDP ratios of about 60 per cent. This government is running a debt to GDP ratio of 93 per cent. We could not even get into that community.

I have a supplementary question. If the Prime Minister is not prepared to give convincing answers to this side of the House, surely he recognizes that he has to be convincing to investors and lenders of private sector job creation.

• (1430)

Will the Prime Minister today acknowledge that Canadians want a clear signal, not from the Minister of Finance and not from the Minister of Human Resources Development, but from the Prime Minister that he is personally prepared to consider extraordinary measures to control the overspending of his government?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, I have given my commitment to controlling spending. This is why we have had so many cuts for which we have been blamed by the opposition.

We have a program that we want to keep. We are not about to change suits every day. We will stick to the plans we have made. The markets know we have a very good Minister of Finance. He has my full support and full confidence. The Minister of Human Resources Development is a man of experience and quality. He is an excellent minister.

We have a good team and the markets should have confidence in this team.