

exhortation. There must be, not only a clear statement of purpose, but, above all, there must be a positive demonstration by the authorities in day to day policies that inflationary actions will be avoided. This means the exercise, when necessary, of the required restraint in monetary and credit policies. It means restraint in the growth of government expenditures and the avoidance of deficits, especially when these are inflationary in their effects. However, these restraints cannot work smoothly unless there is also restraint in the pressures which can be exerted by labour, business and other groups. If these pressures are too great either politically or economically they can frustrate the efforts of the authorities and result in unemployment and stagnation.

Authoritative witnesses emphasized to the Committee that adequate tools of monetary and fiscal policy for the control of persistent inflation are available. We can muster the will and determination to use them. With the necessary will there is no cause to fear that inflation is inevitable, especially in the present circumstances when the supplies of goods and resources are ample. In a free society public understanding and support are essential. It has been said the "monetary and fiscal policies must not only be intelligent, they must also be intelligible." To this end responsible bodies must be willing to make particular efforts to discuss and explain the issues involved and the aims which are sought. Your Committee hopes that its proceedings, the valuable evidence it has received, and this report will make a constructive contribution to this purpose.

To summarize, your Committee concludes that:—

1. Inflation is not inevitable.
2. We reject the doctrine of "creeping" inflation as in any way desirable for Canada.
3. The maintenance of reasonable stability of prices should be a basic aim of our economic policy along with our other aims for the achievement of high levels of employment and an adequate rate of economic growth.
4. Reasonable stability of prices is entirely compatible with and essential to the attainment of continued economic progress and high levels of employment.
5. Inflation constitutes a hidden tax which falls inequitably upon the public, with grave injustices upon those least able to protect themselves.
6. Inflation is harmful to our basic primary producers and weakens the competitive position of both our export and domestic industries.
7. Tools to contain inflation are available—what is necessary is the will and determination of the people and the authorities to use them.

Your Committee records its deep appreciation of the invaluable help received from its consultant and adviser, Dr. John J. Deutsch. He was uniquely fitted by his experience and qualifications to assist the Committee in its study and he has had the confidence of all members of the Committee.

All which is respectfully submitted,

C. V. EMERSON,
Chairman.