

1. Red Book III would truly constitute the basis for Government action in the next four years; this was indeed reflected in the priorities announced in the speech from the throne at the end of January.
 2. There was a need to be prudent with public spending despite the many pressures on the public purse and to reallocate resources to new initiatives where possible.
- On the fiscal front, we have to be careful in view of the slowdown in the US Economy which affects our revenue situation.
 - In his latest Economic Statement last week in the House of Commons, Mr. Martin confirmed that growth in Canada this year would reach 2.4% compared to 4.7% last year (and around 3.4% next year).
 - We do remain in a surplus situation and this allows us to reduce our debt (\$ 15 billion this year, down to 53% of GDP reduce taxes (\$100 billion over five years) and make key investments in Health, Education, Research and Development.