

start, first of all, to hold steady at 34 per cent, which it is right now, and then gradually decline. If we can do that, then perhaps we will have made some progress in bringing our national finances into some form of balance.

I would like to say a brief word about what has been happening recently in respect of our economy, because there have been hopeful signs. There have been signs that make us think we may be getting somewhere. Whether the government is to get all of the credit for it or not is a question I do not ask because, as I said before in this chamber, there are more factors than government at work and I am the first to admit it. However, I am saying to you that we were told last November, when we first heard from Mr. Wilson, and when he was cutting expenses quite drastically, that that measure would result in a loss of employment in the country. Perhaps that is what was thought; I do not know, but I know that the number of jobs went up. I also know that this spring, during the months of April and May, the number of jobs went up and they went up the highest amount in those two months than at any time within the last 12 years. If you take a look at the figures on employment for youth or employment for women or for any category of the population that we are particularly concerned about, some significant strides have been made. In fact, the total unemployment figure has improved considerably. It has gone down, roughly speaking, from 11 per cent to 10 per cent, which is 10 per cent of the grand total. This is a decided improvement. It is an improvement of several hundred thousand jobs that have been developed in the country during that time.

With respect to interest rates, we do not control them but we have something to say about them. The Bank of Canada is not entirely helpless on interest rates, although I will admit the dominant influence of the United States. We can look at an inflation rate that is holding steady; we can look at interest rates that are down three whole points within the last few months, which certainly must be a help to our economy, whatever the source of that decline. I claim no particular credit for all of it. Perhaps a little credit is due to the Bank of Canada.

When you look at the economic factors and when you look at the growth and you look at the unemployment situation, most of all you look at what the economic players, as I call them, are thinking as they look at the scene. It seems to me they are looking at a scene where they think there will be some improvement. I think there is a little more hope out there than there was before, and if there is a little more hope out there, then I am inclined to think that these estimates that tell us that more money will be spent in investment, in capital goods or in any other way in which money can be put to work, might lead one to believe that we may be able to make more progress than was previously thought possible.

Let me sum up; I have spoken too long. My needs are very simple. I just want to get that interest rate down as a proportion of the dollar we take from our taxpayers. It must be done if we are to free up the public resources so that the people can use them. That is the very fundamental point. That means you

must take a stand on the deficit and it means you must take a stand on the whole fiscal program for which the government is responsible. That is what we have tried to do.

Have we done it right? Of course we have not done it perfectly right, and we have had to say so today. We had to say that, with respect to unemployment and with respect to the indexing of old age pensions, the policy proposed is not one that the people of Canada are willing to support. I think it only makes sense that, when you get yourself into a situation like that, you simply face the music and say, "If that is the case, then we will change it." Therefore we have changed it, and a lot of people will be critical of us; a lot of people will be happy. I only hope that we have done the right thing, and I believe we have. If there are areas where further consideration indicates—at least to me—that we ought to do something differently from the way we intended to do things and that we must make a change, I will be no more ashamed of it, and I will be no more reluctant to do it than my honourable friend was when he had to make changes.

As I say, *ad personam* arguments are out of this thing. We are all in it together. Criticism is fair. I liked my honourable friend's speech tonight. It was an eloquent, able, well prepared presentation. I salute it; I think that the logic behind it is faulty, from my point of view, but I am quite willing and prepared to agree that there should be a reasonable opportunity in the house to debate the economic issues of the country. I believe that, over time, the policies that are being espoused in the present budget will, on the whole, prove themselves to be worth pursuing and, on the whole, will lead to the economic growth and development of our country and, on the whole, give us the funds we need to improve the services that we give our citizens. And if that can be said of any budget, then I believe it will have served its purpose.

● (2300)

**Hon. Philippe Deane Gigantès:** Honourable senators, I listened with interest to the Leader of the Government, and I do not believe he has answered some of the questions raised by the leader of the majority in this house. He has not addressed the fact that the kind of policy he has been advocating, and that his government is advocating, has been tried in Britain and has failed signally. Cost-cutting and obsession with the deficit in Britain has produced an increase in unemployment, an increase in misery, a retreat in civility, and a destruction of the social peace.

There are other examples. The United States has shown much less concern with the deficit under President Reagan than the Mulroney government is showing, and certainly a lot less than Mrs. Thatcher.

Mr. Reagan talks like a "supply-sider," he talks like Milton Friedman, but acts like Mr. Keynes. He has gone in for stimulating the economy through public works, and to hell with the deficit.

Of course, he has planted missiles instead of trees—but it is the same thing in economic terms. In any case, Mr. Reagan