

The theme was called "Economic Renewal" in the 1984 Speech from the Throne. We now have evidence of continuity inasmuch as the latest edition of that Speech makes use of the same expression. But does it still carry the same meaning, and does it carry any hope whatsoever for further and substantial reductions in the unemployment rate? The Speech from the Throne tells us nothing on that point.

The government made it clear in 1984 that the Canadian economy would ride to prosperity on two rails—deficit reduction and improved market and investment environments where the private sector would flourish. In brief, less government and more private initiative. The 1984 Speech said:

That we must deal urgently with the deficit is beyond dispute.

The 1985 budget speech stated:

This budget addresses the vicious circle of unemployment and debt . . . our debt is spiralling out of sight. If we do not show the resolve to deal with this problem the result will be paralysis of the Government of Canada.

The distinguished Leader of the Government in the Senate picked up the same theme two years ago when he participated in the debate on the Speech from the Throne. At that time he said:

Virtually every serious analysis that has been made of our economic problems in recent years has emphasized that the road to recovery must begin with an attack on the deficit.

He went on to recall the magnitude of the deficit in 1982-83, stating it was due to a failure of policy, a failure of will, a failure of follow through and a failure of performance.

Senator Murray conveniently forgot, however, the most important fact; he should have drawn to the attention of his colleagues in the Senate the fact that Canada at that time was in the throes of the worst world-wide recession experienced since before the Second World War. We are pleased and thank God that economic conditions improved in 1984 and 1985 and that the world economy has improved and Canada has benefited from that improvement in the economic performance all over the world. So it was that the Minister of Finance, in his budget speech in February of this year, could say:

We have made tremendous progress together in the past 18 months. Growth has been strong, jobs are being created in record numbers, the deficit is coming down.

Last week's Speech from the Throne echoes the same views, but what it ignores is what has gone wrong! The deficit is not coming down as the Minister of Finance said it would. The magic target of \$30 billion will not be met. We are not quite "turning the deficit corner," as the Minister of Finance was proudly announcing in his last budget. The Minister of Finance has had to acknowledge a reality which he conveniently ignored while in opposition—the impact of world economic trends on the Canadian economy.

Mr. Wilson recently explained this before the Canadian Club in Toronto when he said:

[Senator MacEachen.]

As a result of lower oil prices and somewhat lower economic growth than previously foreseen, revenues this year will be \$2.5 billion lower than expected.

He said there would be \$2.5 billion less because of slower economic growth and declining oil prices.

We know that Canada's main trading partners have had a slow-down in growth in the first half of 1986. World oil prices have undergone a precipitous drop, and grain prices have known an equally severe decline. The Minister of Finance, and now, we hope, the government, are discovering the international economy. They convinced themselves in 1981 and 1982 that the recession in Canada was made in Canada. There is still a hang-over of that illusion in their proud boast that our economic recovery is solely attributable to their own good work. In fact, our recovery is geared to economic conditions in the United States and other major economic partners. Is it only when the winds are chilly that they come from abroad?

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What the Minister of Finance should not do is whine over the fact that government revenues are affected by external forces, but he should see how Canada can participate effectively in the shaping of these forces. If ever there was a need for "constructive internationalism," to pick up the phrase used in the Speech from the Throne, that need is here now. What is the Canadian government doing to ensure that oil prices will remain stable at a level in keeping with our producing and consuming interests? Is it doing anything? Did the government understand the lesson of the 1970s when the failure of international economic co-operation enabled OPEC to disrupt the world by two dramatic oil price increases? Is the government now failing to understand that the equally dramatic fall in oil prices is designed to restore OPEC market share and, ultimately, its worldwide power? Is the government aware that low oil prices will reduce exploration outside OPEC to a point where sometime early in the 1990s—and some say before—the supply will not meet rising demand and conditions may be right for a new and disruptive surge of oil prices?

The government does not seem to understand, or clearly appreciate, that in the field of energy Canada is a microcosm of the world. The short-term benefit of low prices to the consumers pushes our producers to the brink of disaster; in a few years' time the benefit of higher prices will put the consumers in a situation which we all know too well. I regard that as the leading entry in a discussion of the oil price situation, and I say to honourable senators: If the leading industrialized countries—a select club to which the government is so proud to belong—are able to co-operate to influence the price of the American dollar, why is it that the Government of Canada is unable to rise to the no less important challenge of bringing a modicum of order to the price of energy in which we and many developing countries—exporters and importers alike—have such great stakes?

The government should dig into some recent history and see how Canada was at the forefront in the creation of the International Energy Agency and of the North-South dialogue, heavily engaging OPEC interests in the 1970s. They