

(b) Stimulating consumption through:

1. Increased payments (in money or in kind) of allowances, pensions, etc.

Government policy has been in the direction of increasing and stabilizing consumption expenditures by developing a social security programme that will support maintenance of consumption expenditures in spite of a decline in employment e.g., unemployment insurance, family allowances, pensions for aged and blind persons and for veterans. The Dominion-Provincial Proposals included some increases in coverage of old age pensions and also proposed health insurance measures. These measures, if put into effect, would serve as added factors in preventing any substantial declines in levels of employment and income. The Canadian Wheat Board Act, the Prairie Farm Assistance Act, the Agricultural and Fisheries Support Acts, through payments made to farmers and fishermen, would also help to underwrite consumption expenditures.

2. Subsidies with view to reducing prices or raising wages in private enterprises

No provision has been made for extensive use of subsidies for this purpose. There are a few instances where such a measure can be used, e.g., payments for farm plumbing equipment under the National Housing Act.

3. Reducing profit margins in governmental enterprises; in private enterprises

No statement of government policy in this respect has been made.

4. Reduction or change in structure of taxation

The Government has indicated that reduction in appropriate tax fields would be made as a means of increasing consumption expenditures in a period of declining economic activity.

(c) Encouragement of private domestic investment by:

1. Reduction or adjustment of taxes.

Government policy has been to reduce taxes as a means of encouraging an expansion in production. During times of unemployment, the Government plans to develop its fiscal policy so as to encourage the increase in private investment and eliminate or minimize taxation contributing to a higher level of production costs.

Tax-free arrangements relating to research expenditures are already in effect. Adjustments have also been made in special cases to render a tax less burdensome to certain industries or to meet special circumstances where it is in the national interest to do so. There have been a number of tax concessions of this nature.

2. Facilitation of credit

This is one of the measures that the Government has recognized (in the White Paper on Employment and Income) as a means of stimulating private investment. To supplement the sources of credit provided by non-government agencies, a number of statutes have been passed that make it easier, particularly for small-scale investors, to obtain credit. Through the Industrial Development Bank, credit is provided particularly for the small business man to establish or expand his plant, where other means of financing are not available. The Farm Improvement Loans Act provides intermediate and short term credit to farmers to improve and develop their farms and to better their living conditions. Loans are made to purchase farm machinery and livestock; for installing agricultural equipment or a farm electric system; fencing or drainage, as well as construction and repair