



CANADA

CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 15 No. 14

April 6, 1960

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THE BUDGET ADDRESS

The following extracts are from the Budget speech delivered by the Minister of Finance, Mr. Fleming, in the House of Commons on March 31:

"...Twelve months ago, when I introduced the last Budget, we were emerging from a recession. Our fiscal and other related policies at that time were based upon an expectation of continued and accelerating recovery. In these circumstances we believed we should move in the direction of a balanced budget at a pace which would resist inflation and at the same time encourage a healthy rate of balanced growth. Looking back over the fiscal year which ends tonight I think we can take satisfaction in the results. In spite of a period of credit strains, and in spite of some unfortunately prolonged industrial stoppages both at home and abroad, Canada has had a good year. A gratifying degree of price stability has been achieved, and employment, production, incomes and trade have all shown healthy increases. We can look forward optimistically to another year of solid expansion and balanced growth.

"...Last year we emerged from a recession which had been caused by a number of factors: capital expenditures by business, especially in industries producing raw materials for export, had declined; business investment in inventory holdings had fallen sharply from levels which had been high in relation to business sales; and export incomes, previously increasing, had levelled off for two years

because of a reduction in demand in other parts of the world.

"The decline was reversed late in 1958 and gave way to expansion last year. Capital expenditure by business, especially on machinery and equipment, increased throughout 1959 and in the last half of the year was running at a rate well above that of the low point of the recession. The survey of business intentions released by my colleague, the Minister of Trade and Commerce, a few weeks ago indicates that this upward trend will continue throughout 1960.

"As business conditions improved, first in the United States and later on in Western Europe, our exports began to increase and toward the end of the year accelerated sharply. In 1959 we exported more than \$5 billion worth of goods for the first time in our history. Exports to the United States showed the greatest absolute gains, but in the latter half of the year the most rapid rates of increase took place in exports to overseas countries. In the fourth quarter the rate of our total exports of goods, seasonally adjusted, was 12 per cent above the rate in the first quarter of 1959.

"With rising exports and greater business investment, Canadian incomes increased. Consumer expenditures continued to grow and outlays on housing were very close to the record rate of the previous year. Expenditures by provincial and municipal governments on goods and services increased. The Federal Government

(Over)