This discussion of the nature and effects of the post-war inflation in Canada is by no means complete, nor is it exhaustive in its analysis. It is intended merely to be illustrative of some of the major dislocation, inequities, and economically disruptive disparities which result from a prolonged and substantial decline in the value of money. Inevitably, the heritage of the immediate past pervades the problems of the present. Hopefully, also, it should hold lessons for the future.

The Compatibility of Economic Goals

The experience of the post-war years, a period of dynamic growth and generally high levels of employment in an environment of rising prices has led to some questioning as to whether the socially desirable aims concerning high levels of employment, an adequate rate of economic progress, and the maintenance of reasonable stability in the value of money are compatible with each other. Most of the witnesses which appeared before the Committee referred to this important question and expressed the definite and unequivocable view that these basic objectives of public policy were not only mutually consistent and compatible but that in the end not any one of them could be accomplished without the others.

The submission of the Canadian Life Officers Association stated that "The main objectives of Canadian policy should be a relatively high level of employment and reasonable stability of the currency. The life companies believe that these two objectives are not incompatible. In fact, the companies believe that if these twin objectives are not given equal weight in the formation of policy and in its implementation, Canada will fall short of the sustained economic growth which could be achieved." The Executive Council of the Canadian Chamber of Commerce stated that "It is of the opinion that the objective of non-inflationary growth over a period of years while difficult is not impossible of attainment. It further believes that steady economic growth is so important to Canada that every sound method for encouraging it should be employed." Professor Knox gave his opinion that "... very few economists will be found, however, to argue that our policy choice lies between full employment plus sizeable price increases, on the one hand, and price stability plus stagnation in the national output on the other... Our policy objectives should... aim at long run stability in the price level... Provided that the economic system retains its competitive and flexible nature and movements of the price level are kept within reasonable bounds, fluctuations of the index of prices below as well as above the long-run average position are not incompatible with high levels of employment and great growth in national output."

The representatives of labour unions who made submissions to the Committee agreed that a "stable or reasonably stable" price level was a desirable goal of policy provided that the concern for price stability did not outweigh or obscure what they regarded as the more important issues of the level of employment and the rate of growth of the economy. This attitude emphasizes the importance of pursuing at one and the same time the twin goals of high levels of employment and reasonable stability of prices. Neither unheeded inflation nor substantial and protracted unemployment is socially acceptable. It was frequently pointed out to the Committee that prolonged or rapid inflation would sooner or later result in a bust and bring about serious unemployment. Consequently the modern state, and the industrial and labour groups within it, have a heavy responsibility to pursue policies which are designed to make our basic economic objectives compatible with each other.