

change in the trend of expenditure growth. This is a deliberate and sustained process. The gains to date in exercising control will be consolidated in 1977-78.

The Government has stated that the trend of total government spending should not rise more quickly than the trend in gross national product. The increases in federal spending anticipated for both 1976-77 and 1977-78 are less than the expected rate of growth of GNP.

Fiscal and monetary policy

The aim of both fiscal policy and monetary policy in the anti-inflation program is to increase total demand and production in the economy at a rate consistent with declining inflation.

The Bank of Canada has set a target for the growth of the narrowly-defined money supply initially in the range of 10 to less than 15 per cent. With continuing real growth of the economy, this target range will have to be lowered over time so that the rate of monetary expansion will be consistent with the objectives of the anti-inflation program. In its refusal to underwrite continuing high rates of inflation, monetary policy is helping to destroy expectations that they will continue.

In present circumstances, the best way to achieve this same goal through fiscal policy is by maintaining close control over the growth of government spending. With the recovery well established and private spending rising, it is appropriate for the deficits of both the federal and provincial governments to recede.

Tariff changes

Temporary tariff cuts initiated in 1973 on a wide range of consumer products will be extended for another year to June 30, 1977, except for two items. Annual trade affected by the cuts is valued at \$1.5 billion.

New cuts are being introduced on a temporary basis on fresh pork, ham, bacon and macaroni.

Energy conservation

To provide incentives for energy conservation the two-year tax write-off will be extended to cover equipment which enables industrial wastes to be

used as a fuel source and which produces energy from municipal waste.

Federal sales tax will be removed from many items which contribute to energy conservation, or encourage the development of alternative forms of energy, including solar furnaces and heating panels, wind-powered generating equipment and heat pumps.

To deter wasteful consumption of energy a specific tax of \$100 will be imposed on air conditioners for automobiles, station wagons, vans and smaller trucks.

The present excise tax on heavier cars will be increased in four stages between 1976 and 1979. A car weighing 5,250 pounds currently taxed at \$225 will be taxed at \$1,020 in 1979.

Capital cost allowances

The Government proposes a number of changes in rates and a new restriction with respect to leasing.

Among individual changes, rates will be increased on computer hardware and software and reduced on aircraft, and radio, television and radar equipment.

Taxpayers will no longer be allowed to claim capital cost allowances on leased equipment in excess of their net rental income from that type of property.

Economic and fiscal outlook

Real growth of the economy in 1976 is expected to be about 5 per cent.

The goal of bringing down the year-over-year rate of increase of the consumer price index to 8 per cent by the fourth quarter of 1976 is within reach.

The Canadian economy is expected to generate more than 250,000 new jobs this year.

The continuing recovery in Canada will be sustained by growing exports in response to the recovery in the United States and most other industrial countries.

The trade balance will begin to show a significant improvement, bringing about a reduction in the large deficit on goods and services.

Housing expenditures will be strong. Real incomes will rise in response to growing employment and decelerating consumer prices. Consumer spending will be an expansionary force in the economy.

The rate of inflation should continue to come down in 1977.

Health services at Olympics

Over 1,000 people will dispense medical care at the XXI Olympiad in Montreal from July 17 to August 1. The health services, under the direction of the organizing committee of the Olympics, comprises some 260 general practitioners and specialists, 200 physiotherapists, athletic therapists, 143 medical auxiliaries, 25 dentists and seven pharmacists. Over 500 first-aid volunteers, members of St. John's Ambulance, who have offered their services free, will be assigned to clinics for the public.

In addition to the polyclinic at the Olympic Village, the health services will establish at each competition site, three separate installations — a clinic for athletes, a clinic for the spectators and a special doping-control centre.

At the Olympic Village, medical personnel from each country will be provided with quarters and equipment. As well as the polyclinic at the disposal of participating countries, there will be available emergency care, podiatric treatment, physiotherapy, hydrotherapy and dental and X-ray services. Also available will be a laboratory and a pharmacy. Close to the Village, the Maisonneuve-Rosemont Hospital Centre is prepared to accept cases needing hospitalization.

Each training site will offer a first-aid centre and ambulance service.

Air travel as energy-saving aid

An increase in air travel because of the development of smaller cars more appropriate for urban and suburban use is foreseen by the co-ordinator of the energy-conservation programs of the National Research Council of Canada.

At current levels of personal mobility in Canada, considerable energy savings could result from the adoption of urban-oriented cars and expanded use of air transport, Philip Cockshutt told the annual meeting of the Canadian Aeronautics and Space Institute in Toronto. Dr. Cockshutt suggested that by the year 2000, air travel will have increased fourfold, while car travel will have dropped by one third, which will make a significant contribution to energy conservation.