

*The Budget—Mr. Comtois*

against the government in the following words:

This house regrets that the government by its vacillation and its failure to manage the economic and financial affairs of the country in a responsible manner has created a situation of instability and uncertainty, and has now proposed an increase in taxes to meet governmental extravagance, thus contributing to the inflationary pressures of the economy.

The government is charged with vacillation and failure to manage the economic and financial affairs of the country.

Let us look back together on the actions of this government. Since its accession to power, the government has tried as had promised to apply the main reforms required to develop a system of social security in Canada. On our recommendation, parliament has also authorized an appreciable increase of contributions to what is now top priority in Canada, higher education. That was done through expenditures and a special tax transfer to the provinces. We have deliberately transferred additional resources to the provincial governments so as to enable them and their municipalities to meet the constantly increasing services required of them. We have put forward measures designed to promote scientific research, industrial development and the recovery of certain areas handicapped by a slower growth and fewer revenues than others.

We have never hidden the fact that all those reforms would require huge increases in government expenditures.

During the last fiscal year, total federal expenditures have reached \$9,846 million, or 16.8 per cent of the gross national product. Five years earlier, that is in 1961-62, total expenditures represented 19.2 per cent of the gross national product and five years previously, they reached \$5,126 million, or 16.4 per cent of the gross national product. Therefore, even though our expenditures have increased by 92 per cent during the last decade, they represented approximately the same percentage of the gross national product as ten years ago.

Furthermore, during that period, we have decreased our taxation rates in favour of the provinces. Besides, during the same period, parliament passed the Canada pension plan, which is not taken into consideration in those statistics. It is a separate, autonomous plan, fully financed by contributions and where, at this initial stage, contributions greatly exceed payments and make up a great investment

fund which is available to the provinces in order to help them meet their capital requirements.

In its assessment of the situation, this year, bearing in mind its various commitments, namely medicare, the government decided that much more severe restraints than in the past several years, would have to be imposed upon the increase in expenditures. Those restraints are necessary if we want to curb inflationary pressures within the economy, reduce our demands on the money market and keep tax increases to a minimum. Therefore, we have chosen to maintain the increase in our budget expenditures with two exceptions—medicare and the amortization of the Expo déficit—at about 4½ per cent, a much lower rate of increase than during the three previous years. When these objectives are reached and when medicare becomes operative, then, I think, we will be able to maintain the future increases of our public expenditures at a level which increasing income from an expanding economy can meet without inflationary effects.

The federal government will have to implement a number of important programs, particularly in the fields of manpower training, research and economic development, but these will not require such a rapid and deeply-felt increase in expenditures as in the case of health and social security programs over the last ten years.

To ensure this transition, we shall have to cut back in the coming year on our programs of expenditures, always excepting medicare, to contain the rapid rate of increase that occurred lately and set a more supportable one, just as we have been trying for 18 months to adjust our rate of economic expansion.

This means, in fact, that restrictions must be imposed in several areas of government activity.

[English]

Here is a partial list, Mr. Speaker, of the programs and projects that will be affected. These were outlined in the speech of the Minister of National Revenue (Mr. Benson).

The special planning secretariat within the Privy Council office will be disbanded. Financial provision for the Company of Young Canadians will be reduced by 20 per cent. Funds provided in a number of departmental and agency budgets for emergency measures planning and organization will be scaled