

concur in the action taken by the other house.

I should say in the first place that basically the problem which is to be studied by this committee is inflation. The study of inflation is not new to the Senate, because in 1959 the Finance Committee of this house inquired into the question of inflation, and the report of the committee, under the able chairmanship of the late Senator Emerson, is to be found on page 553p of the *Journals of the Senate* of 1959.

I think it appropriate that I read the seven short sentences which summarize this very valuable report, and to suggest that the report might very well be the subject matter of consideration and study by the members of this committee. The summary reads as follows:

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.

Honourable senators, in the House of Commons, during the emergency sittings which were held a week ago, the Minister of Finance made a statement in which he indicated some of the steps being taken by the Government to deal with this problem with which everyone is concerned.

One of the steps was a proposal to discontinue the winter house-building incentive

program. This program was introduced originally in the budget in 1963 and it was designed to try to relieve the problem of unemployment which was plaguing us at the time, particularly in the winter months.

The second step which he announced was that the Government proposed some restraint on the rate of increase on grants for research. A step of this kind is taken with reluctance, because research is so vital to economic growth. However, in this emergency one looks for programs where one would hope there would be relief without commensurate damage. This was one of the programs which was indicated for treatment.

The third program which was deferred was one which had been long promised by the Government and which because of other commitments it has been unable so far to fulfil, namely, the provision of certain scholarships for university students. This is not cancelled, but the Government proposes at this time that it should be deferred.

There have been in existence agreements between the federal authorities and certain of the provinces with regard to certain forestry programs. These programs are due to expire in March 1967. The Honourable Mr. Sharp announced in the House of Commons the other evening that these agreements would not be immediately renewed.

The minister also announced the hope and the determination of the Government to hold down expenditures in the field of defence. This must be done, of course, in a way which will not interfere with our commitments to the NATO alliance and in other areas where defence commitments are inescapable.

Some restraint has been exercised already by the federal Government on capital expenses particularly in the field of construction. It is hoped that these deferrals of such projects can be extended even more, in the hope that much of the heat will be taken out of the pressures which exist in the construction industry.

The other major item, of which honourable senators are quite aware because of the amount of publicity it has received in the press, was a decision that the coming into force of the medicare program would be deferred from July 1, 1967 to July 1, 1968.

When the budget was presented by the Minister of Finance in the spring of this year, it was thought by him and his advisers that certain steps should be taken which were of an anti-inflationary character. One of those steps was to increase the personal income tax