

*Alleged Failure to Reduce Unemployment*

**Mr. Benson:** I can confirm now the prospect suggested in the October budget that 1969 should be a year of strong and better balanced growth. All the indications at present point in this direction. One of the most important is the expectation of a vigorous upturn in business capital investment. This is likely to be in the order of 8 or 9 per cent. This will be a strong element in the expansion of demand in 1969, and I think answers the question put by the Leader of the Opposition regarding what offset was in prospect to make up for a return to a more normal rate of growth in exports during the forthcoming year. This upturn in investment is also particularly important in its relationship to the creation of new job opportunities in Canada, not only in construction and the capital goods industries but to the continuous rise in production and service employment.

In this connection, it is important to note that the growth in investment was foreshadowed by the strong recovery in business profits in 1968, which was abhorred by members of the New Democratic party. This recovery was of course necessary and was related to the squeeze on profits in the period preceding 1968, when they fell below their historically normal level as a percentage of the national economy. It is important that a reasonable level of profits be earned to sustain the high level of investment necessary to provide the rapid rate of new employment creation in industries of high productivity in Canada.

All the other elements of demand in the economy, personal consumption, housing, which will continue at record levels, government and exports, remain strong. This very strength of demand in fact underlies the main problem in economic policy over the year ahead, the need to restrain demand and combat continued inflation. I have spoken before on the problem of inflation.

**An hon. Member:** You certainly have.

**Mr. Benson:** I dealt with this at some length in the budget of last October. But the evidence of accelerating strength in the economy lends increasing importance to the balanced range of policies we are now following, I think to good effect.

As I said in my budget, "the most urgent need now is to check further the continuing increases in prices and living costs." I noted at that time that the burden of inflation falls with greatest weight on those lacking the bargaining power to protect themselves against inflation; that inflation undermines the whole

[Mr. MacEwan.]

basis of an efficient competitive economy and disrupts the smooth flow of savings and investment through capital markets in our country.

A resolute fight against inflation does not mean that we are ignoring the basic goals of full employment and rapid job creation. On the contrary, our policy is to look forward to a substantially larger increase in jobs in 1969 than was the case in 1968. Even a high rate of job creation, however, may not lower unemployment to the minimum levels we would all like to see. I am sure that all of us would like to see this country achieve the position where everybody who wanted a job could find one, and indeed this will continue to be Liberal policy.

**Some hon. Members:** Hear, hear.

**Mr. Benson:** However, it must be remembered that we are in the midst of an unprecedented boom in the growth of the labour force. Our rate of increase is easily the highest of any western industrialized country, and as the Economic Council has pointed out, is much larger than the entire labour force growth being experienced in Britain, West Germany and Italy all put together. Further, as the regional statistics referred to in yesterday's debate make clear, the problem of structural unemployment is probably growing more severe and does not lend itself to solution by fiscal stimulus. There is, of course, a real problem of short-term conflict between our goals of full employment and price stability.

● (9:30 p.m.)

But as I said in my budget speech, and repeat again today:

We should not delude ourselves into thinking the choice is between either policies of fiscal ease to counter unemployment or policies of fiscal restraint to fight inflation. In our present circumstances, unchecked inflation would precipitate the kind of economic disruption in which unemployment would surely increase and we would end up with more of both of these evils.

In summary, the growth of the economy is accelerating and the prospect for 1969 is for a further period of strong expansion in the Canadian economy. The main danger is that the forces of demand may set off a new round of inflationary price and cost behaviour, which sooner rather than later would result in severe economic disruption and hardship to the people of our country.