

*Control of Inflation and Unemployment*

per cent; December 13, 4.8 per cent and January 17, 4.5 per cent. It is a fact of life in Canada that in January unemployment is typically higher than in the summer months. I will go back a few years to show what the January figures have been since 1959. 1959, 9.5 per cent; 1960, 8.8 per cent; 1961, under a Tory government, 10.8 per cent; 1962, 8.5 per cent; 1963, 8.3 per cent; 1964, 6.9 per cent; 1965, 5.9 per cent; 1966, 5.1 per cent; 1967, 5.2 per cent; 1968, 6.1 per cent; 1969, 5.9 per cent and 1970, 6.1 per cent.

**Mr. Lewis:** Those are the unadjusted figures.

**Mr. Benson:** Those are the unadjusted figures, Mr. Speaker.

**Mr. Lewis:** I am amazed you use the unadjusted figures.

**Mr. Hees:** You don't have the other figures?

**Mr. Benson:** I am sure they were not as great as in January 1961.

Despite the fact that the motion before the House is based on wrong premises, I welcome the opportunity to speak on an issue which is greatly troubling Canadians, and about which the government is taking deliberate and positive action, the issue of inflation. At the beginning of next week the first ministers of the country will be meeting to discuss this issue, among others, and early next month I expect to bring down a budget which will give hon. members a further occasion to discuss fully the state of the Canadian economy. I would anticipate and hope for considerable debate on the problem of inflation. Today, I want to talk about what is causing inflation, what the government is doing about it, and what the issues are that confront us as responsible Canadians.

First, let me say that those who put the problem of inflation in the context of unemployment or inflation are putting the matter the wrong way. As Canadians we do not face the question of whether we want less unemployment and more inflation, as some have put the issue. Nor do we face the question of whether we want more unemployment and less inflation. We do not have either of these choices before us. Rather, the issue is how we are going to rid ourselves of the menace of inflation. We do not have a choice as to whether or not we are going to adapt to and live with inflation; the fact is, we cannot and will not live with the kind of inflation we have been experiencing these past few years.

[Mr. Benson.]

If this country is to enjoy high levels of employment, steady economic growth and improvements in economic and social justice, then the first order of business is to rid ourselves of inflation. I need not recite figures to show that prices have been rising rapidly. Hon. members opposite will no doubt bring this forcibly to our attention in the course of this debate, and Canadians generally are too painfully aware of the high prices they have to pay for goods and services they buy, of the interest rates they have to pay for money they borrow, and of the shrinking value of savings they have accumulated during their lifetimes. If for no other reason than to protect those who are suffering because of inflation, and who cannot muster the strength or bargaining power to try to protect themselves, inflation must be beaten.

But there are other compelling reasons. Some people argue that inflation is inevitable, that it arises from outside of the country and that we should take our lumps by adjusting as best we can. Let me deal with this issue, since it has a number of aspects.

It is true that inflation is a world-wide phenomenon. As a matter of fact, if we look at the battle against inflation during 1969, we find that in our fight against inflation the cost of living rose less in Canada than in almost all other western countries, including the United States. However, this is little room for consolation. In our major trading partners, in particular in the United States, there exists today a high degree of inflation and we cannot escape that fact of life. But it is equally true that these same nations are taking determined steps to deal with the problem. As they succeed in beating inflation, as they surely will, we as Canadians will find international competition tough and indeed, unbearable, if we have not likewise succeeded. We need not be reminded that one dollar in every five that we earn comes directly from exports, and our earnings and jobs that flow directly and indirectly from exports come to more than that. In addition, of the value of everything we buy, one dollar in five represents goods and services produced abroad. If we are to compete in our own domestic markets, we need to defeat inflation.

• (4:10 p.m.)

But let us not take much comfort from the fact that others are doing no better in controlling inflation than we. If we are to protect our jobs and to improve our living standards, we need to be able to compete with others