

markets for oil at home and abroad, brought about a substantial increase in production of this important source of energy. In recent weeks we have taken the initiative in exploring in co-operation with the provinces the technological problems of long-distance, high-voltage transmission systems for electric power.

"The establishment of a new federal Department of Forestry reflects the interest of the Government in this valuable Canadian resource and its determination to help in ensuring that Canadians will benefit to the maximum extent possible from the future growth of world markets in wood and wood products. Action has been taken to push the frontiers northwards and to improve the opportunities for exploiting the riches, particularly the mineral resources, in our more remote areas. The 'Roads to Resources' Programme and the recent legislation for the construction of the Pine Point, Gaspé and Northern Manitoba-Optic Lake Railways are striking examples of the Government's vigorous effort in this field.

"In addition to these and many other projects which are already under way, the Government has taken action which holds the promise that an extensive but well-balanced programme for the development of Canadian resources will continue apace in future. In October of last year, the 'Resources for Tomorrow' Conference held in Montreal provided a unique opportunity for an intensive survey and study of the potential for Canadian development of renewable resources. The benefits from this broad assessment of opportunities and challenges will be felt increasingly in years to come as Canadians bend to the task of managing our land, water and forest resources. As a first step in the Government's comprehensive approach, the Agricultural Rehabilitation and Development Act was designed to make the most effective use of our land, to raise the productivity of our agricultural resources, and to provide for rural adjustment and better income opportunities in rural areas.

LOANS POLICY

"Measures related to the functioning of our capital markets have assisted Canadian business to find from domestic sources the capital necessary to expand both production and exports. The wide expansion of activities by the Industrial Development Bank is now providing capital to small and medium-sized business at the rate of \$100 million a year. In the 1957 fiscal year the Bank approved 401 loans totaling \$30 million; in the 1961 fiscal year the Bank approved 1,364 loans amounting to \$71 million. In the past three years ten new branches have been opened and the Bank now has 16 regional offices doing business across the country. The new policy of guaranteeing term loans to small businesses by

the chartered banks is rapidly achieving results. The Export Credits Insurance Corporation has experienced a fourfold expansion of business over the past few years. These are some of the results that testify to the vigour of the Government's measures.

"In addition, improvements in the field of debt management, combined with a policy of monetary expansion pursued by the Bank of Canada, have improved our capital markets. In spite of a large increase in the total demands on our capital markets last year, and in spite of a reduction in the inflow of foreign capital to supplement our own financial resources, interest rates in this country are now lower than they were a year ago. The spread between interest rates in Canada and those in the United States has narrowed. Consequently the incentive to capital inflows has been considerably reduced... At this point I shall say only that, largely as a result of the reduction in the external value of the Canadian dollar, prices of Canadian goods are more competitive at home and abroad, and Canadian production is being effectively stimulated....

A LOOK AT THE FUTURE

"Let me now turn to the future... Recent economic developments have been very encouraging. But we must not be complacent. We still have unused capacity in our industry; seasonally-adjusted unemployment fell from 7.8 per cent in February 1961 to 6.0 per cent in February 1962, but this gratifying reduction must be carried much further; and our balance-of-payments position needs to be still further improved. The economic upswing which we are enjoying is strong, but we must not be content to assume that it will automatically carry forward to the point where our productive capacity is fully utilized. The co-ordinated policies announced last summer were good and our resulting progress has been vigorous. However, that progress has not yet reached a point where a fundamental change in approach is required. We must be careful to avoid a premature dampening down of the upswing which is under way. Fiscal policy must continue to provide stimulus to the economy and further specific measures must be introduced to improve the quality and quantity of our industrial output, thereby stimulating employment and income....

"The momentum of the upswing now under way, reinforced by the measures already introduced and by others to be announced tonight, will carry the level of economic activity in Canada to record heights. Assuming normal crops and no unforeseen adverse events, I expect that the growth in Gross National Product from 1961 to 1962 will be about 7 per cent. An increase of this magnitude has been exceeded only twice in the last ten years...."

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...these have been only moderate increases in total stimulate consumer demand. Generally speaking, the Government has made significant tax cuts in order to... This Government has... to other levels of government... and increased in transfer payments to... the Government on goods... from a variety of fiscal measures. Tax cuts, increased... circumstances such as we have confronted may result...