

The Budget—Hon. D. M. Fleming

It being six o'clock it is my duty to rise, report progress and request leave to sit again at the next sitting of the house.

Mr. McCleave: You fellows hate Quebec, don't you?

Clause 2 stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE
MINISTER OF FINANCE

Hon. Donald M. Fleming (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, this evening I present my sixth budget. There were as well the financial proposals introduced on December 6, 1957. Each has been designed to serve a long range goal; each has been fashioned also to meet the needs and conditions of its own time. The goal I defined in these words:

The abiding goal of our fiscal policy is the maintenance of a sustainable rate of growth in terms of employment, development of resources, and a sound dollar.

Budgets are normally annual. The fiscal program for the year must be adapted to existing economic conditions. These in an open dynamic and sensitive economy like Canada's are always changing. Flexibility must therefore characterize our financial programs. Adaptation has marked our annual budget programs in these past five years, adaptation to conditions, adaptation to change.

Je suis heureux de signaler que les circonstances dans lesquelles se présente ce budget du Canada sont une prospérité grandissante, un nombre accru d'emplois, de plus grandes possibilités et une rapide croissance économique. La politique énoncée dans ce budget demeurera expansionniste, adaptée à la conjoncture économique nationale. Telle est la note dominante de mon discours.

I am happy to report that the circumstances attending this Canadian budget are rising prosperity, more jobs, greater opportunities, and rapid economic growth. The policy expressed in this budget will continue to be expansionist, suited to our national economic circumstances. This is my keynote.

[The Chairman.]

GOVERNMENT ACCOUNTS 1961-62

The financial transactions of the government for the fiscal year which ended on March 31 are set forth and analysed in detail in the white paper which was tabled and published yesterday. I need therefore refer to them only briefly this evening. The figures presently available are, of course, subject to some changes, since many payments must still be made and the final figures will not be available until the accounts for the year have been closed and audited.

In my last previous budget ten months ago I forecast revenues for the fiscal year ended March 31 at \$5,765 million. Our current estimate is \$5,772 million, an increase of \$7 million, within one eighth of one per cent of the forecast. Expenditures which were forecast at \$6,415 million have turned out to be \$6,563 million, an increase of \$148 million, or 2¼ per cent. More than four fifths of this excess is due, however, to events and policy decisions which could not have been foreseen when the earlier budget was presented. There has been an increase of \$40 million in defence expenditures resulting from policy decisions made and announced at the time of the Berlin crisis last August, and the abnormally low crop yields on the prairies required an increase of \$40 million in statutory disbursements under the Prairie Farm Assistance Act and resulted in the decision in this present session to provide further payments of \$42 million to western grain producers. Apart from these three items expenditures for the past year were about \$25 million, or two fifths of one per cent higher than originally forecast.

The budgetary deficit for the year just ended is thus \$791 million, or \$141 million greater than last June's estimate, due to the cost of the unforeseen events to which I have just referred. These additional costs received the unanimous approval of the house, except perhaps for certain hon. members who argued that they should have been considerably greater.

Our non-budgetary receipts and disbursements have differed considerably from the figures I put forward in June, but it will be recalled that my June budget statement explicitly excluded any forecast of unpredictable changes in the exchange fund. Last June I expected an over-all cash requirement of \$980 million. It now appears that our over-all cash deficit has been only \$479 million. This reduction of \$500 million in our cash requirements is largely the result of repayments of more than \$240 million from earlier advances to the exchange fund, a reduction of about \$40 million in the advances anticipated under the National Housing Act due to market sales by Central Mortgage and Housing Corporation