would have to earn $5,670 in 1957 in order to equal a disposable income of $2,500 in 1939.

Then, we should relate all this to the effects of inflation upon Canadians with more static incomes, dependent upon bond holdings, pensions or annuity fund payments or social welfare-type payments, etc. Perhaps only then can we appreciate the full impact of this categorical statement in the 1956 report of the Bank of Canada:

> Inflation forcibly restricts consumption by exacting the greatest sacrifice from those least able to bear it.

On page 428, the Gordon Report makes this statement:

> The people who get hit the hardest in a period of rising prices are pensioners, people who have retired, and others with fixed incomes, the so-called white collar class whose salaries are relatively inflexible, and particularly those who are not organized in union groups.

These creditors, by and large, are the losers. They pay for a relatively larger proportion of the costs of inflation because they are least able to insulate themselves from its effects, and tragically, they are much too often the least able to bear these costs.

And who are the beneficiaries? Are they the debtors—all levels of government, and very many of our business and industrial corporations—and the great and organized groups of many kinds and characters who have acquired enough power to insulate themselves from the effect of certain economic forces which are harmful to them, and thereby to shift a relatively larger proportion of inflationary costs upon the creditors, upon those who have or are making savings in liquid assets, in equity in insurance companies, in retirement or annuity funds?

Pursuing this problem further, in the context of the Government's somewhat pious appeal for self-restraint and the somewhat academic warning about the dangers and inequities of inflation, we might ask ourselves whether the measures and instruments used by governments to influence the rate of economic activity and maintain full employment are inflation-biased, setting up contradictory pressures which aggravate inflation by pushing up price levels. The Gordon Commission seems to think that is so.

Furthermore, because there is greater sensitiveness and many more pressures for fostering employment during periods of economic slowdown than for stopping inflation during periods of economic exuberance, do our monetary and fiscal policies tend to do less about curbing inflation and economic over-expansion? Theoretically, we might fight inflation by reducing or restraining governmental expenditures, by raising taxes, by curbing expansion of credit or allocating it, by altering wage-setting, price-making and profit-taking processes, by modifying price-support policies and by reducing tariffs. In practice, except in a period of gravest national emergency, our available choices are much more limited. It demands rigorous self-discipline, imagination and courage, not only by Opposition parties but by Canadians as a whole, to restrict or allocate credit, to do effective cyclical budgeting, to decrease price supports, to reduce tariffs, for we appear not to be able to agree on the timing or degree of badly needed counter-inflationary measures.

Certainly, honourable senators, what is needed is a national declaration of purpose concerning our determination either to halt the rising tide of higher prices or to distribute their costs more effectively, just as we made what in effect was a national declaration of purpose concerning employment and the national sharing of costs of unemployment back in 1945. Certainly what is needed is more public discussion, more parliamentary study and debate of this inflationary problem, so that its dangers and inequities may be brought to the same high level of public consciousness as are those of recessions and unemployment.

Certainly what is needed is a greater awareness of the limitation *vis-à-vis* inflation control of our monetary policies, for the regulation of a nation's money supply is apparently no guarantee of price stability and steady economic growth. Certainly what is needed is a clarification of who is responsible for the so-called tight money policies about which we have heard so much, for, as I understand it, one of the duties of the Bank of Canada is to regulate currency and credit in accordance with the country's needs, unless of course Parliament changes the law and vests responsibility for currency and credit in the cabinet. Certainly what is needed is an understanding of whether monetary policies are not, in fact, blunt and relatively non-discriminatory instruments, whose effects are apparently unequally and inequitably distributed among the four regions—we have not a single Canada—but rather four economic regions—and among the various sectors of our Canadian economy. Certainly what is needed is faith in the continuing value of our currency, so that the average Canadian may continue and perhaps increase the present relatively high rate of savings to meet the prospective needs of an orderly development of our Canadian economy.

Certainly, too, Canadians will support whatever monetary, fiscal or other public measures are needed, if they understand the basic issues involved, and if they know that