

cate in our report that at one point someone was not quite sure how to spell "experiencing."

If I may make a few random comments about the report, as it appears in our proceedings and in our *Hansard*—I say "random" because I have not had much opportunity to study the report in its final form—I would say first that it is a report which was agreed to unanimously by the committee. So, in any remarks I make I am not suggesting that I disagree, in essence, with the conclusions before you. However, there are a few personal qualifications I would like to draw to the attention of honourable senators, and I shall not take long.

May I start with paragraph 5, which comments on the performance of the Governments in respect to expenditures as they have risen but, unfortunately, have not fallen over the years. The committee reports that in the Estimates for 1969-70, which is the current fiscal year, the Government contemplates spending 9.5 per cent more than in the last fiscal year. Last year's expenditures were 9 per cent higher than the year before; and the average of the eight fiscal years from 1961-62 to 1968-69 was about 10.4 per cent.

The committee appears to take some small comfort from the fact that the current and the last two years' total federal Government expenditures are not quite as high as they were in the preceding period since the present economic upsurge began. There is in paragraph 7 a complimentary reference to the Government as a result of the fact that it has announced that not only will the budget be balanced this year but that there will be a slight surplus.

I am always a bit concerned about the claims of any government that it has balanced its budget. The balancing of a budget is not in itself as important as the level at which the budget is balanced. It is very easy to balance a budget. All you have to do is impose enough taxes to meet your expenditures. I am very glad to see that the emphasis in the whole report is not on balancing the budget, but on controlling expenditures. I do not know whether the consensus is that the Minister of Finance is overly optimistic that he will balance the budget next year. I hope he is not.

The committee also addressed its attention to one sector which is likely to be of the greatest importance in the economy in the current year, although I am afraid it is not of the kind of importance that the Minister of

Finance will welcome. I refer to the forecast of a very serious slow-down in the rate of increase of Canadian exports next year. The increase in exports last year was 19.8 per cent, or almost 20 per cent. That increase is expected to decline to 10 per cent next year. In other words, the percentage increase will be cut in half.

I need not tell honourable senators that one of the main reasons for the very buoyant situation in our economy at the present time is the spectacular rise in our exports, and particularly our exports of manufactured goods. If we are to have a falling off in the rate of increase in exports, particularly of manufactured goods, then the impact of that may have a rather more serious effect on the public revenues than has been suggested.

Paragraph 9 of the report contains comments on the general differential in terms of affluence between Ontario and Quebec and the rest of the country. I do not think Senator Leonard will object if I say that in committee the question was raised as to whether such a generality was entirely valid. For the information of honourable senators I will say that the committee is fully aware of the danger in dealing with this in such general terms, because obviously there are depressed areas in Ontario and Quebec. I am sure that no member of the committee would want it to be assumed from this report that we think all is well in Ontario and Quebec, and that all is not so well in the rest of the country.

In paragraph 10 the committee deals with the matter of the total expenditures at all levels of government. I note from yesterday's *Hansard* that some interesting questions were asked by honourable senators. Criticism of the Government based merely on the arithmetic of its expenditures is obviously not always warranted, and I hope that in due course the committee might be able to segregate, for the information of honourable senators, the various sectors of expenditure, because obviously a very high level of transfer expenditures should not be regarded, in the narrow sense, as federal Government expenditures. Transfers are largely bookkeeping items. They are the result of certain constitutional anomalies which require or motivate the federal Government to collect money, and transfer it directly to the provinces or individuals. In doing that it is, of course, assuming and responding to a national responsibility.

However, it is worth noting that the federal Government's share of total government expenditures in Canada today is only one-half of the total, and this is considerably lower