

1980 figure since it is 8.3 per cent. However, unemployment will not go down since the forecasts show a level of 8.3 per cent for 1981 and of 7.7 per cent for 1982. This is still .2 over the level of 1979. These are the projections concerning unemployment. I am not saying that this is not a good methodology. I am not saying that the figures are wrong, but simply that this paper will have a major impact on collective bargaining and indirectly on inflation.

**Senator de Cotret:** If you are talking about the impact of the budget or of the estimates, I can say quite honestly that psychologically and as concerns contents, this budget will have much more impact than any other in the last several years. The net impact of the budget will be extremely positive as concerns growth, inflation and unemployment.

**Senator Marchand:** I do not see how the honourable senator can say such a thing, especially since the productivity figures show minus .01 per cent for 1979, minus .04 per cent for 1980 and minus .08 per cent for 1981. It is only in 1982 that we have a positive figure of 1.1 per cent for productivity increase. This does not make me particularly optimistic.

**Senator de Cotret:** I must point out respectfully that the honourable senator is making a big mistake in interpreting the figures. He should compare what would have happened without the justified initiatives of the present government with the projections contained in these papers. What is important is the difference between the two. I am telling you that this difference is very positive.

#### FUTURE RATE OF INFLATION

**Senator Thériault:** Honourable senators, to follow the questions asked by Senator Marchand, I would like to read to the Minister of Economic Development a short paragraph from the brochure entitled *Budget in Brief*. I shall read the second paragraph in English:

[English]

Government spending increases over the next four years will be held to an annual average of 10 per cent—virtually no increase after allowing for inflation.

My question to the minister is: Is it an accepted policy of the present government that for the next four years the minimum increase in the inflation rate that the Canadian people can expect is 10 per cent?

● (1440)

**Senator de Cotret:** The honourable senator is obviously reading much more into that statement than I would have read into it or, if I had written it, that I would have written into it. That is very clearly a maximum. It is a maximum that imposes a very strict financial discipline, because the expectations over the same period are that nominal GNP will be rising, on average, at an annual rate of 13 per cent. If nominal expenditures by the federal government increase by only 10 per cent while nominal GNP is increasing by 13 per cent, the honourable senator will readily notice the amount of constraint involved, and also that the relative size of the federal govern-

[Senator Marchand.]

ment sector relative to GNP will decline. If my memory serves me well, over that same period the size of the federal government sector relative to GNP falls from 20.6 per cent, which is an historical high, to 18.3 per cent. I stand to be corrected on the decimal points there; I have not looked at the numbers today.

**Senator Thériault:** I thought I had asked the minister a very simple question.

**Senator Flynn:** You never know.

**Senator Thériault:** I expected a very simple answer, which could have been yes or no. Again I quote:

Government spending increases over the next four years will be held to an annual average of 10 per cent—virtually no increase after allowing for inflation.

That is over four years.

Again, I ask the minister: Is it an accepted policy of this government that the minimum inflation rate that the Canadian people can expect over the next four years is 10 per cent? If he had given me a yes or no answer I might have followed through by expressing my concern, as Senator Marchand has done, about what the effect of this will be when the labour movement and the labour leaders of this country go to the negotiating table, in either the public or the private sector.

**Senator Flynn:** You have done it now.

**Senator de Cotret:** I will answer that with a very categorical no. Your first question asked me whether we were saying that the minimum rate of federal expenditures would be 10 per cent, and I think I answered that question. When we say we are going to hold expenditures to 10 per cent, that does not mean that is going to be the minimum. It means that is going to be the maximum. When you hold something to a level you limit it to that level.

**Senator Thériault:** It says “average”—a four-year average.

**Senator de Cotret:** I won't quarrel over a four-year average. I agree with that. On the question about inflation, the statement you read is contained in a small pamphlet called *Budget in Brief*. It says things in brief. Senator Marchand has obviously taken the care, for which I commend him, to read the supplementary documents, and since I do not have them here he would be in a better position than I to give you the projected increase in the CPI over that period. You will see that it is declining, and that it is not 10 per cent per year over that same period.

**Senator Thériault:** I am not surprised at all at the government jargon that is used in budget speeches. I have seen a few of them in my lifetime.

**Senator Flynn:** You should know about that.

**Senator Thériault:** I am trying to make the points sufficiently clear that the average Canadian can understand them, not only the experts like the minister.

**Senator Flynn:** Do that yourself.