



CANADA

# CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 17 No. 16

April 18, 1962

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## THE BUDGET SPEECH

"I am happy to report that the circumstances attending this Canadian Budget are rising prosperity, more jobs, greater opportunities, and rapid economic growth," said the Minister of Finance, Mr. Donald M. Fleming, in his address to Parliament on the evening of April 10. "The policy expressed in this Budget will continue to be expansionist, suited to our national economic circumstances. This is my keynote."

Mr. Fleming then proceeded to discuss the Government's accounts for 1961-62 as follows in part:

"...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 \$5,722 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 2.25 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 current year will be about \$25 million, or two-fifths of one per cent higher than originally forecast."

Our current budgetary deficit 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....

"Our non-budgetary receipts and disbursements have differed considerably from the figure 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 overall cash requirement of \$980 million. It now appears that our overall cash deficit for the current year will be 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 of over \$40 million of existing mortgages, a decrease in loans to Canadian National Railways of some \$40 million, and the repayment of \$67 million, of advances to the Unemployment Insurance Commission. As a result of the reorganization of the Unemployment Insurance Fund to which I referred last June we have replaced cash advances to the Unemployment Insurance Commission by the purchase of its former portfolio and by redemptions from its holdings of non-marketable bonds...."

## ECONOMIC REVIEW

"It is a source of satisfaction to be able to report to the House: First, that the Canadian economy is experiencing a period of healthy expansion; second,

(Over)