

Government Monetary Policy

Along the same line in connection with the export trade, we find that the balance of payments is gradually adjusting itself. I should like to refer to the D.B.S. release of December 23, 1960, in connection with the item "Balance of Payments" under which we find the following:

There was a sharp contraction in the deficit from international transactions in goods and services between Canada and other countries in this year's third quarter. At \$114 million this was less than one quarter of the size in the previous quarter and only a little more than one third of the deficit in the same quarter last year, and less than in any third quarter since 1955.

I think that these figures can speak for themselves. They indicate that while there is unemployment there is also increased employment. They indicate also a good financial and economic picture in this country. I should like to refer to some remarks made by the hon. member for Kenora-Rainy River (Mr. Benidickson) as he was taking his seat. He referred to the consumer price index. If we look at the D.B.S. release of February 17, 1961, the latest one on which we are basing all our other figures, we find this item on page 7 which will give the picture with regard to the consumer price index:

Consumer price indexes declined in all ten regional cities between December 1960 and January 1961 with decreases ranging from 0.1 per cent in St. John's to 0.5 per cent in Toronto.

Food indexes declined in all but one of the ten regional cities with decreases ranging from 0.2 per cent in Montreal to 1.3 per cent in Toronto.

This is at a time when the economic situation in this country is good. The consumer price indexes being held down prevents inflation or the dangers of inflation where people living on a fixed income find the situation difficult with the ever rising cost. I do not say that the consumer price index has been checked or levelled off. But I should like to look a little bit more closely at the figures quoted by the hon. member for Kenora-Rainy River. I feel that he did not give the whole picture in the one instance he picked. The consumer price index in 1949 in June—and I will take the month of June because that is the month he used to start off with; that is the month that the present government took office—was 99.6. From 1949 until 1957 in June there was an increase in the consumer price index in this country of 22 points in a period of eight years or an average increase of 2.7 per annum. In the three years in which this government has been in power the increase has been six points or two points per annum, a difference of 0.7 per annum in the increase. The average increase has been checked and it is beginning to decline.

To take the consumer price figures as of now and to relate them to the D.B.S. release
[Mr. Aiken.]

that I have just mentioned, from January 1949 until January 1957 the consumer price index rose from 99.8 to 120.3. This was a rise of 20.5 points in eight years or an average of 2.5 points per annum. In the four years from January 1957 to January 1961, the consumer price index rose from 120.3 to 129.4 at which it stands at the moment, an increase of 9.1 points in four years or an average of 2.3 points per annum.

Mr. McIlraith: Mr. Speaker, I wonder whether the hon. member would permit a question about the figures he is using.

Mr. Aiken: Yes.

Mr. McIlraith: Would the hon. member agree that the Korean war, in the first period he has reference to, did have a bearing on those figures?

Mr. Aiken: I suppose one could say that. You could take any given period of time and any given number of reasons. The increase in the cost of living certainly rose very sharply in the period between 1949 and 1954.

Mr. McIlraith: The Korean war.

Mr. Aiken: If the hon. member wishes to credit this to the Korean war he might be honest and credit the unemployment drop in the same period to the same thing. We hear constantly the figures of unemployment and how they dropped during the Liberal regime in 1951, 1952, 1953 and 1954. Certainly they did. Unemployment dropped, and the consumer price index went up. But you cannot have it both ways. If you are going to credit the one to the Korean war, you have to charge the other to the same event. One can take a set of figures and make them prove anything, I suppose; but you have to take figures over a long period of time to indicate what is the real situation.

Taking this particular release of February 17, 1961, there is one black note in the release, and that is the unemployment figure. The other figures in there are very, very optimistic and indicate a very healthy situation in this country, such as the increase in employment and the increase in the labour force. We are getting ahead of the game by a small margin even at this time when things are bad. The unemployment problem is only one thing, and I believe that with the methods the government has undertaken it will be overcome in a short period of time.

Mr. W. H. McMillan (Welland): Mr. Speaker, I have heard the Minister of Finance (Mr. Fleming) say many times that he is not responsible for the monetary policy in Canada. I do know that on July 3, 1934, royal assent was given to an act to incorporate the Bank of Canada. I do know also that certain powers