

Alleged Failure to Reduce Unemployment

speech of the N.D.P., namely, the suggestion that we spend our way out of inflation.

It is amazing that the opposition speeches show an almost complete lack of awareness of the potential conflict between full employment and price stability; the so-called trade off problem which has dominated the economic literature of the past decade and which was thoroughly researched and documented in Canadian terms by the Economic Council of Canada. However, even if the opposition is so patently lacking in knowledge and understanding ideas or proposals, this debate provides an opportunity to put forth an up to date appraisal of the performance of the Canadian economy, and this is what should have happened. It provides an opportunity to take a further look at developing trends and proposals for 1969, and to review and confirm the broad policy posture of the government.

Before turning to an appraisal of the current situation and prospects for 1969, I think it is important and instructive to put the question of the growth of the economy in its true perspective. The fact is that throughout almost the whole of the 1960's the Canadian economy has been enjoying the longest and most substantial period of growth in modern history. The economic expansion that began early in the decade has continued for an unprecedented span of years. Although the pace of growth slowed in 1967-68, and the rapid rate of new job creation eased up to some degree, this period of adjustment was so short and so mild that even the worst pessimists, including the Leader of the Opposition, have been unable to call it a recession. The period of expansion has been so strong and so extensive that most Canadians now seem to take for granted that we can sustain a widespread, general prosperity and an unflagging growth in employment, as well as a rapid gain in living standards.

It is this very success that has given rise to new aspirations and new expectations among all Canadians. There seems to be a widespread notion that the economy can do anything it is asked to do. It is this very success and the explosion of expectations, however, that is in danger of creating entirely new problems and the need for sober, practical appraisal of alternative objectives. The cost of these alternative objectives is very great. Neither idle prattle about economic platitudes nor doctrinaire tilting at windmills is very useful in dealing with the present state of the Canadian economy.

[Mr. Benson.]

Looking back over the most recent five year period, we can get a real measure of the progress achieved since 1963 when the Liberal party formed the government after five years of Tory rule, and which underlies the heightening of our goals and aspirations.

Between 1963 and 1968 total output of the economy in real goods and services, without considering any increases in prices, increased by some 30 per cent; that is, by an average of 6 per cent per year in real terms. It thus overshot the target originally suggested by the economic council back in 1964. In 1967, therefore, the council lowered its target rate of growth to 5 per cent annually over the remaining years to 1970, a fact of which the Leader of the Opposition seemed to be unaware in his speech.

In terms of employment, we added 1,134,000 new jobs between 1963 and 1968. This was an average of 227,000 new jobs every year, again well over the target rate of job creation suggested by the economic council in 1964. The overall gain in real production meant that on a per capita basis real living standards rose by 18½ per cent, not far short of 4 per cent annually over the five year period.

Mr. Knowles (Winnipeg North Centre): Tell us about old age pensions.

Mr. Benson: They have gone up by an even larger percentage. This rate of real growth was almost twice as great as that achieved during the preceding five year period from 1958 to 1963. That unfortunate period, of course, is well remembered as one of economic stagnation and frustration in Canada when unemployment averaged 6.4 per cent per year, some 50 per cent higher than the average rate of the past five years during Liberal government.

This look backwards over the recent past gives us a perspective to judge where we are at present, and where we are likely to go in 1969. Everything that has developed and come to light since the budget message of last October helps to confirm the accuracy and soundness of the economic analysis and the broad fiscal policy proposed in that budget. It is apparent that the temporary easing in expansion experienced in 1967 had ended by the end of that year and that since then the economy has re-established a strong forward momentum which it is expected will continue. The most recent data suggests an acceleration of growth in the final quarter of 1968 which will be reported soon.