

influences, has been given additional support by way of higher social security payments and lower taxes.

Periods of economic adjustment are usually characterized by greater business caution in the matter of purchasing and inventory policies, which temporarily accentuates contractionary tendencies. Despite the existence of strong sustaining factors, the present situation may prove no exception in this regard. In such periods, however, it is important to keep constantly in mind the more fundamental considerations which underlie current economic trends.

As previously indicated, the present pause in expansion comes about as a result of the fact that Canada is approaching a phase of development in which, for the time being, less resources are required for the build-up of basic industries. There would appear to be no dearth of uses to which these resources can be diverted. A tremendous volume of new capital facilities is needed to supplement and round out the basic expansion which has taken place. In fact the greater availability of investment resources provides an opportunity to get ahead with public improvements which have been lagging in recent years. Apart from these institutional requirements, the potential needs of consumers are virtually inexhaustible.

It would be a mistake, however, to assume that this redirection of resources will take place automatically without effort or strain. Intensified business planning and aggressive salesmanship may be necessary to convert the latent buying power which exists in the economy into new markets for goods and services. In this way, available resources would be put to use and transformed into higher living standards for Canadians at large.

A number of new federal measures already implemented or proposed will facilitate this transition. Such measures include: More mortgage funds for would-be home-owners and relaxation of minimum requirements for loans under the National Housing Act, re-assessment of tax-sharing and other financial relationships with the provinces, financial aid to power development in the Maritimes, advances on farm-stored grain to Western grain producers, a more comprehensive system of supports to farm producers, extension of unemployment insurance benefits, increased pension rates, and reduced taxes. Each of these measures, in addition to meeting the specific need for which it is designed, serves the general purpose of supporting the financial position of individual Canadians.

Such action on the part of the Federal Government will facilitate but will not in itself accomplish the adjustments necessary for the renewal of sound economic growth. This will require insight, initiative and adaptability on the part of all groups in the community.