

better, we have more buying power than we had before the program began.

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The goal of the second year of the anti-inflation program is to bring inflation down even further, to no more than 6%. This can be achieved only if increases in everything slow down together.

In our kind of market economy, prices have to be able to move up and down to some extent. But the anti-inflation program does put an effective restraint on prices by controlling profit margins. In the second year, the price and profit controls are being changed to make the rules simpler and to apply restraint more fairly among different companies. They also include important incentives to encourage the investments the country needs to make the economy grow and create new jobs for Canadians. New investment credits will make allowances for company profits re-invested to boost production and productivity.

In the area of wages and salaries, the second year Guidelines limit increases to 6% as a protection against price increases, with 2% more added as a share of national productivity.

them. But controls were and are needed, to bring inflation down and to assure a growing economy. The program will be terminated by the end of 1978. Until it is ended, the government is committed to making sure the controls work hard to bring about a continuing reduction in the rate of inflation.

Inflation has to be cut down to protect our personal buying power, our savings and pensions, and jobs for Canadians. If last year's spiral of rising prices and incomes had continued, Canadian-made products would soon be unable to compete in world markets. Imports could easily undercut goods produced and sold here at home. It's especially important for us to keep our prices and costs competitive with the United States, and on both counts the U.S. is still doing better than we are. Finally, inflation also hurts investment. And when investment goes down, unemployment goes up.

After a year of controls, inflation has come down. Progress has been made, in protecting Canadian jobs and improving Canada's well-being. The success of the anti-inflation program so far has depended a great deal on the co-operation of many Canadians. With continued co-operation, we can all look forward to sharing a more prosperous and growing economy.

THE ANTI- INFLATION PROGRAM A REVIEW YEAR ONE



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