

*The Address—Mr. Pearson*

The minister replied:

I don't think either will be a threat to our economy in 1959.

**Mr. Churchill:** I am an optimist.

**Mr. Pearson:** The minister certainly is an optimist. The Minister of Finance (Mr. Fleming), in his speech in Toronto on January 5, 1955, took about the same attitude. He did, of course, mention the fear of inflation but he went on to say, and I quote from the text of his speech:

Inflation has been defined as "too many dollars chasing too few goods."

In the present circumstances, in the light of the experience of recent years, I wonder how many of his experts in the Department of Finance would agree with that as a definition of inflation?

**Mr. Fleming (Eglinton):** Go on. In fairness, read the rest of it.

**Mr. Pearson:** I am going to read it. The minister went on to say:

There is, however, certainly no scarcity of goods in Canada. The problem with respect to most products and commodities is that we have surpluses of them.

That is right. He continued:

One would also expect to find inflation reflected in the wholesale price index. However, the general wholesale price index is the same as it was a year ago.

That is what the minister said. If he has his speech before him and will look at it he will find those words: "the general wholesale price index is the same as it was a year ago". Well, once again the minister is out in his mathematics and his economic calculations.

**Mr. Fleming (Eglinton):** Would the hon. gentleman read the next sentence?

**Mr. Pearson:** I am quoting now from bureau of statistics figures.

**Mr. Fleming (Eglinton):** Will you read the next sentence?

**Mr. Pearson:** I will be glad if the minister will read the next sentence if he has the text of his speech.

**Mr. Fleming (Eglinton):** The next sentence, referring to the present general wholesale price index, was:

It is also 16 points or 7 per cent below the 1951 figure.

That was when my hon. friend was in power.

**Mr. Pearson:** I am glad to have that on the record but the minister's statement that the general wholesale price index is the same as it was a year ago still stands. That is the

[Mr. Pearson.]

statement he made and it has nothing to do with 1951. That statement is contrary to the facts. In December, 1957, according to the bureau of statistics figures, the index was 226.1 and in December, 1958, it was 229.1. Moreover, between October and November, 1958, it increased from 226.9 to 228.5. In announcing that increase the bureau of statistics said, and I quote from its report, not the minister's speech, that it was "the largest increase between these two months since 1950." Surely that is enough to make my words quite accurate that the minister's statement was inaccurate and misleading.

The Minister of Finance and the Minister of Trade and Commerce may not know it, but during this period of abnormal unemployment and of recession there is more and more anxiety being displayed and less and less confidence being shown in the stability of our dollar. Listen to what the president of the Royal Bank had to say on this point a couple of weeks ago. His viewpoint, which I suggest is shared by practically all non-political experts on this matter, is certainly not prejudiced against the government. He had this to say:

This chronic inflation is the greatest single threat to Canada's economic development.

I can hear hon. members opposite say, what would you have done about it? What would you have done about these things had you been in office? What would you have done about recession, unemployment and inflationary dangers? In 1945, Mr. Speaker, we made public a white paper on trade and unemployment. That white paper laid down the principles of economic and fiscal policy by which we were guided during the years when we were in office and which we followed with great success and good results. I ask if there is anything comparable to that guide from the present government.

Under the policy in that white paper which we would have followed—indeed, we mentioned this during the election campaign—there would have been a special budget introduced in September, 1957, with a planned and co-ordinated program of tax reduction to deal with the recession in its earliest stages, following the anti-inflationary measures that we had taken previously and which were condemned in such violent terms by hon. gentlemen opposite.

Perhaps the foremost United States economic expert in this field—I am sure the minister is familiar with his writings—is Dr. Arthur Burns. He has pointed out recently that government action in a situation such as that which we faced in the autumn of 1957 should be quick, co-ordinated, confidence-inspiring, flexible and adequate. These criteria