

Senator MacEachen: His real punch here is that this is still insufficient, that it does not go far enough. The budget is now the test and he has to perform again. I do not know whether Mr. Frazee expects Mr. Wilson to apply to Canada in proportionate terms the Gramm-Rudman provisions of the United States. People are watching and saying, "Well, if Canada does as well proportionately in deficit reduction as the United States is required to do under its law, then we may have some restoration of confidence." Mr. Frazee said that the deficit has to decrease by between \$5 billion and \$7 billion over the next two or three years. That is strong medicine. It is easy for the Chairman and Chief Executive Officer of the Royal Bank of Canada to say \$5 billion to \$7 billion in two or three years. But is that enough? That is the question. Will that be enough to satisfy those members of the market who have such influence on our interest rates and our exchange rates, who are not always right and who can be wrong? Mr. Frazee says—and I find this very interesting—

The hard truth is that in our current fiscal situation, the vast network of social and economic programs that we have grown so used to, so comfortable with, are cumulatively unaffordable at current levels.

● (1600)

In other words, the hard truth is that our vast network of social and economic programs is unaffordable. We traversed that terrain following the last budget, and we know how unacceptable it is to the Canadian people to interfere with what is "unaffordable" in the mind of Mr. Frazee. However, he then goes on to say that reductions can be achieved without eliminating social programs or driving the country into recession. Honourable senators, that is true; you can make huge savings by not eliminating, but by remodelling social programs. That was attempted, and we are resisting a part of that remodelling to be found in the Family Allowance Bill. The government turned back from its efforts to "remodel" the Old Age Security program.

I just want to add one other point from Mr. Frazee's comments, which are very interesting and authoritative. He says the following:

There are three basic messages business should be broadcasting:

1. The deficit and the debt are the most serious economic problems Canada faces, by far;

One could add in parenthesis, as it were, a question: "Why is it that despite the huge swollen deficit of the United States, which has been added to by even the present deficit-cutting President, prosperity is existing and growth is pretty strong in that country? Why is it that in Canada we have our third year of growth, despite this large deficit?" I find that that question has not been addressed by Mr. Frazee, and I think it is an important question.

Mr. Frazee's second message is that major spending cuts are needed and needed urgently and, finally—and this is the hardest point—that business must make specific suggestions as to what should be cut, with a clear willingness to pay its share.

I point out to honourable senators that there are no specific suggestions in this article. There is a very rigorous call for major deficit reduction before the budget from this gentleman who, I believe, is also the chairman of the Business Council on National Issues. Honourable senators, my point is a very simple one. I have referred to it at least twice, and that is that the fiscal plan of the government, which it so boldly announced last May, has really gone up in smoke. It has not convinced the international community. In fact, it has not even avoided the negative sentiment which caused this exchange crisis of a few days ago and has not assuaged the passion of the business community for additional spending cuts and for additional deficit cuts in the forthcoming budget.

Honourable senators, all I can say is that I sympathize deeply with the Minister of Finance who has suddenly been faced with an exchange crisis and with drastically falling oil prices in the few weeks before the budget. I sympathize with him because the fiscal and economic plan which he announced last May has proved to be so inadequate and has fallen so short of bringing about the solutions which he found so easy to apply when in opposition criticizing the former government.

Hon. Jean-Maurice Simard: Honourable senators—

The Hon. the Acting Speaker: I wish to inform honourable senators that if the Honourable Senator Simard speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[Translation]

Senator Simard: Honourable senators, first of all, I would like to thank Senator MacEachen for his lecture on economics and his historical overview. Had I not known that for a number of years, he presided over the federal government's financial administration, I would have been impressed, and I might have taken his predictions and advice more seriously!

Canadians who are tempted to admire the senator's oratorical style and vast experience should remember what the Liberal government was preaching at the time, and all the predictions that failed us financially, socially and economically. In fact, that is why most of the people of this country voted for the Conservative government in September 1984. I will not dwell on this any further, but at the end of my speech I would like to say a few words about Senator MacEachen's last comments, his sombre predictions, his notes of warning and his sympathy with the Minister of Finance, Mr. Wilson, and the problems he will have to solve in his next budget.

Meanwhile, I would like to get back to some specific aspects of Bill C-80.

[English]

Senator MacEachen referred to the government's professed intention of listening to people. I believe that the government did listen to people and did take great care in preparing the legislation. According to Senator MacEachen, only 19 so-called technical amendments suggested by the Canadian Bar Association were accepted by the government. Perhaps that shows to a certain degree the seriousness and the hard work that went into the preparation of the bill. I need not refer