

The Budget—Mr. Gordon

payable sooner after earnings are realized, will reflect changes in economic conditions more promptly in the future.

I should like to insert at this point a table summarizing the revenue changes I have proposed. Estimates are given of the net increase expected for the remaining portion of this fiscal year, and for the full fiscal year following it. These estimates show a net revenue increase of \$155 million this year and \$455 million in 1964-65.

Estimated Changes in Budgetary and Old Age Security Tax Revenues that would result from the proposed tax changes
(millions)

	1963-64 fiscal year	1964-65 fiscal year
Increases:		
Acceleration of corporate tax payments	\$ —	\$165
Changes in withholding tax rates (net)	—	5
Sales tax changes	185	385
	<u>185</u>	<u>555</u>
Decreases:		
Incentives for manufacturing and processing	30	100
Net Increase in Revenues:	<u>\$155</u>	<u>\$455</u>

I should also like to insert a table summarizing the revised revenues, expenditures and deficit for the current fiscal year after giving effect to all of my proposals.

It will be noted from the table that the revised deficit figure, which includes both budgetary and old age security fund figures, stands at \$565 million compared with \$752 million last year, a reduction of nearly \$200 million. I am sure that hon. members will agree that this is a substantial move in the right direction. To do more this year would not be wise having regard to the present state of the economy. To do less would be irresponsible.

Estimated Surplus (Deficit) in Budgetary Accounts and Old Age Security Fund 1963-64 fiscal year
(millions)

	Before Tax Changes	Tax In-creases	Revised Estimates
Budgetary Accounts:			
Expenditures	\$6,845		\$6,845
Revenues	6,150	\$110	6,260
Estimated (deficit)	(695)		(585)
Old Age Security Fund:			
Expenditures	755		755
Revenues	730	45	775
Estimated surplus (deficit)	(25)		20
Total estimated (deficit)	<u>\$ (720)</u>		<u>\$ (565)</u>

[Mr. Gordon.]

Over and above the deficit of \$565 million to which I have just referred, there are other cash requirements which must be provided for. These include cash outlays by way of loans, investments or advances to Central Mortgage and Housing Corporation to the Farm Credit Corporation, to the Export Credits Insurance Corporation, to the Canadian National Railways and Trans-Canada Air Lines for capital purposes, to the unemployment insurance fund and in connection with the proposed municipal development and loan board.

They also include cash advances to date to the exchange fund, slightly in excess of \$100 million, but do not include any estimate of future changes in the exchange fund which are unpredictable.

There will, of course, be non-budgetary receipts offsetting in part the non-budgetary cash outlays. This year these receipts include one very large non-recurrent item of \$109 million from the sale of its assets by Northern Ontario Pipeline Crown Corporation. Taking these receipts into account, our net non-budgetary cash requirements for the current fiscal year are likely to amount to about \$285 million. Our net cash requirements for 1963-64, both budgetary and non-budgetary, are thus estimated to be about \$850 million.

Throughout this budget address, Mr. Speaker, I have referred repeatedly to unemployment as being the most serious domestic problem before us. Before I conclude I should like to mention again some of the measures which are designed to deal with this problem.

The most effective long term method of dealing with unemployment is to expand industry and industrial production in Canada. I have referred to the proposed department of industry with its associated area development agency. I have referred to the work this department will do in seeing that more goods are produced in Canada.

I have referred to the strengthening of the Atlantic development board and to the proposed municipal development and loan board. I have referred to a series of measures to encourage industrial expansion and growth by the provision of very substantial tax incentives. I have referred to the expansion of the municipal winter works program. I have referred to measures to stimulate employment in the building industry through reducing the down payment on N.H.A. housing and encouraging the construction of houses in the winter months. I have referred to the expansion of the program of vocational training, and to a new program for training those whose jobs are threatened by industrial change. And I have referred to a new plan