

The Address—Mr. Pearson

in the press when he said, "The strength of Canada as a nation does not depend on a vigorous central government."

An hon. Member: Quote the whole text.

Mr. Pearson: That seems to be the part of the minister's statement that appealed most to the press.

It is true that the past year, 1959, has underlined the resilience and strength of our economy but it has also underlined the importance to our economy—if it needed underlining—of the economic situation of other countries and the effects of their condition on our own position which emphasizes, of course, our vulnerability. During this year the economies of the United States, the United Kingdom, and western Europe particularly were expanding and that had an important and very good effect on our trade. That made a most important contribution to the good results achieved in Canada during the year. But there are problems which have not been dealt with and which remain. The record shows—if the Prime Minister will look it up—that we were justified in our criticism last session, notwithstanding the current hosannas of the government propagandists or, as they put it in a nutshell in their blue book from which I quote, "The battle of the recession has been spectacularly won."

I am glad to have confirmation of that statement from hon. members opposite. There has been progress, of course, as I say, but in the cold and objective language of the report of the dominion bureau of statistics in the statistical review which came out a few weeks ago—

Mr. Fleming (Eglinton): Do you not have a good word for the Martin bureau of statistics?

Mr. Pearson: —recovery and expansion have been less vigorous in Canada than in the United States. In that forecast the bureau indicated an increase in our gross national product during the year of 5 per cent in volume. To get it into perspective I should point out that in 1955—another year of economic recovery—the increase in the gross national product was 8.5 per cent and in 1956, 8.6 per cent.

I should also point out that there has been no increase in the third quarter of 1959, so it is a little premature to say that the battle has been spectacularly won.

What about unemployment in that connection, from which no one in this country was to suffer? Again I quote the dominion bureau of statistics which indicates that the number of persons without jobs and seeking work as a percentage of the labour force for eleven months in 1958 averaged 6.6 per cent and

for eleven months in 1959 averaged 5.6 per cent. That is a drop of 1 per cent in which we can also take satisfaction, of course, but it should not be an occasion for a drop into complacency because this is the second highest average rate of unemployment since the great depression of the thirties, and it seems to be going up.

The Prime Minister on more than one occasion in recent weeks has made some misleading and inaccurate assertions about our gloomy predictions. I told him I would come back to this matter and I do not want to disappoint him. He did that so he could then, having made these inaccurate assertions, follow up by saying, "They said it could not be done and we did it". One of the things we are supposed to have said is that we would have a million unemployed in this country. I made a statement on this matter on behalf of our party in the budget debate and hon. members can find it at page 2914. I said during that debate, as found on that page, that "during the current year"—that is, 1959—"we would have, on the average, more than 300,000 people unemployed." That was the statement I made. Was that too gloomy? It was too optimistic. The fact is that the average is 348,000, and it is going up. The recovery has not been very spectacular, for these 348,000 unemployed on the average during 1959, are more than in Great Britain, are more than in the United States, are more than in the countries of western Europe. The remedy that has been put forward to solve this problem is to share winter works payments with municipalities who are finding it more and more difficult to raise the money to meet their own share. Why are they having that difficulty?

That brings me to my next subject, tight money and interest rates. I am very glad that the Minister of Finance (Mr. Fleming) is back from Paris because I would have disliked very much making this part of my speech without him in his seat. I would miss his interjections which I know are bound to come from now on. They will not be novel but as usual they will be interesting.

Mr. Fleming (Eglinton): You are trying to head them off.

Mr. Pearson: Mr. Speaker, in the last two or three years we have had the unemployment evils of a recession while at the same time acquiring some of the worst monetary evils of a boom, with tight money and interest rates at unprecedented levels. If we are going to avoid this sort of thing in the future we had better try to find out what happened to bring it about in the immediate past.

The Prime Minister had said more than once and the Minister of Finance has echoed