

Control of Inflation and Unemployment

But back to the quotation:

He convinced almost all politicians that through fiscal policy and public expenditures, and by acting on interest rates, efficient balance between inflation and recession could be reached.

That indeed is what the Minister of Finance said a while ago, as a good disciple of Keynes.

I quote again:

Now, since that time, the purchasing power of money has gone down steadily... and this tendency has grown considerably in the last two or three years. It must be pointed out that that theory suited politicians singularly—

In fact, they juggle with interest rates, fiscal measures, the reorganization of fiscal structures, etc.

I go back to the editorial:

—because it allowed them to indulge in expenditures, of guaranteed electoral value, financed basically by the loss of purchasing power of the taxpayers. Just as certain evils die hard, so do certain theories. It seems obvious that the Keynes system does not work or, to say the least, that it leads to extremely serious problems; yet, there are many who only swear by him.

The Minister of Finance is one of those who swears only by him. Again I quote the editorial.

As long as some sort of consensus has not been reached at the level of the politicians as to the true causes of inflation... it is difficult to see how such an evil can be cured. As long as certain provinces are charged with a special responsibility with regard to inflation—

This is exactly what happens. Alberta and British Columbia, two prosperous provinces are being asked to lower the standard of living of their citizens to that which prevails in poorer provinces instead of trying to raise the standard of living of the Canadians who live in poorer provinces to that of their fellow citizens in Alberta and British Columbia, the only two Cr ditiste provinces in Canada without a direct provincial debt. I continue with the quotation:

As long as we put the blame on the citizens unable to control their consumption; as long as we pass the buck here and there... inflation will continue with renewed vigour.

It is certainly not Social Credit which creates inflation. As was said—

The Acting Speaker (Mr. B chard): Order. I am sorry to interrupt the hon. member but his time has expired.

[*English*]

Mr. Benson: Mr. Speaker, may I rise on a question of privilege. Some hon. members opposite asked for the unadjusted unemployment

[Mr. Caouette.]

ment rate as of January 1, 1957. I said I would obtain it for them, and I have it now. It was 5.7 per cent in January, 1957. I might say that it was a lower percentage than in any January when the Tories were in power.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): My colleague, the Minister of Finance (Mr. Benson), in his speech a few moments ago replied to the motion of the hon. member for Waterloo (Mr. Saltsman) that is before the House today. But I am glad to take this opportunity to review with you, Mr. Speaker, one of the steps that has been taken to introduce supplementary methods of dealing with the severe inflationary problems that we have in Canada today, namely a supplementary policy of appointing the Prices and Incomes Commission in order to reduce the effect of the general measures of the economic policy on employment, output and on the less prosperous regions of the country. I am amused at the fact that when the purpose of the Prices and Incomes Commission is to design and develop policies to avoid that which the deputy leader of the NDP said should be avoided, he and his party have done nothing for months and months but pour scorn on the Prices and Incomes Commission and the government's efforts to appoint and support it.

I wish to remind the House, as did the Minister of Finance, that the general measures which take the forms of fiscal and credit policies must have, as has been confirmed at the beginning of the week by the Standing Committee on Finance, Trade and Economic Affairs, a central place in the government's arsenal on any attack on inflation. The purpose of our supplementary approach through the Prices and Incomes Commission is to slow down inflation more quickly than those broad instruments can do and to permit us to take our foot off the brake more quickly than would otherwise be possible.

I was delighted to hear the speech made today by the Leader of the Opposition (Mr. Stanfield), who has obviously read a document that I had for some time assumed he had not read, namely the white paper on price stability that we tabled in the House over a year ago in which we outlined some of the undesirable side effects of tight fiscal and credit policies and how we were seeking ways to avoid those undesirable side effects.

Let me remind the House of some of the history behind the present situation. Hon. members will recall the fact that several years ago the Economic Council of Canada