

That was an important statement put on the record by Senator Kirby.

All I want to say at the moment is that the allegation of any cost is still unproven.

An Hon. Senator: Hear, hear!

Senator MacEachen: Honourable senators, we remain skeptical today, as we were then, and we await with interest the various ways in which estimates can be made, as the official candidly admitted before the Standing Senate Committee on National Finance.

Honourable senators, in introducing in the other place the bill which is now before us, the Minister of Finance took the opportunity, once again, to indulge himself in the rhetoric which has characterized his statements since November last and which was resplendently in evidence in his budget speech of May 23. I must say that the exhilaration which was apparently evident in the House of Commons among the Conservatives on May 23 has now totally dissipated. Today was the day of reckoning, when the Minister of Finance had to make his first major revision in what will be demonstrated to be a flawed budgetary document.

Senator Balfour: You are an expert on that.

Senator MacEachen: The Minister of Finance said a short time ago in introducing this particular bill in the House of Commons, that these problems are a bit of a vicious circle because high deficits can strain our abilities to deal with the job problem, and high employment, in return, reinforces the very high deficit. That is, of course, part of the fundamental ideology and rhetoric of the Minister of Finance and the government, and it is a theme to which I wish to return in some detail before I complete my statement.

The minister then goes on to say that the budget itself does propose some realistic, fair and effective actions to break this vicious circle. The leader of the Liberal Party, the night of the budget, said that it was unfair, and today the government acknowledged that in one major area the budget was unfair. The government moved to withdraw totally de-indexation of social security benefits applied to the aged.

Honourable senators, I was not in Canada when the budget was presented, and I regret that. I was absent because I was a member of the parliamentary delegation which the Speaker of the Senate led to the Federal Republic of Germany. On the night of the budget we were in Bonn, in one of the hotels there which had been "cased," prior to the Bonn Summit, by the staff of the Prime Minister and found to be unsuitable for prime ministerial repose. However, the parliamentary delegation led by His Honour reposed at this particular hotel, which I recall as the Steingenberger Hotel. Quite apart from the fact that it was unsuitable for the Prime Minister, I won't forget it because it was in that hotel, on the Friday morning, that I read the budget documents.

It was a dismal morning, indeed, especially when I read the declaration of the Minister of Finance relating to the treatment of the economic problems of the Island of Cape Breton. That really was a blow. So the Steingenberger Hotel will

always remain in my mind as a rather unpleasant place to be, because you get rather bad news there.

I read the budget documents that day, and I have never read budget documents more carefully, because I had them on the airplane on my return journey and I was able to study them very carefully. When I got back to Canada, however, I immediately picked up the newspapers upon arrival and got to the first Canadian interpretation of the Wilson budget of May 23.

The first newspaper I picked up had the following headline: "Gasoline, Smokes, Drinks, Personal-income bite, you name it". "Taxes up, up, up as budget hits the ordinary Canadians hard." Further down the same page of that newspaper was a story entitled, "Budget hits poor, consumer groups say." Then, "Surtax cuts top budget highlights." I then turned the page of that newspaper and read, "Budget hurts poor, consumer groups say." Further on, I read: "Shoppers slam tax on pet foods and toothpaste;" then, "Civil service to shrink by 15,000 jobs over six years;" then, "Economy to grow 3.1 per cent but little relief for unemployed." I read another headline from the same newspaper which stated, and I point out that this was not from the Liberal opposition: "Unless you earn \$10,000 a year, you will shell out more for income tax." On the next page I read: "Taxes up, up, up as federal budget socks it to ordinary Canadians;" and then, "\$2 billion a year cut sought in transfer payments." Further, it stated: "Tories leave out pension pledge for housewives."

Honourable senators, that was the first newspaper that I read and that was quite enough to get a flavour of the budget. I then took up another newspaper and it simply confirmed what I had read in the first one. It said: "Ottawa increases the tax load. Budget boosts income taxes." That was my introduction to the budget as I read the Canadian newspapers on my arrival in Canada. Of course, the interpretation of those headlines is now widely known among the Canadian people, and the first evidence of their dissatisfaction was the reaction of the senior citizens, who, in the past month, have conducted the campaign which resulted in the return to full indexation of their pension benefits.

• (2210)

Honourable senators, what is perfectly clear, and what was clear then, is that the government did not receive from the Canadian people a mandate to increase massively the tax burden. Not only did the government not have any such mandate from the public but it also concealed very carefully from the public its intention in this direction. So much for consultation! What is the point and purpose of talking about consultation when you delete from the consultation process the most important items of public policy? That is exactly what happened. In fact, the Minister of Finance gave the opposite signals with respect to proposed tax increases because on November 8 he made it very clear in his economic statement that tax increases were not on his mind. His exact words were "Our immediate goal is to reduce the deficit through expenditure reductions and not through major tax increases." But we have had major tax increases. And the pledge made in Novem-