

of farm buildings. Long-term loans are available to farmers through the Canadian Farm Loan Board, a federal agency operating in all provinces. Housing loans up to a specified amount under the National Housing Act (administered by Central Mortgage and Housing Corporation) cover joint loans for home-ownership or rental units in urban or rural areas; direct loans by the Corporation for approved projects if other credit facilities are not available; loans to limited dividend companies or primary industries; and home extension loans.

3. Reduction of interest rate

Interest rates on government bonds and other high grade securities are still low, although some increases took place last year. In most cases the interest and discount rates charged by the commercial banks are comparatively low. Official opinion in Canada is that, in general, interest rates are now of relatively minor importance in determining the level of expenditure and production.

(d) Increasing net exports by means of:

1. Government grants to foreign countries
2. Government loans to foreign countries
3. Encouraging private loans to foreign countries or direct foreign investment; if so, what measures are contemplated
4. Other measures: specify

As one of the chief exporting nations of the world, Canada has done a great deal to restore and stabilize world markets. Foodstuffs, raw materials and equipment from Canada have played an important part in postwar world recovery. Through relief grants, credits and loans, this country has made a substantial contribution to the financing of economic rehabilitation in Europe. These credits and loans have helped to maintain employment in the transitional period and also aided in rebuilding the structure of international trade and political stability that are so vital to Canada's future.

Question 8

Should a decline in effective demand develop, it is expected that steps of the type listed in Question 7 above will be taken from the start or will it be possible to do so only after the fall in effective demand has developed? What are the methods for anticipating the time of the downturn and its extent?

Answer:

The responsibility for influencing and directing economic affairs to maintain full employment has been recognized not only by the Government, but also by all the major political parties in their platforms and programmes. The necessary statistical and economic services required to detect developments likely to interfere with full employment have already been set up, and steps could be taken promptly to counteract any such tendencies at an early stage.

Question 9

If your full employment programme involves increased governmental expenditures is it proposed to offset it partly or fully by increasing tax rates? If so, what taxes?

Answer

A specific answer to this question would involve a forecast of government tax policy that cannot be made at this time. The answers given above to other questions indicate the general nature of fiscal policies now contemplated.