

primarily concerned with the freedom of the individual and his movement. Further, the preservation of free enterprise. We have voiced concern with the growth of the public sector versus the private sector.

However, no numbers in our brief should be considered absolute, rather, to establish an order of magnitude—to be reviewed.

Our industry is growth oriented and subject to rapid obsolescence. We need high returns because of this factor.

Nonetheless we realize our obligation to promote social welfare and have in particular submitted a unique proposal in item 1 (b) (i). The other items are primarily designed to encourage this country to develop a world competitive electronics industry.

With that we would like to open the hearing to the group of senators for questions and discussion.

The Acting Chairman: Do you have anything to say, Mr. Balcer?

Hon. L. Balcer, President, Electronic Industries Association of Canada: No. I will be pleased to answer questions.

The Acting Chairman: Honourable senators, since the brief is a short one, with your agreement we will go through it item by item. Would you deal with item 1, please?

Mr. Sheperd: We have stated particularly in item 1 a concern with the growth rate of the gross national product and the public sector of the gross national product.

We realize at this point that it is at one-third. We have listened to the argument particularly put forth by the Treasurer of the Province of Ontario, that the White Paper tends to promote creep within the public sector.

We have suggested that a limit of 25 per cent be established. As I mentioned in my opening remarks, the 25 per cent is not an absolute figure, but rather an order of magnitude figure.

The Acting Chairman: What did you say it tended to establish in the public sector?

Mr. Sheperd: Creep the growth rate upwards. In other words, you tend to get a little more percentage going into the public sector than was there the year before.

The Acting Chairman: And you term that creep?

Mr. Sheperd: That is what we call creep, yes.

The Acting Chairman: That is interesting.

Mr. Longstaffe: The other area with which we concerned ourselves somewhat was the factor of the percentage of funds to be commuted for future expenditure. We picked the number of 40 per cent. We felt that if the remaining 60 per cent were left free this would allow governments, both at provincial and federal levels, sufficient funds to accomplish the objectives which were set out within the budgets on an annual basis.

Senator Isnor: What do you mean by that 60 and 40?

Mr. Sheperd: Not over 40 per cent of the funds would be committed to major projects which have a continuing impact in future years. Let me give you an example. The St. Lawrence Seaway was a long-term project of the Government, and therefore funds were committed for future years. We feel this should be held to 40 per cent of the earnings of a future yearly income.

Senator Carter: Are you including statutory payments in that?

Mr. Sheperd: Yes sir.

Senator Carter: Has the Government committed itself to salary increases or Old Age Pensions? Are any increases included in that 40 per cent?

Mr. Sheperd: Right. We are saying that the country has a growth factor. As the country grows, so does the percentage allocated to the public sector, and therefore the percentage allocated to future expenditures will grow.

Senator Carter: You are premising it on the same reasoning that the pulp and paper industry gave. Were you here this morning?

Mr. Sheperd: Only for the Brinco brief.

Senator Carter: Mr. Fowler advanced that idea in a different way. It seemed to me that it was predicated on the idea that the growth in the economy is going to keep up with the increase in the expenditures. That means these two must be kept in balance. Is that what you are saying?