

(2) Inasmuch as the successful implementation of a full employment policy in any one country will often depend upon factors controlled at least in part by other countries, including the availability of raw and semi-manufactured materials and capital equipment and the equilibrium of the balance of payments, Government policy in relation to these matters should have due regard to the impact of particular national measures upon the employment situation in other countries.

3. In view of the importance of a high level of investment from the point of view of employment policy, and in order to eliminate as rapidly as possible the shortages of capital goods which create bottlenecks and thereby hinder both an increase in employment and the production of consumers' goods, provision should be made for—

- (a) Measures to facilitate the flow of credit and of capital to new, efficient enterprises; and
- (b) Appropriate methods by which public authorities may support and supplement investment in types of development (such as housing) which are of special importance from the social point of view; and
- (c) Consultations between Government and industry for the purpose of adapting the volume of private investment with a view to minimizing trade fluctuations; and
- (d) A policy of public investment and related financial measures on the lines recommended in the Public Works (National Planning) Recommendation, 1944.

4. (1) The existence in most countries of a relative shortage of production and consumption goods, accompanied by a high effective demand for such goods both from current income and from liquid assets accumulated during the war, tend to cause an inflationary spiral in prices which would be of such a character as to disturb the economy and might ultimately provoke a crisis. In addition, the rise in prices would have serious social consequences, including a reduction in the real income of workers, especially white-collar workers, and of all groups in the community who depend upon a fixed money income, as well as the danger of widespread industrial conflict. Appropriate measures, including the following, should therefore be adopted to counteract inflationary developments.

(2) The supply of goods should be increased by measures to facilitate the expansion of production and, where appropriate, of imports.

(3) Provision should be made, so far as is administratively practicable, for the retention, as long as shortages prevail, of—

- (a) Price controls over goods and services; and
- (b) Direct controls over the production and allocation of raw and semi-manufactured materials, transport, sources of power, and capital goods; and
- (c) Limitation of demand for consumption goods by such means as rationing.

(4) To the extent that the above controls are ineffective or only partially effective in preventing inflationary developments, they should be supplemented, as long as is necessary, by financial or taxation measures designed to absorb any excess of monetary demand.

(5) An educational campaign should be undertaken to persuade consumers to refrain from using their increased purchasing-power in such a way as to force up prices.