

We have heard much about the fact that the new Government is one that wants to restore confidence in the country. It is going about it in a very interesting fashion. First, it is doing so by breaking all the promises it made during the election campaign, so that hundreds of thousands of Canadians who expected those tens of thousands of jobs to come tumbling out of the system on September 5 are now finding that the reverse is taking place.

**Mr. Stevens:** No.

**Mr. Axworthy:** Instead of tens of thousands of new jobs, the Government is cutting a minimum of 50,000 to 60,000 jobs as a result of its economic statement. Moreover, that is only what we can count at the present time.

**Mr. Stevens:** Jobs went up last month.

**Mr. Fennell:** They will keep going up.

**Mr. Axworthy:** Let me comment on that for a minute. The Hon. Minister of Regional Industrial Expansion stated that the Liberal Government was at fault in all the previous problems, but he gives us no credit for the fact that the interest rates have gone down because the inflation rate has gone down. Therefore, I suggest to the Hon. Minister that he should be consistent once in a while in his economic statements. I know that he is suffering after having been dethroned from his title of the great slasher of the Conservative Party by Mack the Knife over there. He is trying to regain his reputation, but I will tell him that compared with the Minister of Finance (Mr. Wilson), the Minister of Industrial Economic Expansion is a piker. Compared with what the Minister of Finance is able to do, he does not even know how to go about slashing.

More important, we now have the opportunity to analyse clearly what the economic blueprint for this country will be. It is those expectations of growth and development with which we must really come to grips.

First, there is the question of the deficit. The Government believes it has been endowed with almost magical powers to cut the deficit. It believes that by cutting the deficit, all else will fall by the wayside and Canadians will be walking the streets of this country whistling and dancing because the deficit is being cut. I have not noticed too many people walking around whistling and dancing full of new confidence because of the Government's actions. In fact, it is quite the opposite. There are people in the villages, towns and cities of this country who are hurting deeply because of that cut. They are losing their employment and their opportunity for an economic future. They are losing an opportunity to develop their country as a result of the mindless slashing of programs without any consideration having been given to whether those programs have any importance in terms of economic growth.

The Government is not applying any industrial or sectoral strategy. It is simply implementing the same policies across the board. That is the situation which Canadians are facing.

Why is the deficit such an obsession with Members opposite and to our side? They say that it will stir new capital invest-

ment and revitalize the capital markets. We are well aware that the problem in Canada is not the shortage of capital but where that capital is being used. Almost 14 per cent of our disposable income is in private savings, yet, when one examines the economic statement, it contains absolutely nothing to stimulate the use of those savings for productive purposes. There is nothing in that statement to suggest how we could release that capital. Government borrowing is not pressing against the private capital market because that is not part of the economic system in Canada. Our problem is that the capital is not being allocated into useful, productive, industrial purposes. Yet there is nothing in the statement to provide for that.

The only tax measures that the Minister of Finance brought in were those which our Government introduced. He is simply picking up on those tax measures. The only valuable and constructive tax initiatives are those which were introduced last spring. Nothing else has been designed for the small business person in order to bring forward new capital, except for those measures which we introduced in our last budget.

The Government also states that the deficit will have an impact on interest rates. I suggest that that is simply wool-gathering. I believe that any honest economic analyst in this country would recognize that our interest rates are very much conditioned by what takes place in the money markets in the United States.

There are some intelligent economists in the Tory caucus who were newly elected. They should tell their new Cabinet that it is the money markets in the United States which dictate our interest rates to a large degree. When the Prime Minister takes hollow credit for the fact that he is bringing down interest rates, he need only read the newspapers or financial papers to discover that interest rates are simply tracking the American money market as they have for a number of years. Why does the Government have this obsession? While it is cutting the deficit, it is not providing any strategy or blueprint to stimulate growth. It is only concerned with reduction. While we have always known that the Minister of Industrial Regional Expansion has a lot of nerve, we did not know that he was so full of bluff that he was prepared to tell the House that he is a believer in regional distribution. That has to be the greatest joke by far in this session.

The Government in its economic statement has introduced initiatives that add substantially higher costs to small business right across the country. There are close to \$700 million in hidden taxes in that economic statement.

Who will be affected by the higher cost of transportation? It is people in the regions, the Atlantic, the North and the West, who must ship their goods and exports farther distances than those in other parts of Canada. Yet the price of gasoline is going up. The price of air cargo traffic is going up. The Government has added an additional tax to the business community in the outer regions of Canada where they can least afford it. That is an example of the Government's economic strategy.