

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE
MINISTER OF FINANCE

Hon. Walter L. Gordon (Minister of Finance)
moved:

That Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker: It gives me a great deal of satisfaction to be able to report to the House, and to the country, on the state of our economy and of our national finances. There has been a great and encouraging improvement in economic conditions, and in the state of the budget during the past two years. This robust expansion must be continued. With the budget under control, we must use our fiscal policies to achieve the nation's goals. The primary objective now is a healthy rate of sustained economic growth.

[Translation]

I am glad to note that all regions in Canada have shared in this expansion. The Atlantic provinces and the province of Quebec, for example, have experienced substantially increased economic activity. I believe that it is in this context of a prosperous and expanding economy, benefiting all Canadians, that we shall best succeed not only in maintaining but in strengthening the unity of our great country.

[Text]

Economic Objectives

When this government first came into office we stated a number of economic objectives. Our first goal was a high level of employment for Canadians and the reduction of unemployment. The second was a high and sustainable level of economic growth. Third, we wanted a better regional balance in both employment and growth. We also wished to bring into closer balance our trade and other current international transactions. To realize these objectives, we recognized that our industry, especially our manufacturing industry, would have to become more vigorous and competitive. We expected that as unemployment was reduced and these other objectives achieved, we would also be able to move toward a balanced budget. Moreover, we sought over the long term to improve the degree of participation by Canadians in

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the ownership and direction of businesses operating within our borders and using our resources.

We may all take pride in the extent to which these goals have been achieved.

Almost half a million new jobs have been created since the spring of 1963.

Unemployment had fallen by last month to 3.9 per cent, on a seasonally adjusted basis, which is just about half the 7.7 per cent reached in the first quarter of 1961.

This improvement in employment was not confined to one or two favoured parts of Canada. During the past two years some of the most rapid increases in employment took place in those sections of the country where unemployment had been particularly high. The decline in the unemployment rate in the Atlantic provinces and British Columbia was of the order of one third between the last quarter of 1962 and the last quarter of 1964; in Quebec there was a reduction of one-quarter. In Ontario and in the prairie provinces unemployment by the last quarter of 1964 was down to about 3 per cent.

We have also had a rapid increase in the Gross National Product. In the two years 1963 and 1964, the value of the nation's output increased by 6.5 per cent and 8.9 per cent, or by a total for the two-year period of about 16 per cent. Incomes have improved materially. The value of construction of all kinds increased by more than 20 per cent from 1962 to 1964, and housing starts went up from 130,000 to 166,000—that is, by more than one-quarter.

• (8:10 p.m.)

In our dealings with other countries we have achieved a considerable improvement in our balance of trade and payments. Our deficit on current account in 1964 was less than one-third what it was at its peak in 1959.

Mr. Diefenbaker: All kinds of selective statistics.

Mr. Byrne: Sour grapes.

Mr. Gordon: This improvement was achieved not by restricting imports and travel by Canadians, but by a vigorous expansion of our exports. Our secondary manufacturing industry has accounted for an important part of this change.

The improvement in our international balance of payments, and indeed in our rate of economic growth in general, could not have come about if we had not been able to keep our prices and costs competitive. Canadian

