

restraint, we have been able to put more money into some important social program areas—veterans, the disabled, spouses allowance—and we have been able, notwithstanding that restraint, to respond to crises in energy, agriculture and elsewhere.

I say that speaks of good management on the part of the government. Naturally, the political leadership of the country would like to receive some credit for it, and I think we will get it, but I want to pay a word of tribute to the Public Service, which has responded to the government leadership in this respect. It has accepted the need for restraint and the need for careful management of our dollars and it deserves a measure of commendation for the results that we are receiving in this respect.

[Translation]

And for the first time in eight years, the bank rate, the inflation rate and the unemployment rate are below 10 per cent. Nearly 600,000 jobs were created since November 1984.

The OECD predicts that Canada will have the highest employment growth rate of all large industrialized countries. The prime rate of the chartered banks is the lowest it has been in eight years. Inflation has remained at 4 per cent for two years, and prices have never been as stable since 1971.

The value of construction permits, the number of housing starts, the value of new manufacturing orders, and retail sales have all increased substantially in recent months.

[English]

Two years into our mandate, what do we have to show for the policies first announced by Mr. Wilson in November 1984, and carried forward since then? As I have mentioned, the Senate and the House of Commons abolished the Foreign Investment Review Agency and established Investment Canada to encourage domestic and foreign investment in this country. We dismantled the most objectionable and confiscatory and narrowly nationalistic aspects of the National Energy Program.

What is the result? I have in front of me an article which appeared in the *Toronto Star*, of all places, on September 9, headed: "Tories lauded for sharp rise in foreign investment." It states:

Government figures show international investors poured \$4.7 billion into Canada in the first six months of this year, close to the full twelve-month total of \$5.5 billion in 1985 and almost double the \$2.6 billion figure of 1984.

Industry observers say Ottawa's well-orchestrated attempt to lay out the welcome mat to the world's investors has sparked the sharp influx of capital from abroad. They also believe the flow could rise as the country's reputation as a safe haven for foreign funds grows.

"Many investors are just now accepting the fact that there is a lasting change in attitude on the part of the government in this country," Fraser Mason, head of mergers and acquisitions for Woods Gordon Management Consultants, said in an interview.

[Senator Murray.]

The article goes on to state:

Alan Crosby, Senior vice-president of Merrill Lynch Royal Securities Ltd., said that while much of the new investment is coming from the traditional areas in the United States, there is also growing interest in Europe and Asia.

The OECD, to which I referred a moment ago, says that our competitive position has improved considerably *vis-à-vis* the United States. Our overall competitive position has gone from eleventh to sixth place in two years.

The Conference Board of Canada says that consumer confidence is at its highest level in 21 years, and the second highest level on record. Last year, real gross domestic product grew at a pace second only to that of Japan and considerably stronger than that of the United States. I say simply that that is strong evidence of economic renewal, it is evidence of confidence in economic management, confidence in our economy and it points to further growth.

● (1550)

Honourable senators, I concede that the government pays a price in terms of its short-term popularity, for example, when it introduces restraint on spending. But people are beginning to see—and the polls are reflecting this—how restraint produces deficit reduction; how deficit reduction improves confidence in our economic management; and how confidence in our economic management spurs growth in the economy. We pay a political price from the side issues—some of which were alluded to by Senator MacEachen this afternoon—that affect and afflict every government and the media circus that accompanies those side issues. And so the opposition and some of the media are trying to manufacture a credibility issue. Members on the other side want to manufacture a credibility issue because the credibility issue is what sank them a couple of years ago. I must say that they are not doing much to improve their own credibility these days, rushing off with their own program to increase prosperity in the publishing industry. The new watchword in the Liberal Party is: If you can't say something good about somebody, write a book. We have Jean Chrétien's book and Don Johnston's book—

An Hon. Senator: Eugene Whelan.

Senator Murray: Eugene Whelan's book, Senator Davey's book, which is coming out.

An Hon. Senator: All overpriced!

Senator Perrault: At least they are literate.

An Hon. Senator: Dalton Camp.

Senator Murray: Somebody recently made a gift to me of a book called *Lily*, which is the second volume of what is apparently going to be a trilogy by Heather Robertson, based to a great extent on the life, times, work and diaries of Mackenzie King.

Senator Denis: It is only three out of twenty-two million.

Senator Murray: It is basically a novel, but, because it is based on Mackenzie King's life, works and writings, it is quite interesting. It is about half truth and half fiction.