(28) Informetrica puts the multiplier at 1.7% of the money spent by each Canadian.

(29) This figure is less for taxes than for government expenditure because part of any increase in spending comes out of savings not out of consumption.

(30) Part of any tax concession goes into savings and not into expenditure.

(31) The Canadian economy is wide open: for each dollar spent, part of it trickles out in exports. There are also crowding-out effects: if you expand government expenditure, there may be repercussions in interest rates or exchange rates causing exports or investment expenditures to be crowded out.

(32) The multiplier for government expenditures and exports is larger than one.

(33) Chase Econometrics believes that the natural rate of unemployment is larger than 6%. With 9% unemployment, supply constraints reduce the multiplier effect. Higher interest rates and so on will reduce the multiplier effect.

(34) If we expand government expenditure, we must remember that we are starting with a deficit of $30 billion; the cost of servicing this debt represents a considerable portion of the annual fiscal budget. Capital markets are expecting the government to reduce this deficit; the notion that governments might not, contributes to a sagging Canadian dollar.

(35) A plan to use fiscal expenditure and to temporarily increase the deficit before reducing transfers, through U.I., welfare and so on, would affect foreign exchange markets. Upwards motion in interest rates would be such that the multiplier would have virtually no effect.

(36) The government is restricted in terms of the constraints of the deficit with respect to running an expansionary fiscal policy.

(37) Anything which does not lead to reducing the deficit will unsettle markets. Employment gains cannot be realized because of high interest rates due to the falling dollar.

(38) The problem for full employment in Canada has been world interest rates.

(39) If the government were to spend to create jobs, rather than to reduce the deficit, there could be a loss in the interest rate investment account to counter the government expenditure account.

(40) The real route to full employment is lower interest rates which are not in our control.

(41) Because of the decline in the value of the Canadian dollar, we have to increase interest rates to keep the value of the dollar in line with money markets elsewhere.

(42) With our current deficit, it is very difficult for the government to generate higher employment in Canada by the government expenditure route.

(43) We have had higher deficits at a time of extraordinary growth; we had higher debt as a percentage of GNP immediately after the war.

(44) The national debt is higher than in the past, yet real disposable income has gone up. In 1939, it was three and one half times lower than now, yet we are much better off. For example, 22% of young people are in university.

(45) Ninety-seven per cent of our federal debt is in Canada Savings Bonds, bought by Canadians: we are paying the interest to *Canadians* and get taxes from these Canadians.

(46) However, one must look at an integrated system, not just at one transaction.

(47) It does not matter that all the buyers of Canadian Savings Bonds are Canadian residents. If they buy these bonds instead of provincial bonds, then the provinces go to New York capital markets to borrow; the ultimate effect is the same as if the federal government went initially to the U.S. to borrow.

(48) We must look at net capital account flows when there is a change in the government's financing requirement. Other things force Canada to go to the New York market. If we are borrowing for non-productive purposes, the interest costs make future generations poorer.

(49) The reason we are richer now, in spite of the rising debt, is that many other things have occured (such as technological change) which have increased our standard of living and growth.

(50) There are crowding-out effects of increased government expenditures and deficits leading to job losses in response to some job gains and inevitably