

*The Address—Mr. Pearson*

**Mr. Pearson:** Some of my friends on my right do not belong to the C.C.F. I have no doubt also that the C.C.F. members will have something to say about it. In this respect we may find ourselves in some measure of agreement.

The hard fact is that government credit has fallen, financially—and these are my views; the minister asked for them—as well as politically. If the government does not take strong and steady action soon—fiscal action primarily—to restore the position, to renew and strengthen faith in our financial future, we may well reach a very dangerous situation, a “crisis of confidence”, with rising prices, rising costs, rising deficits and, along with these, rising unemployment. At present the only thing going down is the credit and the prestige of the government which promised its way into power and now is wondering how to offset the deficit which has followed its promises and policies by the most painless fiscal means.

The Canadian people and the Canadian parliament have the right to know in what direction the government is moving on the economic front. In order to clear up the confusion which exists in the country at the present time, ministers should stop making the kind of contradictory and irresponsible statements which they have been making up till now and which indeed destroy public confidence.

Moreover, the government must decide to live up to its responsibilities for more than is indicated in the speech from the throne. As I have said previously, the speech from the throne hardly mentions the problem of unemployment and makes only a vague reference to the steps that might have to be taken at some date in the future to preserve the value of our currency. The only inference that can be drawn from this fact is that according to the government as well as the Minister of Trade and Commerce in particular Canadians are not going to suffer either from unemployment or from inflation in 1959. That is certainly not a realistic assessment of the current economic situation.

The responsibility of the government, however, is not limited to the presentation of a proper and serious appraisal of present economic conditions. That is only part of its responsibility. We are also entitled to get an authoritative statement on the broad policy principles that the government intends to apply in order to achieve a greater degree of economic stability. Perhaps the Prime Minister (Mr. Diefenbaker) will favour us with that kind of statement when he rises to take part in this debate.

On September 4, 1958, in this house I urged the Minister of Finance to issue such a statement which would have greatly contributed, I would have hoped, to the restoration of public confidence. The minister did not see fit to do anything like that. Perhaps the Prime Minister will now do so. Surely this is the time for him to put his vision to work. Labour leaders, the financial community, businessmen and the whole Canadian people have the right to expect from him, and now, a formal declaration on employment and prices. What are the major objectives that he and his government are trying to achieve in the field of economic stability? Are they in favour of full employment? Are they determined to preserve the value of our dollar, not only in some distant future but now? How does the Prime Minister intend to achieve those objectives? Is he still in favour of increasing longterm government expenditures in order to fight unemployment? What has he in mind to restore the confidence of the public in the value of government bonds? Is he prepared when inflationary pressures are threatening to accept monetary and credit restrictions, higher interest rates, budgetary surpluses and higher taxation? These are questions which I am putting forward to the government and which I think are justified by the seriousness of the situation. I am hoping that when the Prime Minister rises to speak he will answer them.

The Prime Minister owes to the Canadian public immediate and specific answers to these questions. He surely would be the last person to deny that there is at the present time a deep concern in our country over these basic issues. He cannot delay his answers on behalf of his government without contributing to the worsening of public confidence; and once that confidence is destroyed, it will be extremely difficult indeed to restore it. In other words, Mr. Speaker, I urge the Prime Minister—and I want to emphasize this matter in the strongest way possible—to make now a formal declaration on the economic rights and responsibilities of the Canadian people at this time and, more than that—because without this such a declaration would not be of any great importance—on what they can expect and are entitled to get from their government in terms of employment and price policies. The Prime Minister cannot escape that most important responsibility because no one else now can speak with authority for his government. I suggest that it is up to him to speak.

Closely related to what I have been saying—

**Mr. Fleming (Eglinton):** Before my hon. friend deals with another subject would he permit a question?