

we consider the economic state of the finances of the country and the needs of our people?

No one can contradict that argument. I defy anyone to contradict that argument.

All right. What do you do about it? You tax. That's right. You alter your services; you reduce your services. That's right. You call for sacrifices. That's right.

All of those things are in this budget. But in moderation. Nothing to excess. There is moderation in this budget in terms of its tax implications and in terms of the other factors that it affects. There is moderation in this budget. It could be a lot different. How different?

Well, the Leader of the Opposition, during the election campaign, said something about reducing the deficit by \$9 billion. That is certainly not being done in this budget. But \$9 billion was the target that he set for himself.

Well, I notice we have not heard very much from him recently as to how that would be achieved. But that is what he set for himself—a reduction of \$9 billion.

We are more modest. We have not reduced our deficit by that amount—and we do not think we should. And the reason is clear. Because you want to be sure that those adverse effects of government economy and of higher taxes are not so excessive that they interfere with the economic growth of the country. I do not think that that has happened as a result of this budget, and I intend to give some information as to why I think that that is the case.

Let me deal with the second question that worries me about the deficit. If I follow the logic of my honourable friend, he is telling us that while he has some concern about deficits—which he is not, apparently, willing to quantify in any way—while he has a concern about deficits, what he is really saying to us is that we need more of the same.

What is the alternative to the policy the government has adopted of reducing the deficit? Why, to let it go up.

The alternative is to let it go up. And what would that do for us? It would help the unemployment situation. That was the logic of his argument. The logic of his argument was to go back to the policy that we had in which deficits were regarded as certainly not the principal concern of a Minister of Finance, or even a very important one, I suppose, because deficits will go up and the unemployment will go down at the same time.

● (2250)

Is that the experience of what happened? Is that what actually took place in the last ten years, when we have seen this increase in the deficit? Did the unemployment go down while the deficit was going up? No, it did not. It also went up, so we had the effect of a higher deficit and higher unemployment at the same time.

**Senator Walker:** And higher inflation.

**Senator Roblin:** Somebody says “and higher inflation.” I am not altogether sure that I agree with all of that.

One must be very careful, because I do not think that there is a person in this whole wide world who really knows, in a

[Senator Roblin.]

positive, emphatic sense, what we ought to do in our difficulties. We must agree that there are different ways of looking at this thing, and I am not so dogmatic as to say that only my friends and I know what the right answers are, because I think that they are struggling with this problem, the same as my honourable friend would be if he were in my position this evening, or even in the other place. Let's be frank about that. Let's indicate that, in some parts of the world, we have seen the problems of the deficits and unemployment operating in one way, and in some other parts of the world in another. We know our own experience, and that is all we have any control over. Here we see that rising deficits have not meant lower unemployment. They have meant unemployment, in fact, moving up with the deficit.

It might be argued that there are so many other factors in this mix that it is difficult to nail it down the way some of us would like to do. You must relate what is going on with the deficit and what is going on with unemployment with the economic trends throughout the world. That is a fact, and I would not be so foolish as to deny it, or so foolish as to deny that our economic situation in this country is gravely affected by the international situation; not just in the United States but everywhere. These are facts of life.

Therefore I do not come to this chamber saying that the budget of my honourable friend, the Minister of Finance, or my views on finance, represent the last word, or that we know it all, or that the solution is there. What I put to you is very simply this: We have tried the increasing deficit route; we have tried it and it has not produced what we hoped it would produce in the form of lower unemployment. It has not produced it at all. So our alternative, logically, is to carry on with what we were doing, which does not seem to be getting us anywhere, or to try something new, which is a very modest something new, let me tell you, because we are not crushing this deficit by a reduction of \$9 billion, as was advertised by the Leader of the Liberal Party. We are much more cautious than that.

What we are trying to do is, first of all, stabilize the deficit; to bring it to a halt; to check it so that that interest cost to which I referred will gradually come under control. Then, if we can, to reduce it as the economy permits us to do so. I think that is a very important thing, to get hold of our deficit and get hold of our interest costs. I am a simple man. I do not understand many of the complicated arguments I just listened to, and I am frank to say so. Perhaps I will be criticized because I do not understand them well enough, but I am a simple man and I know if I do not get control over that interest charge that this country must pay, then the services I want to give the people will not be available; they will not be paid for; the money will not be there.

Therefore, if you take any kind of a long-range view on this thing, you must say: Get a hold on that interest cost, so that it becomes less of a proportionate burden. I do not think it will ever come down in terms of dollars, but in terms of percentage and proportion and ratio of the cost per dollar of tax money we take from our people, the burden of interest payments will