

The Address—Mr. Pearson

Mr. Pearson: If my hon. friend used those figures he has had quite a conversion because when he was in opposition and talked about unemployment he would have nothing to do with those figures as being a grossly exaggerated statement of the unemployment problem.

Mr. Fleming (Eglinton): Read the speech and get it straight.

Mr. Pearson: Whatever figures my hon. friend took, he said that unemployment was decreasing at a satisfactory and accelerating pace at that time in April and he took great satisfaction from it.

Mr. Fleming (Eglinton): That is true.

Mr. Pearson: It will be very surprising and, indeed, it will be very disappointing if there has not been a substantial decline in unemployment since those figures were issued, but compared with the figures of last year at this time surely my hon. friend is not going to suggest that the unemployment situation in this country is not serious, which I suspect, when there are over half a million unemployed on the basis of the last calculations, the dominion bureau of statistics figures. If that does not constitute serious unemployment in this country, what does?

In this connection, we were told during the election campaign that \$1,185 million would be spent on public works in this calendar year to give emergency employment. We were told also that \$280 million of this money would be spent during the first quarter of this year. The people were certainly led to believe that this would be emergency action, and in addition to the normal public works expenditures.

Mr. Fleming (Eglinton): No.

Mr. Pearson: Yes, they were given that idea. Possibly if my hon. friend were to read the statements made during the election, now that the heat of battle has cooled, he would get the impression that the people of the country got, that this was an emergency unemployment program and that \$280 million would be spent for emergency employment in the first quarter. This quarter is complete and therefore we shall expect to learn very soon about the details of that special expenditure and what it did to prevent unemployment from increasing even more than it has increased.

Mr. Fleming (Eglinton): You had better get your facts straight.

Mr. Pearson: It is very difficult indeed to get one's facts straight when one has to base them on statements made in the press by my hon. friend opposite.

According to the classical theory of economics, a recession with mounting unemployment should mean lower costs and prices. Indeed it has been argued by persons who are far from being classical economists that at the first sign of a recession monetary action through the easing of credit should be taken to halt the decline on the assumption that inflationary pressures are over or at least less dangerous. Well, things are not working out that way in Canada, as I am sure my hon. friend the Minister of Finance knows. In spite of falling employment and a slackening of economic development the cost of living in this country, as determined by the consumer price index, has risen from 120.9 in April, 1957 to 125.9, a new high, in April of 1958. Inflation, therefore, remains a menace in the midst of recession; that is the dilemma which faces the government today. It must deal simultaneously with inflation and recession. We shall no doubt hear soon from the Prime Minister and from the Minister of Finance as to how they propose to resolve this dilemma.

The problem is all the more complicated because of growing rigidity in our economic structure preventing market forces from operating, even in a period of recession, in a way that should reduce cost and prices. The fact is that great and organized groups of many kinds and characters inside our society have acquired enough collective power to insulate themselves, if only partially, from the effect of certain economic forces which are harmful to them. At least, they have enough power to make the attempt. When that power is used responsibly, as it has been and can be used, it can remove injustices and unfairness. If it is used irresponsibly or with regard only to special interests, we get into difficulty nationally. Troubles that may have arisen from other causes, such as the decline of external trade, become even more serious.

The situation today then imposes on every one of us in this house and every one of us in this country the duty and necessity of acting with responsibility, with restraint and always with primary consideration for the public interest. If we do not in the discharge of our affairs show these qualities and follow these principles we will not overcome the problems that face us. The present situation also imposes on the government the necessity for specially determined and effective efforts to increase and maintain employment at home, not only by sound fiscal and economic policies but also by the promotion of expansionist not diversionist policies of external trade. It is true that where there is no vision the people