

ployment in 1961 of 7.2 per cent. But unemployment persists at rates higher than acceptable in the Atlantic Provinces, in Quebec and in British Columbia, despite the fact that the greatest decline in unemployment in 1964 took place in these three areas. The job is not finished, though I submit considerable progress has been made.

In the field of trade there has been a further improvement in 1964, and the figures are given at page 43 of the document to which I referred earlier. Foreign trade will always be an important index for the economy of Canada. The current accounts of our international payments showed gross receipts of \$10.6 billion, an increase of \$1.4 billion over 1963.

The increase in merchandise exports has been striking. It is 16 per cent, providing a surplus of over \$700 million. There has been a steady growth in traditional exports—the products of our mines, our forests and our resource industries. The wheat exports, especially to Russia, continued at a high level as a result of the wheat agreement of 1963 with that country. At the same time, there was a striking difference upwards in some of our newer exports, especially those of manufactured goods.

Honourable senators, despite the buoyancy in Canada's exports, there was an imbalance on international payments, and the deficit was \$453 million. That figure was over \$100 million less than the deficit on the same account in 1963. That in itself is welcome, but it is still not good enough. Unfortunately, the deficit with the United States widened considerably. This presents a challenge not only to Government but to our producers and exporters. It will be a continuing challenge.

In both the public and private sectors of the economy there was an upswing in capital formation in 1964, reflecting the confidence of the private sector in the general prospects of the economy. In housing, and in both buildings and equipment for business, the increase has been some 18 per cent. Capital investment by government was increased by 15 per cent. The total of public and private investment exceeded the \$10 billion of 1964. This exceeded the previous peak reached in 1957.

The confidence of the business community continues this year, because the figures for capital investment now available indicate that it will be some 12 to 14 per cent higher than it was in 1964.

All of this adds up to the simple statement that times are good, the economy is expanding, unemployment is falling, and Canada is experiencing a growth gratifying, I am sure, to every honourable senator. To sustain this growth and, if possible, to increase its tempo, must be the first objective of government. The policies required must be practical. They must be realistic. They must touch the areas that can produce the most fruitful results. Our products must be competitive both at home and abroad. This means our costs must be constantly subject to scrutiny. To achieve this we must have a highly skilled labour force. For this purpose training both in schools and on jobs is essential. We must take advantage of the opportunities which increased automation affords. Automation does not affect only the manufacturing industries. It affects the resource industries as well. Canadians must be conscious of the need of training and of developing competitive skills in what has become a very competitive world.

There is room in this country, honourable senators, for redevelopment. Redevelopment can affect our urban areas. It can affect also the rural slum, the sub-marginal farm, and Government must search out constructive policies with respect to it. There is need for action in both areas. As the legislative program develops, practical proposals designed to achieve this purpose will be placed before honourable senators. In the meantime, the Government has established, as the gracious Speech indicates, a special secretariat to coordinate the activities of every department of government which can influence this problem. This is not planning for pie in the sky. What it is intended is to plan with those engaged in the various sectors of the economy to meet the competitive requirements for Canada in the sixties.

There is much to be done abroad as well. All of us were gratified at the result of the wheat sales to Russia and the increased wheat sales to China in the past two years. We have welcomed in this house the new treaties with other eastern European countries. But bad weather in Russia and famine in China are not to be expected year after year. Windfall, in one sense, may be welcome—and I intend no pun for the benefit of the people from Toronto—but aggressive salesmanship, both public and private, are more durable qualities.

The agreement in respect of the automotive industry recently concluded with the United States is a heartening development,