

The Speech from the Throne emphasizes, in my opinion, two main points which are of paramount importance for Canada: inflation and national unity.

The Prime Minister of Canada had already warned us all of the urgent necessity of curtailment of expenditures if we want to prevent inflation from spiralling up. Let us remember how much he stressed the cutting of governmental expenses in every department and for every project on the board.

Later on, the Prime Minister addressed directly every Canadian. He spoke of the main problem of the moment; the danger of an inflation spiral getting out of control, and he announced the decisions his Government was making to fight it.

In the Speech from the Throne his invitation to the public and private sectors is stressed and we are somehow warned that we have to realize how serious the circumstances are if further restrictions are to be avoided.

The Prime Minister should be congratulated for having wisely considered this problem by implementing drastic recommendations to prevent disastrous inflation. As the head of the federal Government, he wants to give the example to all Canadians, to provincial and municipal governments, and his stand is already bearing fruits.

It seems appropriate to recall part of the Prime Minister's statement of August 13, 1969. He stated that everybody was talking about inflation and that additional measures to fight it had been taken during the year. He said:

Throughout the country, be it at the administration levels, in business circles or workers groups, everyone is aware that when inflation is not curbed it becomes a threat to each of us.

We also know that certain sectors of the population are particularly vulnerable: pensioners, non-unionized workers, unemployed persons, welfare recipients, all these groups of citizens are worried by the slightest increase in the general price level. As it happens, these people are those who have the lowest incomes. All this shows the tremendous impact of inflation on our policy for fair income distribution.

Concerning the federal Government, he went on to say:

The best way to understand the nature and extent of the financial problems that the federal Government had to cope with

in June last year is to study federal expenditures incurred during the past decade. From 1960 to this year total federal outlays nearly doubled, from \$6 billion to \$11 billion.

Even if we take price increases into account—inflation strikes the state as well—the rapid increase in expenditures for some activities of the public sector remains astonishing: the amounts allocated for general government services have more than doubled since 1960; the amounts voted for economic expansion have tripled; expenditures for health and welfare programs have almost doubled; the federal Government's share of the cost of higher education is sixteen times as great as it was in 1960.

And, further on, he added:

From now until 1975, the amounts allocated only to those general services that now exist will increase by 50 per cent approximately; expenditures for External Affairs would double within 5 years; the amounts spent for economic expansion will more than double; while those for health and welfare programs would rise from \$2.4 billion to \$4.3 billion. The federal share of expenditures for higher education would be four times as great; total federal expenditures would reach close to \$17.5 billion in 1974-75; on the other hand, federal government revenue would amount to \$15.75 billion.

Therefore, the deficit for that year would total \$1,750 million. There would also be a cumulative deficit of \$7.5 billion for the next five years. I must add that those forecasts are based on today's dollar, that is the 1969 dollar, and do not take into account the increases to which continued inflation would give rise. It must be remembered also that the above-mentioned figures apply only to the programs already in existence. Any new program, whether with regard to pollution or to regional development, would result in higher levels of expenditures than those I have mentioned.

The Prime Minister cautiously wondered aloud about the possibilities of government action while recognizing the need for urgent measures to correct the situation. The day he made his statement a series of guidelines were issued concerning expenses, with the view, no doubt, of stimulating efficiency in