

Furthermore, all these expenditures to which I am referring, by providing employment and sustaining private incomes, will help to maintain the level of the national income during this temporary period when export demand for certain of our staple products has been softening and during the pause which this has caused in some sectors of capital investment.

I emphasize that with respect to all government expenditure we shall continue to search for economies and to eradicate inefficiency, waste and extravagance wherever we find them.

The forecasting of revenue expectations in times like these presents an even more difficult problem than estimating expenditure. My forecast after the further reductions in taxation made by the budget is that our total revenues will amount to \$4,652 million, which is \$395 million less than our revenues in the previous fiscal year. I should point out that of this reduction more than one-half is the result of tax reductions made last year, and less than half is due to a decline in our tax base. Almost all of this decline is the result of a reduction in corporation profits.

The estimated budgetary deficit is, therefore, \$648 million. In addition to this sum we must take account of our large cash requirements outside the budgetary figures.

During the current year, 1958-59, we will require about \$400 million for housing loans, about \$250 million for the C.N.R.'s capital investment and refunding programmes, nearly \$250 million of cash advances to the St. Lawrence Seaway, the Northern Ontario Pipe Line and to other Crown companies and agencies; and other non-budgetary cash requirements, including the liquidation of the defence equipment account, will be about another \$240 million.

Against this we shall have available in this fiscal year some \$50 million in our securities investment account, about \$65 million from the repayment of loans made in earlier years, and we can expect to receive net about \$240 million of cash into our various annuity and superannuation accounts.

The net requirement of cash for these non-budgetary transactions, excluding the exchange fund account, is thus about \$775 million, and this we shall need to borrow. We shall also need to borrow the funds to cover our budgetary deficit of \$640 million, and our net new cash requirements in this fiscal year will therefore be of the order of \$1,400 million.