

The Budget—Mr. Pearson

Mr. Fleming (Eglinton): That is what you say.

Mr. Pearson: He did not know it but all during those years he has been running the Keynesian fever and he now at last admits it.

Mr. Fleming (Eglinton): Nonsense.

Mr. Pearson: However, I say to the minister that he probably is about the last convert because, if Keynes were still living, he would today, I am sure, reject most of the doctrine he put forward in "The General Theory" 23 years ago. The minister may be a shaky Keynesian but he is a true Conservative because the essence of Conservatism is to adjust years later to changes made by Liberals, to adjust years later to changes made by Liberals after the compulsion of new conditions make further reforms necessary and the old adjustments meaningless.

The government, however, and this is my concluding section of my remarks on the budget, Mr. Speaker, still makes excuses for all its trouble by the fable of its evil inheritance, that hoary old canard which really should be dropped by them. The minister says that the recession began in the spring of 1957 and we concealed it from the people. The Prime Minister repeats the fable at every possible opportunity, that a recession which in the fall of 1957 they claimed after four months in office did not exist began in the spring of 1957 and was concealed from the country and from them.

Mr. Speaker, let us dispose of this transparent fallacy once and for all by quoting from the government's own considered and expert analysis of the situation in the report "Economic Prospects for 1958" which the Minister of Trade and Commerce did his best to conceal from the house and from the country. If you want a good reason for that feeling about it let me quote this paragraph which disposes of this argument, surely, once and for all. This is from the minister's own report:

Overall physical activity reached a peak during late 1956 and early 1957 and the changes to the third quarter were quite minor, but have since become somewhat more pronounced. Total employment, on the other hand, continued to increase somewhat longer with employment in manufacturing reaching a peak by the middle of 1957 and total non-agricultural employment declining only in the fourth quarter of last year.

There it is, Mr. Speaker. Now let us deal with the position as we see it at this time. The economic position in this country is better than it was; otherwise we would be in a desperate situation indeed. I agree with the minister, and I have never denied it though he accuses us tonight of denying it,

that there are some bright features in the economy which do presage recovery. The minister gave all the details. He selected his own figures but when we do that he accuses us of picking out figures for gloom and doom. The minister gave his evidence. I could give lots of evidence which would emphasize the dangerous features in the situation but it would not convince the minister. I think I have given him some evidence, however, that there is lots of trouble ahead. It is possible to exaggerate; it is possible to minimize both the extent of the recovery that has been achieved and the dangers that still lie ahead. But let us take the views of people from outside the country, which certainly should be unprejudiced. This is what the *London Times* had to say after the minister's budget was introduced in this house. Nobody can accuse the *London Times* of taking anything but an objective view of the Canadian economy.

Mr. Fleming (Eglinton): Why not quote some Canadian views?

Mr. Pearson: Yes, I could give some Canadian sources but the minister would say they are prejudiced. The *London Times* had this to say:

Canada is having more difficulty than other countries in shaking herself free from the bog of recession into which she plunged last year. Consequently, the austerity of the Canadian budget proposals contrasts bleakly with the stimulus of those introduced in Britain on Tuesday.

Then, from across the line the *U. S. News and World Report* of April 13, had this to say:

U.S. business activity has regained just about all the ground lost in the recession. But the same is not true in Canada.

We do not now at this time and we never have argued that there would not have been economic difficulties whatever government had been in power in this country. We do state, and this is the burden of our argument, that the government had no planned policy for dealing with those difficulties.

Mr. Fleming (Eglinton): Certainly, you have not.

Mr. Pearson: It increased those difficulties by the narrow political approach established a year ago. Let any member of the government deny that they were not influenced by political considerations in their economic policy. The government increased those difficulties by approaching them in a hit and miss, piecemeal and confused fashion and in that sense they must bear the responsibility which is attached to the government, not perhaps for creating a situation in which we are but for making the situation worse than it would otherwise have been.