

encouraged. Continued low interest rates will stimulate the investment of funds contributing to employment. The facilities of the Industrial Development Bank (see p. 994) will be of particular importance for small and new enterprises on the development of which much future employment will depend. The Farm Improvement Loans Act provides, through the chartered banks under limited government guarantee, loans for a wide range of improvements. Finally, in the field of housing, expenditures have been deficient for the past fifteen years and there is need, as soon as the exigency of war permits, for investment in housing on a scale far exceeding the immediate pre-war levels.

*Consumption.*—In Stage II of the War, consumption expenditures may be expected to rise to the full degree to which goods and services can be made available. Unemployment insurance, family allowances and the support of farm and fishery prices will help maintain income. Indeed, the danger in this period is that consumption expenditures will tend to outrun goods and services available. Social security and other measures for supporting and stabilizing such expenditures will continue to operate. Furthermore, the Government has indicated willingness to institute contributory old age pensions and health insurance as soon as financial and administrative arrangements with the provinces can be agreed upon.

*Public Investment.*—In the circumstances of the War, Government expenditures have become the dominant factor in determining the level of employment and income. During Stage II of the War, the proposal is for the Dominion to press ahead with the planning of its own deferred works. The co-operation of the Provincial Governments, the municipalities and of the industries engaged in the use of natural resources will be sought and it is recognized that many of the plans outlined under this heading in the White Paper require, for their full implementation, a new definition of the financial arrangement between the Dominion and the provinces.

In the post-war period, the deliberate use of public investment expenditures as a permanent instrument in employment policy, to be undertaken experimentally, is set forward but it will be necessary to frame policy to fit the facts of the Canadian economy and to administer it in accordance with the Constitution. A substantial beginning along two lines is advocated:—

- (1) The advance planning of a 'shelf' of necessary and desirable projects by the Dominion and Provincial and Municipal Governments. These are to be kept ready for execution when prospective employment conditions make it desirable to increase public investment expenditures.
- (2) The implementation, in co-operation with the provinces, of a new Dominion policy of expenditures on the development and conservation of natural resources. While some of these expenditures must be continuous, a substantial portion of them may be varied according to employment and income levels.

With this beginning, the Dominion Government would seek to enlarge the scope of its public investment program as rapidly as experience warrants.

Yukon and the Northwest Territories and the field of civil aviation will be of particular importance as fields of public investment.

*Scientific and Industrial Research.*—The work of the National Research Council will be continued and expanded and will be co-ordinated more closely and effectively with the research work of the universities, other government laboratories and industry. By co-operative endeavour, the whole technical level of Canadian industry must be raised. So far as the immediate future is concerned, however, few research facilities can be released from war work.