

This is a case in which, to some extent at least, appearances are deceiving. Here in Canada the Federal Government has been employing different methods of influencing the economy, not necessarily better methods than those employed in the United States but, in our opinion, better adapted to Canadian circumstances.

In fact, some of the Canadian controls are more restrictive than those in the United States. Our consumer credit controls are more comprehensive, require a higher down payment and a shorter period of repayment than those in effect south of the line. Our banks are co-operating in a stricter credit policy.

We have also attempted in the federal budget to strike at the roots of the inflationary problem, by following a pay -as-you-go policy and by tax changes specifically designed to discourage consumer spending and less essential business investment. Some of you may have heard of our plan of deferred depreciation by which depreciation is deferred on a wide range of private capital investment for a period of four years. Canada is the first country to experiment with such a plan and the results to date seem to be good.

As to scarce materials, our controls differ from those in the United States but they are designed for much the same purposes and will, I believe, produce at least as good results. Wherever possible, however, we try to keep our materials controlled on an informal basis. This is possible in Canada because of the comparatively few producers involved.

It has not been considered advisable to establish a system of price controls in Canada. For the time being we are relying on more fundamental anti-inflationary policies, and those policies are working. Prices in Canada, like prices in the United States, are much more stable than they were a few months ago. We have not had spectacular price cutting wars like those in New York, but some sellers in Canada have found, I believe, that over-accumulation of inventories has not paid off. I hope we shall not have to impose widespread price controls in Canada, and if people are sensible and avoid hysteria I think that we can, with some extra productive effort on everyone's part, avoid them. Nevertheless, the power to control prices is ready at hand should the need arise.

In closing I suggest to you, that Canada is a good neighbour to the United States in time of peace and a sturdy ally in time of danger. It is our purpose in Canada to make the best possible use of the resources with which we are endowed. We are pressing ahead on every front - to find and develop our mineral resources, to make the most efficient use of our forests and streams and to expand the output of our farms and fisheries. Nor are we neglecting industry. The long-run trend towards diversification of the Canadian economy continues at an accelerated rate.

But these material accomplishments are by no means the whole story. We Canadians take more satisfaction, I believe, from the fact that we pay our bills, pull our weight and preserve our national integrity.

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