

opposed to abrupt, "radical", far-reaching tax "reform" which could be detrimental to our present social and economic achievements and future aims.

2.9 While it is difficult to correlate international economic data, it is clear that we have experienced remarkable growth in GNP, employment and labour income. It is not merely a coincidence that this occurred during a period of fiscal stability. However, some signs of deterioration have appeared on the Canadian economic scene in recent years. For example, in the period 1965 to 1968 corporate profits declined from 12% to 10% of GNP, capital spending decreased from 25% to 22%, while taxes doubled in the seven year period 1962 to 1968, reaching over 30% of GNP in 1968.

2.10 One major contributing factor to the deterioration has undoubtedly been the excessive growth in government expenditures. As tabulated below, these expenditures have been growing much too fast, both absolutely and as a percentage of gross national product.

All Government Expenditures (ex Transfers)
\$ Millions

Years Ending March 31st	Year to Year		% of GNP
		Increase	
1965	\$ 14,480		29.1
1966	16,367	+ 13%	29.8
1967	18,687	+ 14%	30.4
1968	21,330	+ 14%	32.5
1969	23,151	+ 9%	32.4
1970	26,094	+ 13%	33.4
<u>Ten Year Increase</u>			
1961	10,811		28.6
1970	26,094	+ 141%	33.4