



CANADA

# CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

April 28, 1965

Vol. 20 No. 17

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## HIGHLIGHTS OF THE CANADIAN BUDGET

The following passages are excerpts from the 1965 Budget statement made to Parliament on April 26 by the Minister of Finance, Mr. Walter L. Gordon:

...Unemployment had fallen by last month to 3.9 per cent, on a seasonally-adjusted basis, which is just about half the 7.7 percent rate, seasonally adjusted, reached in the first quarter of 1961....

We have also had a rapid increase in the gross national product. In the two years 1963 and 1964, the value of the nation's output increased by 6.5 per cent and 8.9 per cent, or by a total for the two-year period of about 16 per cent. Incomes have improved materially. The value of construction of all kinds increased by more than 20 per cent from 1962 to 1964....

In our dealings with other countries, we have achieved a considerable improvement in our balance of trade and payments. Our deficit on current account in 1964 was less than one-third what it was at its peak in 1959. This improvement was achieved not by restricting imports and travel by Canadians, but by a vigorous expansion of our exports. Our secondary manufacturing industry has accounted for an important part of this change....

### BALANCES OF PAYMENTS

...Last year we achieved a trade surplus of \$700 million. But we used up this surplus and more in servicing past debts, in paying dividends to foreigners, and in making other kinds of current payments. Our current operating deficit was, I am glad to say, lower than it had been for ten years. But it is still sizeable. Furthermore, last year we exported large

quantities of wheat to Russia, and we cannot count on having such large markets for our wheat on a continuing basis.

Our persistent international payments problem is apparent not only in the total size of our current account deficit but also in its structure. Last year our current-account deficit with the United States reached nearly \$1.7 billion. This was largely offset by a surplus of \$1.2 billion on merchandise and non-merchandise trade with the rest of the world, including the large wheat sales to communist countries. These transactions still left us with a current account deficit of \$453 million which we had to finance....

### TRADE POLICIES

In the Budget Speech last year I described our preparations for the "Kennedy round" of tariff negotiations in Geneva, and outlined the principles that would govern Canada's participation. The formal opening of the negotiations occurred last November, when the offers of reductions in duties on industrial goods and materials were exchanged. Our delegation is now engaged in a detailed examination, with other delegations, of the scope for tariff reductions of mutual benefit.

The negotiations on agricultural products are only now getting under way. This means that for Canada, with its important export interests in agriculture, the "Kennedy round" is not yet in full swing.

(Over)