13 per cent of our export earnings. That is why the dollar is under pressure and its value is down to 77 cents. That, in turn, is why we have the high interest rates which are choking off our economic recovery and putting Canadians in the kind of dilemma that the IMF described in its report, "Fiscal Policy in Major Industrial Countries", which was released this month.

The IMF pointed out the position of Canada in relation to the current value of national output. By far, the largest interest payments are those paid by Italy and Canada, equivalent respectively to about 9 per cent and 7 per cent of GDP. In the United States it is only 4.5 per cent to 5 per cent; the United Kingdom is the same. It is about 3 per cent in France and the Federal Republic of Germany. The IMF states that the presence of such large and intractable budgetary costs is a major obstacle to current efforts of most national authorities to reduce their fiscal deficits. The IMF says that Canada and the other industrial countries have an unwelcome set of options: one, to increase revenue sufficiently to cover the greatly expanded interest payments; two, to make equivalent downward adjustments in other types of public expenditure; or three, to permit the additional interest charges to be pyramided into faster growth of debt in the potentially vicious cycle of interaction between interest expenditure and indebtedness.

The third option is what this country has chosen for the 4.5 years of this regime and for the years from 1972-73 onward. The Government is permitting additional interest charges to pyramid into faster growth of debt in a vicious cycle of interaction between interest expenditure and indebtedness.

How do we know that? We know that simply by looking at the interest costs of the Government. Those interest costs this year will be over $20 billion—

The Acting Speaker (Mr. Guilbault): Order, please. The Chair regrets to interrupt the hon. gentleman but his time has expired. He may have more time in which to make his remarks during the ten-minute question and answer period which is provided. Any questions?

Mr. Crosbie: If there is consent, could I finish my remarks?

The Acting Speaker (Mr. Guilbault): Is there consent for the Hon. Member to terminate his remarks?

Some Hon. Members: Agreed.

Mr. Crosbie: Thank you, Mr. Speaker. This is a large subject and difficult to cover in 20 minutes. I will simply refer to the public debt charges. This year they will be $20.3 billion, which is 20.8 per cent of the spending of the federal Government on public debt charges alone. The Minister tells us that it will increase over the next three years to $24.7 billion in 1987-88, or 21.4 per cent of all government spending. Of course, that estimate is certainly far too low. If we have to spend 21 per cent of all revenue on interest, we cannot spend it on improving conditions for ordinary Canadians, we cannot spend it on improving social programs, and we cannot spend it on economic development. That is the dilemma in which this Government has now placed us.

In concluding, which unfortunately I must do quickly, what is the solution? I would like to speak for 20 minutes on the solution. The solution is the reversal of the economic approaches taken by the Government over the last 10 or 12 years in particular. We must overcome the deficit problem, which will certainly take, Mr. Speaker, four years or five years, I would think, by a variety of measures both on the revenue side and on the spending side. There must be tighter control of spending. There must be an increase of revenue. We must cease to intervene, as the Government has done, in the private side of the economy by welcoming foreign and domestic capital. FIRA, Mr. Speaker, should not be the Foreign Investment Review Agency. That implies that we do not want the foreign capital and do not need it, when today that is just what we need if we are going to have economic growth and more jobs. I suggest a change of name to the "Foreign Investment Reception Agency". Let us make it plain that we want to receive foreign investment, although there are certain areas where we may not want the foreign investment to go.

• (1130)

We must have privatization wherever possible; clarification of our own economic position, *vis-à-vis* the United States; a tremendous emphasis on export trade, and a restoration of confidence to Canadian investors. These are the people who are moving their money out and creating pressure on the dollar. Canadians who feel unwelcome to invest in their own country have been moving sums of capital out these last three years or four years in particular. We must make them feel welcome again, show them that we have a government which is going to operate on proper economic principles. Finally, Mr. Speaker, we must have federal-provincial co-operation and partnership, not the kind of cold war and civil war which we have had in the last number of years.

This is not just a Conservative position, Mr. Speaker. It is a position which is adopted by half the candidates in the present Liberal leadership campaign. Mr. John Turner, the likely winner of course, wants to cut the deficit by $15 billion by streamlining social programs, eliminating redundant services and running a more efficient bureaucracy. He has lacked specificity. No one can persuade this gentleman to give us more details on how he is going to do it, so specificity is not his long suit. However, his intentions are good. His policies are ours. He would bring in, Mr. Speaker, a budget with the same principles as the Crosbie Budget of December, 1979 which this Government now regrets ever having interfered with because that was the start of the movement towards the pitiful economic position in which we now find ourselves.

An increase of 1 per cent in interest rates adds $885 million to the government debt charges. That is how important the interest rate increases are to our own Government.

I thank the House for allowing me several extra minutes, and in conclusion I say that we in this Party are of the opinion that the Government can manage the economy in a way which will allow us to have lower interest rates, that we can have greater independence in interest rate policy. We decry the