

- There is no doubt that this slowdown will affect government revenues and make for a tight fiscal framework: the fiscal surplus projected for the next five years reaches \$ 10.4 billion, the government's public commitments \$ 9.3 billion (including 8.2 for Red Book III) and the total pressures on the government amount to more than \$ 50 billion, so that there are five times as many demands on the public purse as there is money available;
- This means that while we have a good economic performance and the outlook is promising, we have to be careful in the management of the economy and the budget if we do not want unpleasant surprises;
- This is already affecting the operations of this Department: many of our memoranda to Cabinet, past and to come, will not receive full funding, even if approved, as was the case last week on the Balkans, and we will have to go through difficult negotiations with Finance and Treasury Board.
- As far as the general framework for government policy is concerned, I would make the following points: