

committee which is made up of Canadian experts in fiscal and macroeconomic matters.

Well, Mr. Speaker, it is in this context that last July, just before leaving for the Summer recess, we acted to impose 6 and 5 per cent ceilings on civil servants' salaries for the next two years. That is why, as members of the House, we have agreed that our own salaries be not only frozen but cut to show the way to Civil Service employees who are well protected and enjoy benefits unknown to workers in the private sector. We had to be in the forefront. Public servants would not have accepted to be the only ones to bear the brunt and without our own involvement the 5 and 6 program would certainly have failed. In the public sector, there are two ways to fight inflation and other economic woes, one is, monetary restraints and the other tax increases. We are aware that monetary restraints have been in place for several years in Canada, and are most unpopular, although they have succeeded in bringing inflation under control, but the money supply controlled by the Bank of Canada is only one—albeit essential—lever of the government.

My objection is that for too long people seemed to believe that this was the only lever open to control our economy, while there are also monetary or fiscal policies. Fiscal policies have played a major part for quite a long time and the results are not very brilliant, in view of the rising deficit. People are saying that perhaps we are not collecting enough money, but we are currently caught in a strait-jacket and the situation is specially unacceptable. It will cost a lot of money to pay for programs to help needy Canadians who up to now had helped fill up the public coffers with their taxes; but who can no longer afford to pay taxes, and it is in this respect that we are in a straitjacket. Therefore, it is not so much our expenditures other than social expenses to help needy Canadians which are increasing, but rather our revenues that are shrinking because these people are no longer able to pay income tax.

That is why we have to come to the House once more for a few billion dollars. Obviously many will object to it, on the basis of political or economic reasons in an attempt to correct and change a few programs. I feel that a politician's duty is often a difficult one. A good politician can be compared to a good car racer. Anybody can press on the accelerator but he who wins the race is the one who knows when to apply the brakes, who knows that under this government, abundance is no longer the key word and that we shall never have as many investments as we had before. What we must ensure and what the Canadian people are entitled to demand are quality investments. This is the important thing. This is what we must be looking for and what must be emphasized—the quality of investments. Therefore, upon consideration of what the Minister of Finance did yesterday and what he intends to do in the coming months, we realize that quality is here. He could easily have spent four or five billion dollars, but this would have been sheer madness.

#### *Supplementary Borrowing Authority*

In this context, Mr. Speaker, I think we have developed a healthy economic policy that will be hard to criticize, even for Hon. Members opposite. They will say it is not good enough, or that it comes too late. But no one can say that it is wrong, and this is what really counts. They are a bit upset because they would like to score political points, since it is their job here to find fault with everything. But precisely, in this spirit of support and co-operation which I hope will be thriving in this House, I think we should overcome this tendency, and together attempt to find solutions.

Mr. Speaker, it is obvious that we have no reason to rejoice these days, but here and there, a few comforting lights appear at the end of the tunnel. Mention should be made that since last August, interest rates have decreased 4 or 5 points. It is a significant sign of recovery which means much lower payments for many investors, therefore giving more money, more cash flow to the people. Interest rates should keep on going down. If we look at the inflation rate, we see that it is not going down as fast as it is in the United States, but it is going down nevertheless. This has an important psychological impact on people. And we cannot help but noticing what is happening in the Stock Exchange; things were not looking too good yesterday and the day before, but the Dow Jones indicator has passed the 1,000 level in the United States, and in Toronto and Montreal, the volume of sales is incredibly high. A lot of people are making a lot of money because confidence is coming back. People are now investing in businesses. That is just what we want. Canadians must change their attitude of playing it safe, their attitude of small time investors who put their savings in a nest egg or in a bank account and leave it there forever.

If we want to lower interest rates, and if people want a good return on their money, we must encourage Canadians to invest and to have faith in this country. And in fact, in my view, that is exactly what we are doing now. Given the extent and the duration of the unemployment situation, one should not stir false hopes. The problem is too serious, it will stay with us for a while. And it is precisely for the people concerned that the minister has made an economic statement yesterday, whether you choose to call it a budget or not. In fact, it is an economic statement because the real budget will come in February or March. So, Mr. Speaker, let me say this in conclusion: as long as our labour costs remain high, and our productivity is low, we will have no other choice but to innovate. American unions have understood the important role they play in the economic structure of the United States. The crisis has made them wiser, more responsible. In Canada, it seems to me that the public is entitled to a similar readjustment, a new form of co-operation. This, Mr. Speaker, will not solve all our problems. But I do want to say in conclusion that we are in the process of solving them, and the signs of improvement are quite obvious.