

The Address—Mr. Diefenbaker

the part of business leaders that was almost general in viewpoint whereas a year ago recession was uppermost in their minds. I think a fair summary of that issue of the *Financial Post* and the views of these leaders is that we may confidently expect moderate expansion this year. Whereas last year they anticipated no growth in the national product, this year they expect moderate growth but no boom.

These are but a few examples of what I am trying to place before the house, and the Leader of the Opposition does no credit to himself in building up a picture that is sombre, fearful and awesome, destructive as it must be coming from a person holding a position such as his.

I am going to refer to inflation for a moment now. The Leader of the Opposition just discovered it today. Let us see what the record is in connection with inflation. He spoke of inflation as a time bomb and he may be right. Set by the former government! Yes, he indulged in post mortems today. I am going to look at the record over the years and let him see why it is that I found it difficult to understand when he painted this sordid picture of the tremendous inflationary trend today.

Mr. Pearson: With a recession.

Mr. Diefenbaker: One would expect to find that inflation reflected in the consumer price index. The index in December showed a slight reduction. Over the last year it has risen only 2.5 per cent. How modest this rise is may be seen when it is compared with the rise of 6.3 per cent in 1945-46. From December, 1946 to June, 1948 a period of 18 months, the increase was 21.2 per cent. From June, 1948 to December, 1949 the increase was 4 per cent; from December, 1949 to June, 1951, 13.1 per cent; from June, 1951 to December, 1952, 1.8 per cent; from December, 1952 to June, 1953 a decrease of .8 per cent; and from June, 1953 to December, 1954 an increase of 1.5 per cent. All of this indicates that the inflationary trend has been with us in abundant measure since the end of the last war and long before.

As a matter of fact when you look at the purchasing power of the consumer dollar, taking 1949 as the base year, we find that in 1936 the 1949 dollar would have had a value of \$1.64 and in 1937 \$1.59. Down it went and by 1939 it was \$1.58 and by 1945 \$1.33. In 1949, when the new base was established, it was \$1.00. In 1950 it was 97 cents, 88 cents in 1951, 86 cents in 1952, 87 cents in 1953, 86 cents in 1954 and 1955, 85 cents in 1956, 82 cents in 1957 and 79 cents in 1958. It has been continuing this trend all along. I ask

[Mr. Diefenbaker.]

you to average these figures throughout the years and simply ask yourselves this question. Why is so much being said at this time in respect of a problem that has been ours throughout the years?

There is something else that was interesting. The hon. gentleman found deficits. He had never heard of deficits before. Well, I have the record of the deficits too. I do not want to put them all on the record but I think it is only fair that the people should know what the actual situation is. There have been budgetary deficits in 21 of the last 36 years.

Mr. Pearson: How many years of war?

Mr. Diefenbaker: Today a deficit is a terrible thing. From 1935 when the Liberal party came into power to 1957 there were 14 deficits, part of them in wartime from 1940 to 1945. I subtract those but I point out the number of times there were deficits throughout the years while the former government was in power.

I come to the matter of unemployment. I mention these things just to keep the record straight rather than to have it befogged by extravagant statements made in exaggerated language. I realize the situation and the seriousness of it. I realize the need of action being taken and I have pointed out the action that has been taken. It is one of those positions in which we find ourselves. In the event that we place money into the stream and expand credit, there is an inflationary trend. If we do not, we allow those who are unemployed to suffer. There is one of the major problems that economists have not been able to answer today, the unusual position with which we are faced. I think it requires action on the part of all of us.

I am deeply moved by what Cardinal Léger did yesterday when he called for the creation of mixed commissions of management and labour and asked responsible people everywhere to do their part to meet the situation. But I think it is only fair to refer to the figures throughout the years because one would think that this situation had just arisen recently. Going back to 1945 and taking the number of persons without jobs and seeking work as a percentage of the civilian labour force, we find that on November 17, 1945 the figure was 3.8 per cent. In February, 1946, it was 4.7 per cent.

Mr. Pickersgill: Would the Prime Minister permit a question? Are these labour department figures or D.B.S. figures?

Mr. Diefenbaker: These are D.B.S. figures.

Mr. Pickersgill: Were D.B.S. figures kept that far back?