

*The Address—Mr. Trudeau*

modern life and provide minimum standards of health and welfare for every citizen. They want a country which is in the forefront of scientific and technical advance and which is adequately equipped with facilities for education and research. They want a society which has not lost sight of man's spiritual values, of his unquenchable thirst for beauty, for the pleasure of the mind and the body, and for companionship and solitude. In short, their expectations are extremely high.

The phenomenon of rising expectations has been observed in all parts of the world as communications and education improve and as the disparities between regions and countries become more evident. In Canada it is intensified by our proximity to the most prosperous nation in the world and by our increasing awareness of the enormous potential of our human and natural resources.

While it is desirable for a country and its government to be spurred on by the high expectations of its citizens, it would be irresponsible for political leaders not to point out the limits of the immediately attainable at any point in time. One obvious limitation to government action is the available supply of resources, not just financial resources but those of intellect, environment and time.

In marshalling its financial resources the government must co-ordinate its policies and actions with the over-all demands of the Canadian economy. It cannot, for example, ignore our pressing need for capital accumulation and investment.

The comparatively large number of young people in Canada creates a high demand for capital in housing, education and training institutions, and in the creation of new employment opportunities. Our national resource industries, which must be developed on a large scale to achieve low production costs, and our transportation and communication facilities, which are so important to the development of the country, require large amounts of capital.

Both our taxation and our borrowing policies must reflect these necessities. It would be self-defeating if the rate or incidence of taxes was to inhibit the growth of the economy or if the amount of government borrowing was to absorb a disproportionate share of available capital and exert inflationary pressure on interest rates. All these factors impose severe limitations on the size of government revenues.

[Mr. Trudeau.]

Even if the government were to introduce no new programs, the costs of some existing ones will rise faster than any reasonable estimate of the rates of growth of our economy and of government revenues. Under federal-provincial arrangements which now exist in the field of health services, welfare programs and post-secondary education, for example, developments over which the federal government has little or no control will result in substantial and continuous increases in the demands on the federal treasury. The magnitude of this problem is apparent when we realize that the costs which are shared by the federal and provincial governments in these activities could more than double in the next four years from their current high level of approximately \$3.5 billion.

In the case of new programs and expenditures it is not sufficient that they be desirable in themselves. They must be justified in relation to all competitive claims on the limited supply of resources. For example, the undeniable need for public investment in scientific research cannot be considered in isolation from the ever-rising costs of social welfare.

That is why it is an essential and continuous responsibility of government to choose, to plan and to set out priorities. As people demand more services of their governments this task becomes ever more complex. Valid choices can only be based on a thorough knowledge of the alternatives and on an estimate of the comparative costs and benefits of such alternatives. For this reason, we attach particular importance to the establishment of a research institute to assist government in its long term planning, similar to those already operating in other countries. This institute would conduct fundamental research both for the federal government and for those provincial governments who wish to avail themselves of its services. While initially it would be in part publicly financed, it would be an independent and autonomous institution. It would work closely with the proposed international development centre and should provide an important data and information bank which would be readily available to universities throughout the country.

• (4:50 p.m.)

Within the cabinet we have established a committee on priorities and planning whose function is to allocate our present and our estimated future resources according to the urgency of the demands on them. The balance between demands and resources can never be