should practise this constructive internationalism rather than remain satisfied with costly and short run palliatives for our oil industry. They should get out and play a leading role in trying to shape events which will ultimately, in turn, shape our destiny.

I hope the Minister of Finance will continue his journey of self-discovery after his discovery of the international economy; I wish he would continue to search to see how he can influence the trends of the international economy. In addition to that discovery, the minister seems to have also undergone an interesting and intellectual metamorphosis. In his last budget he said:

> The mounting burden of public debt continues to threaten our future. It is growing faster than our ability to pay. It must be controlled.

And in his budget speech of May 1985 he was also expounding the virtues of private enterprise. He said:

> This is a budget to encourage private initiative... Government is not only too big, it also reaches too far into almost every corner of the economy.

In February of this year, Mr. Wilson was still hanging on to the single-minded belief that deficit reduction was the key to growth and the cornerstone of sound economic management. But, in September, he shifted his ground dramatically when he said:

> Further deficit reduction is imperative, but economic renewal will not be won by deficit reduction alone.

One wonders if that is not a sentence written by Mr. Dalton Camp, who has—

An Hon. Senator: Author!

Senator MacEachen: —probably superseded Mr. Hartt as the chief economic adviser of the government. So, Mr. Wilson does not now consider it appropriate to increase taxes or reduce spending to maintain the planned reduction in the deficit—a reduction not defined by the opposition but defined by the government in repeated statements as the most urgent and necessary step in achieving economic growth.

Senator Perrault: Top priority.

Senator MacEachen: Now the ground has shifted. Is it because the Prime Minister has discovered that political necessity is the dominant factor in his thinking and that economic prudence, so ably espoused two years ago by his lieutenant in the Senate, should be superseded? We all know that deficit reduction is now taking a back seat. It is certainly not in the driver's seat.

An Hon. Senator: Hear, hear!

Senator Perrault: The butler is in the driver's seat.

Senator MacEachen: Belatedly, Mr. Wilson is discovering that reducing the deficit, having less government and more private initiative is not good enough, although each in itself may be a worthy goal. If dramatic regional disparities are to be alleviated, Mr. Wilson will need more government rather than less government; more public expenditure, where it is needed, rather than less government expenditure. The Prime Minister has learned this fact. He knows what it costs to put a penitentiary in a remote riding in the province of Quebec.

Senator Austin: No, he doesn't.

Senator Bonnell: He will find that out in two years' time.

Senator MacEachen: More money. More and more people in the Atlantic provinces are saying, "Well, what is good for Manicouagan would be good for the Atlantic provinces."

An Hon. Senator: Hear, hear!

Senator MacEachen: The market mechanism, however indispensable, will not achieve some of our goals because they are not trade and financial goals; we have social and cultural goals reflecting profound moral values. That is the reality of Canadian financial policy and Canadian financial management.

Mr. Wilson is growing wiser too late. Two years have been lost as regional disparities have become more severe—certainly in the Atlantic provinces of Canada.

Mr. Wilson may be growing wiser—and probably his mind is getting broader with passing international and domestic events—but let me tell you, honourable senators, his room for manoeuvre is growing inexorably narrower. Our economic prospects remain reasonably good for the balance of the year and next year, but we cannot expect to continue to have the rate of growth we have had in 1984 and 1985. Growth is not going to be better than it was in those two years. International demand is going to be softer, or it may be softer. We know that our tax burden has increased impressively under this government. Disposable income is reported to have declined at an annual rate of 2 per cent in April and in May against a rise of 3 per cent in the previous quarter.

● (1450)

The scope for reducing government expenditure may still be large in those cuts hidden away in the Nielsen Task Force Report, but, as we know, the easy cuts have been made.

Mr. Wilson failed to meet his own goals for deficit reduction in the more favourable conditions of 1984 and 1985 and at a time when the government enjoyed impressive support from the Canadian people. In two years this has been dissipated. The budget performance has fallen behind the standards which Mr. Wilson set for himself.

Perhaps the Minister of Finance or the Leader of the Government in the Senate will tell us where the government is going from here. Will Mr. Wilson raise taxes again at the risk of depressing consumer demand? Will he fall behind even more in his own fight against the deficit? Will he keep blurring the issue by constantly alluding to tax reform American style without giving us the specifics of the reform so as to permit a serious and public consideration of the effects of any such tax reform?

I must say that having pored over this product, written so laboriously and carefully by my distinguished colleague across the floor, I find no insight in the speech into these vital issues. Perhaps Senator Murray himself should keep good note of his