

The Budget—Hon. D. M. Fleming

provide increasing opportunities for profitable Canadian trade. We have been concerned, however, with the possible political implications of economic disagreements within western Europe. We need also to take all practicable steps to ensure that our trading position is not adversely affected.

We have therefore been giving very close attention to the problems that are arising from the emergence of the two regional trading groups in Europe: the European economic community of six countries and the European free trade association of seven countries. We have been anxious that these arrangements should not lead to inward looking and discriminatory practices and should not weaken the world wide trading system which has been built up so patiently and so successfully in recent years. We are therefore seizing every opportunity to put forward the Canadian point of view at meetings with representatives of these groups and with our other trading partners. Moreover, we are participants with the European countries and the United States in discussions relating to, and have declared ourselves ready to become members of, a reconstituted organization for economic co-operation and consultation, O.E.C.C.; and further we will press that such organization shall subscribe not only to the principles of the international institutions governing trade and payments but also that members shall honour their obligations in these institutions. In particular, we are continuing to urge European countries to resist the growth of European tariff discrimination by extending their tariff reductions to other countries on a most favoured nation basis. We have found that our views are shared by many countries in other parts of the world, and particularly by those in the commonwealth. The general tariff conference of the contracting parties to the GATT which is to be convened next September will provide an opportunity for a further reduction in world trade barriers and new opportunities for Canadian exporters.

I have dealt at some length on our external position because of the bearing which it has on our domestic situation. So long as our access to foreign markets is unimpaired and we are able to keep the costs and the quality of our products and services thoroughly competitive, we need have no fears for the future. The economic expansion which Canada is now experiencing is soundly based; incomes are rising and we have demonstrated a willingness to save; relative price stability seems reasonably assured; business confidence is high, and capital investment is expanding; our export prospects are bright. I

[Mr. Fleming (Eglinton).]

expect that the forces of expansion will continue during 1960, and that the rates of increase we have experienced in 1959 should be maintained throughout the year. Within this framework I am basing my forecast of 1960-61 revenues on an increase in the gross national product in 1960 of about 6 per cent, or to a record level between \$36½ and \$37 billion dollars.

GOVERNMENT ACCOUNTS 1959-60

The government's accounts for the fiscal year that ends today are set out in detail in the white paper tabled yesterday afternoon and I propose to refer to them only very briefly now. I should, however, remind hon. members that the figures I use tonight as well as those in the white paper are preliminary and subject to change. The final figures will not be available until next July or August after the accounts for the year have been closed and audited.

The house will recall that in my budget speech last April I budgeted for revenues of \$5,267 million, expenditures of \$5,660 million and a deficit of \$393 million. On the basis of figures in the white paper it is now estimated that our revenues for the fiscal year were \$5,301 million, our expenditures \$5,707 million and the deficit was \$406 million.

Revenues, expenditures and the total deficit all were very close to forecast. Revenues were \$34 million or two thirds of one per cent higher than last April's budget estimate; expenditures were up \$47 million or three fourths of one per cent more than forecast; and the deficit which was forecast at 7.5 per cent of revenues has turned out to be 7.7 per cent of revenues. Defence expenditures were \$175 million less than forecast but this was more than offset by increases of \$87 million for higher charges for interest on the public debt, \$50 million for larger subsidy and tax-sharing payments to provinces, and approximately \$55 million for various payments in connection with our agricultural and farm assistance program.

Over and above these expenditures that are charged to the budgetary accounts we have under authority of parliament disbursed considerable sums for loans, advances and a number of other essential purposes. These included loans of \$325 million to Central Mortgage and Housing Corporation, \$233 million to the C.N.R.—which, however, repaid \$489 million on account of these and earlier loans from the proceeds of public issues of government guaranteed C.N.R. bonds—\$30 million to the farm credit corporation, \$23 million to the St. Lawrence seaway authority and \$21 million to the Northern Canada power commission. During the fiscal year these