

The Budget—Mr. Abbott

not intended in any way to deprive hon. members of the privilege they usually exercise to debate that motion. In order that they may not be deprived of that opportunity, I would ask leave of the house to move:

That the provisions of standing order 28 respecting the committee of ways and means be suspended for this day.

If the motion is adopted, the motion to go into committee of ways and means can be made as if this were an ordinary day, and can be debated in the usual manner.

Motion agreed to.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF
THE MINISTER OF FINANCE

Hon. Douglas Abbott (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, in the special circumstances in which I am proposing this motion, hon. members will neither expect nor desire me to give as full or as complete a review of our economic and financial position as is customary in bringing down the annual budget. Although this is a new parliament, and more than one-third of our present members are new members, I am sure that almost all hon. members, old as well as new, are acquainted with the general trend of the exposition and with the broad lines of the proposals which I presented to the last session of the previous parliament. My task this evening, therefore, can properly be limited to three things.

First, bringing up to date the general analysis of our economic and financial position and prospects;

Second, giving the house certain revised statements and estimates of our revenues and expenditures; and

Third, re-introducing, with a few modifications, the tax changes which I proposed last March.

ECONOMIC REVIEW

First, then, may I bring up to date the general economic review which I gave to the house nearly seven months ago. A great deal has happened in this period of time. Some trends that seemed obscure then have become clearer now, and some new developments have occurred. But taken as a whole the general assessment of the situation which I made last March has proved to be sound, and the changes in taxation which I proposed were in the right direction, and I think, about right in degree.

[Mr. St. Laurent.]

In so far as the trend of events on the domestic side of our economy is concerned, I have no changes to suggest in the general conclusions I had reached. Production, employment and incomes are continuing at levels as high as or higher than those upon which my budget proposals were originally predicated. Prices and the cost of living have held well within the limits I forecast. Variations in the general level of wholesale prices and in the cost of living index have been of a fractional character. The latest figure for the wholesale price index is one per cent below a year ago, and for the cost of living index two per cent above a year ago. Average hourly earnings and average weekly earnings in industry are both up about seven per cent over a year ago. So far as one can see at the moment, the net effect of the recent world-wide realignment of currency rates does not require any significant revision in my estimate that the level of prices during the current fiscal year will not vary significantly from that of last year.

It is obviously more difficult to see further into the future. Our total exports, which is one of the basic supports of our economy, were higher during the most recent twelve months' period than in any other peacetime year in our history. Nevertheless, some declines in our overseas export markets have already occurred and some further declines can hardly be avoided. The government will do everything in its power to limit this decline in overseas trade but much will depend on the progress which our overseas customers make in overcoming their dollar difficulties.

The decrease in overseas exports has so far been more than offset by increased sales to other markets, particularly the United States. Any change in economic conditions in the United States will directly affect the level of our exports to that country. Any sharp downturn in American economic activity and in American willingness to import cannot but have sharp and embarrassing repercussions all over the world. Despite the decline in the rate of activity which took place in the earlier part of the year, United States production and incomes have been maintained at levels which have rarely been exceeded in the past. Furthermore, we must recognize the extent to which the United States has moved during the past decade toward adopting measures designed to moderate swings in economic activity. Nevertheless, we cannot afford to overlook the possibility of short run declines in the absorptive capacity of the American market.

It is with these possibilities in mind that the government is actively reviewing

