

Anti-Inflation Policies

reports signed by the representatives of organized labour who are members of that body.

In its last Annual Review published in September, 1969, the Council concluded that "fiscal policy in Canada has, for the most part, operated at a setting more consistently appropriate to underlying economic developments since the mid-1960s than has been the case in the United States." In this same context, the Council cautioned that under the circumstances existing at the time further fiscal and monetary restraint—and the operative word is 'further'—could conceivably result simply in higher rates of unemployment and economic slack with no more than a marginal effect on current rates of cost and price increases.

I would point out in this regard that not only has the government not increased the degree of restraint in the interval, but in fact moderately eased that restraint through the budget which I introduced in the House last month. Were we to allow the economy to fall into the kind of recession that the leaders of the Canadian Labour Congress appear to consider inevitable, it is probable that the inflationary spiral would be broken fairly quickly. But as a nation, we would pay dearly in terms of heavy unemployment and lost incomes. To follow the other course, that of seeking gradually to ease the inflationary pressures reverberating through the economy while continuing to maintain reasonable growth necessarily takes much more time and patience.

There are a few hopeful, if still only tentative, signs that these inflationary pressures may be easing. During the last two months the rise in consumer, wholesale and industrial prices appears to have levelled off. During March, the rise in consumer prices represented an increase at an annual rate of 2.4 per cent, compared to the year-to-year increase in the index during 1969 of 4.5 per cent. At the same time, some interest rates have declined significantly from the high levels reached at the turn of the year.

Against these developments must be set the fact that inflationary pressures apparently continue to remain strong in the United States. During March, the U.S. Consumer Price Index rose by half a percentage point and stood 6.1 per cent above the level a year earlier, compared to the year-to-year increase in Canada for the same month of 4.6 per cent.

[Mr. Benson.]

• (4:30 p.m.)

In its brief to the cabinet, the Canadian Labour Congress maintained that the restraints imposed on the economy by the government would soon have an appreciable dampening effect on the rate of wage increases in Canada this year. But in his recent Toronto speech, the Governor of the Bank of Canada pointed out that the average pattern of recent collective bargaining settlements indicate we are continuing to build into the economy average annual wage increases of more than 8 per cent. "These rates of pay increases," he said, "are obviously far in excess of the average productivity growth in our economy and are not compatible with a movement towards price stability."

Because of these kinds of developments at home and abroad, it is obvious that no swift and dramatic results can be expected in our battle against inflation. Diverting the economy from its inflationary course and back to a path of stable growth will, as I said before, take time and patience. Although this policy is not dramatic, it represents a more innovative approach to dealing with the problem of inflation than we have ever followed before in Canada and one that over the long haul is in the best interests of all Canadians.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I wish to say a few words about this motion sponsored by my leader. I quote part of the motion:

That this House condemns the government's arrogant acceptance of recession-level unemployment—

I think that is well worded. All we have to do is look across this House at "Trudeau baby". We see arrogance there all the time. As soon as someone asks a question concerning unemployment, the "old shrugger" shrugs his shoulders and either will not give an answer or gives a crazy answer. He will not come down to earth. I continue to quote the motion:

—in slow-growth areas of Canada and cost of living hardships—

Ask the housewives of Canada if they have a cost of living hardship. What is their dollar worth?

—while dogmatically continuing discredited policies—

Instead of the word "dogmatically", I would have used the words stubbornly and stupidly.

—that have failed to put the national economy on a non-inflationary upward course.