

every citizen has a responsibility to play his part in the maintenance of the stability and purchasing power of the Canadian currency. This solemn duty rests upon employers, employees and self-employed. I repeat the stern warning which I issued in my budget speech on June 17th last:-

"Moreover, I confess my concern over costs of production and prices in Canada. Only by keeping our costs of production in line with those of our competitors can we hope to achieve expanding employment and progressive improvement in our standard of living.

"We are in danger of becoming a high-cost economy. Such a prospect is particularly perilous in the case of a country like Canada which must sell so much of its production in markets abroad. Moreover, Canadian producers are encountering increasing difficulty in retaining their domestic market in the face of keen competition from abroad. Many of them under these circumstances turn to the Government for a solution of their cost problem.

"In a free society there is no simple formula by which the government can maintain stable prices and there is a limit to what governments can do to assist producers to hold down their costs of production. A wise government can, of course, help to promote an environment which is conducive to price stability and this Government gives a high place to that duty; but to an important extent, prices are the result of competition among the various economic groups which compose our nation, each striving for a greater share of the national product. I echo the warnings issued by the Prime Minister, Mr. Diefenbaker, to all sections of the Canadian people in appealing to all, whether employers, employees or self-employed, to have regard for the general interest in the returns they seek for their services and products. In a free society there is no omnipotent arbitrator who can set prices and wages at stable levels. One must depend upon the sense of responsibility of free men and women not to demand more than their fair share of the national income. As I have said on other occasions, increases in incomes can be justified by increased productivity, and by increased productivity alone."

There are those who ascribe to the Government powers which it does not possess, and which, if it did possess them it ought not to exercise lest the loss of freedom should result. Some of the panaceas which I am asked to adopt would involve such a regimentation of the Canadian economy as would, I trust, be intolerable to the Canadian people in time of peace. In a free economy in time of peace, the Government cannot compel the freezing of costs or prices.