

The expenses of Government are high. The Canadian people continue to demand a high standard of services and social benefits. These must be paid for. I wish that fact were always remembered. After people demand and approve expenditures on their individual merits there is little use deploring them in their aggregate. In 1959, for example, we shall be facing the increased burden of a full twelve months' operation of the new national hospital insurance scheme. Other outlays, whether for services or benefits, advance proportionately with the increases in our population. Nevertheless, the Treasury Board in its current review of estimates is, I assure you, applying a firm hand to controllable expenditure.

I was, as you know, obliged to budget this year for a substantial deficit. I regretted the conditions which made it necessary, but it was under the circumstances the soundest of the limited choices open to the Government in June, 1958. I deplore the loose and irresponsible talk which is bandied about concerning the size of this anticipated deficit. I hear and read talk of "The billion dollar deficit" and "the more than a billion deficit". Last summer I gave Parliament an estimate of \$700 million as the amount of the deficit. Today at the end of nine months of the present fiscal year I see no reason to depart materially from this estimate.

This is the open season for rumours and speculation as to what the next Budget may contain. I do not, however, recall a time when I have seen so much sheer speculation on this interesting subject. Let me dispose of all of these mischievous rumours by saying that at this early stage no budget plans have been formulated. No speculation has any right to attempt to shelter itself under the Department of Finance, for no statement has been issued from the Department bearing on our budget plans in any form. There has been no leak from the Department and any statement alleging a leak is entirely without foundation.

Conclusion

1958 was a year of abnormal unemployment and of soft spots in certain sectors of the Canadian economy. It will be remembered also as a year when recession was arrested and the underlying strength of the Canadian economy asserted itself in a gratifying recovery. Notwithstanding the setbacks, 1958 deserves to be remembered as a year marked by many important achievements.

1959 begins with many early advantages over 1958. The domestic improvement is matched by an improvement in conditions in the United States and abroad which will undoubtedly benefit Canada.