

I have reserved to this point my comments on the responsibility of the government in its own proper field. Government policies undoubtedly can and do affect the economic forces which have either inflationary or anti-inflationary consequences. I suspect at times that the influence of government policy on these forces is exaggerated in the minds of many people, but I have no wish to deny or evade the responsibility of governments in this regard.

The policy of the Canadian Government is quite clear. It was stated by the Prime Minister and myself on July 14th when launching the Conversion Loan campaign. On that occasion he said:

"One of the primary advantages which will, I am sure, commend itself to all of you, is that it, (the Conversion Loan) is in every sense anti-inflationary. It is, even more definitely, a sound money policy. I want to emphasize again at this time that the preservation of a sound currency and the maintenance of stability in the value of the dollar are matters to which the Government attaches the greatest importance."

On the same occasion I stated:

"Through this Canada Conversion Loan the Government is reaffirming its determination to follow policies that will maintain the soundness of our currency and the purchasing power of your dollar."

This remains, let it be said, the policy of the Government.

I do not underrate the risks of inflation. I am keenly aware of them, and it is well that the public should be concerned about them. Our aim must be to achieve a sustainable rate of growth in terms of employment, development of resources and the maintenance of the purchasing power of the Canadian dollar. Inflation is not inevitable. It can be controlled if governments at all levels, and business men, and labour, and farmers and the ordinary man in the street all have the self-denying will to combat it.

Some of the policies which the present Government has followed have certainly been deliberately calculated to stimulate the economy with a view to enlarging employment opportunities. Unemployment still gives us deep concern, but we are now convinced that the proportions of the unemployment problem this winter will be smaller than last and that 1959 will witness added strength and activity in the Canadian economy. I am not predicting any sudden boom; indeed, I hope that recovery will rather proceed at a steady and sure pace. Such progress will enable the Government to direct its efforts more definitely toward curbing inflationary forces in the economy, so far as the Government has power to do so.