

Flaherty says Canada in good financial shape

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Federal Finance Minister Jim Flaherty in July. (Dave Chidley/Canadian Press)

Federal Finance Minister Jim Flaherty insisted Friday that Canada is in good financial shape, even as the Bank of Canada announced it was making an extra \$12 billion available to ensure credit does not dry up in the economy.

Flaherty said the government has done a good job of economic management, especially in comparison with the United States, and the country needs continuing stability.

The central bank said it was boosting the money available because of market pressures. The \$12 billion will be made available to lenders by Nov. 5.

The bank has made \$8 billion available since Sept. 19.

Flaherty, talking to students in London, Ont., did not announce any additional government plans to deal with the credit problems, as opposition leaders have been demanding.

He said problems in the U.S. clearly need fixing but "the situation in Canada is quite different."

The U.S. government is running deficits while Canada has surpluses. And while some U.S. homeowners are losing their houses in the credit crunch, Canadian households "are in much better shape."

Flaherty said Canada's Conservative government foresaw that there were going to be U.S. financial problems and decided in 2006 to follow a policy of fiscal prudence — cutting taxes, maintaining the budget surplus and reducing the national debt.

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