

New moves taken to cope with inflation

Government-backed price restraints and consumer credit controls are being added to the traditional weapons of monetary tightness and budgetary controls in Canada's campaign against inflation.

While all industrialized countries have been grappling with inflationary trends in recent years, Canada is more sensitive to the problem in some areas, particularly to "imported inflation," because of its close economic links with the United States and the importance of world trade to the Canadian economy.

Last July, the Government created and mandated a new independent agency, the Prices and Incomes Commission, to assess Canada's inflation, and to say how price stability may best be achieved. At the outset, the Commission held numerous meetings with representative groups of businessmen, labor leaders, government officials and others in an attempt to arrive at a comprehensive set of undertakings for which widespread support throughout the community could reasonably be expected.

In mid-January 1970, the Commission decided that sufficient progress had been made in the course of detailed discussions with business representatives over an extended period to justify proceeding with a national conference.


The National Conference on Price Stability developed the basic principle that all business firms and other commercial establishments in Canada are called upon to reduce the number and size of price increases they would normally make in 1970 by ensuring that such increases are clearly less than the amount needed to cover increases in costs. The full statement of the Conference (copies of which may be obtained on request from *Canada today/d'aujourd'hui*) was also endorsed by the heads of Canada's federal and provincial governments.

The Commission is now undertaking a series of price reviews to ensure that the price restraint criteria are being complied with. These findings will be presented to the Government for consideration, and action where necessary. Earlier this year, the Government was successful in persuading copper

producers and major railroads to suspend price changes. Banks also agreed to withdraw previously announced increases in charges on personal loans.

The Commission is continuing efforts to secure the cooperation of labor unions and all other wage and salary earners to reduce current pay increase demands, and Prime Minister Pierre Elliott Trudeau repeated in Parliament the Government's determination to maintain tight monetary and fiscal policy until inflation is curbed.

The Budget for the fiscal year beginning April 1, was introduced into Parliament by Finance Minister E. J.

Benson in March. It provided for the imposition of controls on some types of consumer credit, the first such controls since the Korean War 20 years ago. The controls would establish the minimum down payment for installment buying to twenty percent of the purchase price, and limit the repayment period to two years—or thirty months in the case of automobiles. Mr. Benson noted that the Budget would produce a Treasury surplus for the second consecutive year, of 300 million dollars versus 355 million dollars in the 1969/70 fiscal year, as he predicted a change in Canada's economic climate to slower growth, slightly higher unemployment and lower corporate profits. When the change appears, he indicated that the Government would be prepared to take further budgetary measures if necessary. 

'The best U.S. customer—one dollar in four'

Consulates open in Buffalo and Minneapolis

Canada has opened two more consulates in the United States to deal with the ever-increasing flow of trade between the two countries.

The new posts, in Minneapolis and Buffalo, bring to 14 the number of Canadian offices—more than any other country has here. They will be primarily oriented toward export trade and industrial promotion, as well as performing the normal consular functions.

The Minneapolis office will serve Minnesota, North Dakota, South Dakota, Montana east of the Divide, upper Wisconsin and upper Michigan peninsula. Its address is 15 South Fifth Street, Minneapolis, Minnesota 55402.

The territory of the Buffalo post is upper New York State. Its address is 1400 Main Place, Buffalo, New York 14202.

John H. Bailey, formerly Commercial Counsellor in Caracas, is Consul and Trade Commissioner in Buffalo. Glyn E. Woollam, formerly Commercial Counsellor (Agriculture) in London, is Consul and Trade Commission in Minneapolis.

"During 1969, Canada-U.S. trade represented by far the most dynamic element in the Canadian trade picture. The value of Canadian merchandise exports to the United States rose by 14.6 per cent last year to Can\$10,600 million, representing not less than 71 per cent of total Canadian shipments abroad.

While Canadians are well aware of the high degree of importance of Canada-U.S. trade from *our* standpoint, it is not so well established in the public mind that Canada is also by far the best customer for goods which the United States has to sell abroad. On the basis of United States trade statistics, Canada supplied a market of well over Can\$9,000 million of U.S. goods.

This meant that nearly one dollar in four of U.S. export earnings resulted from sales in Canada. As a matter of record, we bought more than two and a half times as much from you as Japan, nearly twice as much as 20 Latin American republics, and about the same amount as the combined total of your exports to the six members of the European Common Market and Great Britain."

*Hon. J. A. Richardson,
Minister of Supply and Services,
at the opening of the Canadian
Consulate in Minneapolis* 