

On behalf of my party I am prepared to say that we recognize that, indeed, the problem of the deficit which has been continuing over the years of this government is one that has to be addressed and understood by all Canadians.

There is a lot of misunderstanding about what the deficit and the debt mean and why they are what they are today. I would like to address some of those before I talk more directly about the bill that is before us.

I want to say that it is clear that Canada's problem with debt and deficit is one that has to be addressed, because in relative terms to other countries with which we compete in the Group of Seven, we are doing and have been doing rather badly.

For example, I will cite some of these numbers. They are not entirely up to date. In 1989 for example, the government deficit in Canada as a percentage of GDP was 4.9 per cent, including not just the federal government, but also the provincial governments.

Other than Italy at 10 per cent, that is worse than all other countries in the G-7.

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Similarly, our total government debt, federal and provincial again, as a percentage of GDP in 1989 had reached 71.6 per cent. That too, is higher than all other G-7 countries other than Italy which was at 97 per cent.

For example, France in that year when we were 71.6 per cent was at 47.3 per cent. The United Kingdom, 39.6 per cent; Germany, 42.7 per cent. In relative terms, I think it is clear that the deficit, as it has accumulated and built into a debt now of about \$400 billion at the federal level in Canada, is a problem that needs to be addressed by this government and by any government. It cannot be put aside, and it cannot be trivialized.

It is clear that our debt has to be financed out of either our savings domestically or out of attracting savings from other countries. This is contributing in part to the level of interest rates that we are having to pay. That is clearly acknowledged.

There are some things that I think have been misunderstood by Canadians. There is a popular fear and despair in Canada that if we do not pay off the debt, in some strange way we will not own Canada.

### *Government Orders*

I would like to go back to 1984 when the then Minister of Finance presented his statement in November 1984, soon after the election, when he talked about the borrowing being analogous to a family with its mortgage.

He expressed the view that many of us have taken on heavy debts with the expectation that our incomes would rise and that we would be able to accommodate the debt load as our incomes went up: mortgages, consumer loans and so on.

He talked about that, and I think that it is an appropriate analogy in this sense. The problem that we are experiencing in Canada as we watch the total debt faced by Canadian governments rising in relation to our income, measured for example by our Gross Domestic Product, is the problem that we have to be concerned about.

At the federal level as we approach about a 60 per cent ratio of the debt to the GDP, we have a problem. We have a much greater problem than we had in the early 1980s when we went into the 1981 recession when that ratio was in the order of 30 per cent.

As we went into a recession a little over a year ago, the resources were limited to deal with that recession in ways that they were not limited in 1982.

I take exception to the rather simplistic explanations of the development of the debt situation in the previous recession, at a time when our abilities to spend in order to resolve the issue of the recession, which was very acute at the time, were much greater. In other words, the resources that were turned to fighting the recession in 1982 were available to a country whose debt was only about 30 per cent of the federal level, 32 per cent of its Gross Domestic Product.

We went into the recession in 1990. We were experiencing a ratio at that time in the mid-fifties. The minister has said that he expects that ratio is finally going to turn down as we approach the next year. We can only hope that he is correct.

The record of his government in making such projections is rather dismal at best. I go back to his predecessor's statements in 1984 when he said that if the current policies, the ones that he inherited, continued that the debt by the end of the decade of the 1980s would be approaching \$400 billion.