

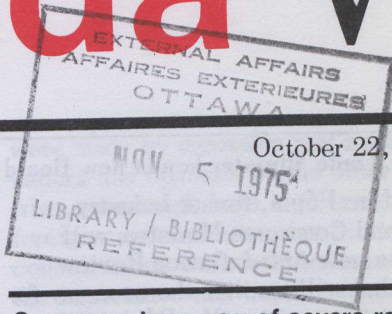
# Canada Weekly

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## Government program of severe restraint to knock the wind out of inflation

In an address to the nation on radio and television, October 13, the Prime Minister described a new program of guidelines to restrict prices and incomes as "the heaviest since the Second World War".

Directly affected will be employees of the Federal Government, 1,500 of the largest companies, construction companies and all professional people. A 10 per cent ceiling is placed on wage and price increases in the first year. Salary raises from \$600 to \$2,400 will be possible but price increases beyond those needed to recover higher costs will not be allowed.

Mr. Trudeau also appealed to all Canadians to practise individual restraint "to knock the wind out of inflation".

A review board, which will monitor the Government guidelines, will report cases of non-compliance to an administrator, who will be empowered to order cutbacks. "Stiff penalties backed by the full force of the law will be swiftly applied," said Mr. Trudeau, if the order were disobeyed.

The text of the Prime Minister's address follows:

\* \* \* \*

The price and income guidelines will take effect at midnight tonight. They will be enforced on the Federal Government and all its employees, on the 1,500 largest companies in Canada, including virtually every company in the construction industry, and on all the employees of all those companies. The guidelines apply as well to all professional people, such as doctors, lawyers, accountants and engineers.

Today I asked all the Premiers to join as full partners in this attack upon inflation. I asked them to apply the federal price and income guidelines to all provincial and municipal public service salaries, to all rents and all professional fees under their jurisdiction.

Tonight I am making a direct appeal for the co-operation of all Canadians in the practice of individual restraint. Although the guidelines will be enforced against relatively few groups, they can only work if everyone is willing to accept these new limits and considers himself bound by them. This battle must be fought by all of us. Specifically, I am asking you to do what only you can do to knock the wind out of inflation. I am asking you to live by the fact that all Canadians must restrain their rising demands upon the nation's wealth, so that Canada as a whole will be able to live within her means.

That is the only anti-inflation weapon which offers hope of permanent success. That weapon is in your hands. I am appealing to you to use it.

There is a growing and dangerous conviction among Canadians that only the Government has the power to take effective action against inflation. There is a widespread belief that, if only the Government would clamp down on itself, on big labour and big business, then the problem would be solved. Many believe that the exercise of individual responsibility and individual restraint is not only unnecessary, but also ineffective.

That belief is wrong. It is also the main force propelling the rise in the cost of living. The basic cause of inflation in Canada is the attempt by too many people and too many groups to increase their money incomes at rates faster than the increase in the nation's wealth.

If I could persuade you of nothing else tonight, I would want to persuade you that no amount of Government control, not even a vast army of bureaucrats operating the most massive restraining machinery, not even a total freeze of all prices and incomes of all Canadians, could permanently cure the disease of inflation.

Cure is a change of attitude

The only benefit of having restraint imposed by law is that it gives people

## Canada/U.S. special relations end

During a brief visit to Ottawa, October 14 and 15, Dr. Henry Kissinger, United States Secretary of State, said that the "special relationship" between the U.S. and Canada no longer existed. Details in next week's issue.