

of all. We take it earnestly to heart and seek to profit by it. Criticism in the body politic is like a pain in the human body. It is not pleasant but where would the body be without it? No health or sensibility would be possible without correctives and warnings of pain.

We have had many warnings of pain here, particularly in the last few hours. What are we facing? The figure of 6.6 per cent unemployment has been bandied around this House of Commons and speakers have quoted this figure at great length. The figure of 6.6 per cent is a high per cent. About 40 per cent of it, however—the economists on the other side of the House know this is true—represents frictional and structural unemployment. Unemployment of about 2.5 per cent or 3 per cent is inevitable. Hon. members know this, and we know it. Let us not attempt to inflate these figures in order to frighten the Canadian people into the belief that we have some kind of a depression from which it is impossible to emerge.

**Some hon. Members:** Oh, oh!

**Mr. Perrault:** I am simply giving the opposition some facts. They know that they are facts and they know that this is accurate information I am dispensing. The problem, and it is a difficult one, relates to the remaining 3.3 per cent or so of the work force. I repeat, under present highly-developed technological conditions we will have, even in good times, something like 3 per cent unemployment. This is a fact which has been admitted by opposition members during some of their statements in the House of Commons. So we are talking about 3.3 per cent of the work force.

Everything possible must be done for those people now. We cannot afford any fatalistic or passive acceptance of this figure. Indeed, the percentage of unemployed may be expected to increase if the seasonal trend continues to manifest itself. We know this. It can be expected that unemployment will increase in January and February, as it always has. There is reason to hope, however, that a significant improvement will be registered soon and that by summer levels of unemployment will be at least within a respectable distance of the 10 year norm.

Whose responsibility is unemployment? There has been an earnest attempt by the opposition to grasp this issue as something it can race to the electorate with, saying that the big bad government in Ottawa is responsible for it all. This afternoon the leader of the Socialist party in this House commenced his speech by saying the government is responsible. He said the government was responsible for inflation a few months ago. I have some comments from the NDP council convention and I should like to share them with the House. This is what occurred at the New Democratic Party Council meeting:

Economists Jack Weldon and Rosalind Blauer told the New Democratic Party council during the weekend that efforts to control U.S. generated inflation in Canada are worthless.

The NDP has been blaming the federal government these many months. The report continues:

David Lewis, NDP Member of Parliament for York South, said it would be politically impossible for NDP in its present position to say: "Full employment and we don't care where the prices go".

### *The Budget—Mr. Perrault*

If in power, the party could take measures to keep prices reasonable.

I ask whether there has been fair NDP criticism of the government during recent months. They level a full measure of blame at the government and then in their inner council party meeting say it is a U.S. generated inflation. I think we have done very well to control this "U.S. generated inflation" in Canada—indeed, the best of any nation in the western world.

Our Socialist friends, and many of them are good, personal friends of mine, profess to be friends of the working man. May I read into the record of the House this quotation from "The Annals of the American Academy." This is an article by the learned Mr. C. Canby Balderston, a man with impeccable credentials; indeed, he has been quoted by some members of the Socialist party. He writes as follows:

Inflation is not an effective long-run means of creating job opportunities. Eventually inflation endangers and disrupts job stability for it is during inflationary booms that the seeds of deflation are sown.

Nor will inflation cure structural unemployment that stems from shifts in the use of resources. A dynamic economy forsakes the old for the new, and so one may expect rapid economic growth to bring about some unemployment of a structural sort.

● (9:20 p.m.)

Even though further expansion will tend to put more people to work, an unemployment percentage higher than that reflecting frictional unemployment might lead to the question of whether job opportunities would not be greater if certain prices were lower.

It has been the effort of the government to keep prices under control. In saying this I want to advance some ideas on how we can improve the present situation. There has been a great volume of comments from the hon. member from the great province of Alberta. I want to ask him about a statement made by the financial critic of his party, because so many members of that party have been critical of what they allege is a fight against inflation which the government has designed to deliberately create unemployment. I ask because I am confused. I cannot reconcile the statement made on November 4, 1969, with what we have been hearing during the past few hours. The following is from the record of the House. It was said then by the financial critic of the Conservative party:

If the national effort against inflation results in an underkill on the score of inflation, it will be far worse than the overkill; because if we have a national underkill in this fight against inflation, we will have to start all over, and I think the square of zero is going to be much further back again.

So in 1969 the Conservative financial critic said, "Even if it is overkill, even if we create unemployment, we have to fight inflation." I wonder if the members of this House, indeed the Canadian public, have a right to question exactly what the opposition really believes to be the line of attack against unemployment and inflation, because the line changes so frequently.

In so far as the government was given a mandate to govern in 1968, it has certain responsibilities to attempt to influence the development of the economy. But Cana-