

if any drastic changes are made, will probably do more harm than would be done by reducing it. No doubt an increase will affect industry for the time being; probably it will give industry and employment a spurt, but also it will increase costs; it will increase taxation; it will make trade more difficult, and ultimately there will be a reaction. Certainly it is not a solution for the unemployment problem.

In my opinion the main reason for unemployment, Mr. Chairman, is the mechanization of industry. We find it proceeding all around us, both in the factory and on the farm; we find it in Canada and in all other countries. We get away from it nowhere. That, in my opinion, is the most important subject with which we must try to deal. In itself this should not be an evil; it should give men and women more leisure, and surely that would not be a bad thing, but unfortunately in giving them leisure, or in forcing leisure upon them as has been done, large numbers of them find themselves unable to earn a living and without purchasing power. Therefore they cannot become customers for goods, and the result is bad indeed for trade generally.

There are other reasons why we have considerable unemployment at the present time. No doubt the short crop last year had something to do with it. We expected a much larger one than we had, and we were so unfortunate as to have a crop some two hundred million bushels smaller than we had anticipated, owing to the unfortunate severe drought in western Canada. Large numbers of men were thrown out of employment for this reason. I might also refer to the fact that immigration was being carried on, and had been carried on for many years, more or less without restriction. To that extent at least we must blame the last government, but we must not blame the late government any more than we blame those who were in opposition to them, for both sides of the house supported the policy that was being pursued by that government. For some years, we in this corner of the house advocated restriction, and I am very glad indeed to see that at last restrictions are being placed on immigration. It stands to reason that if almost every job in the country is taken up and more people are brought in, the unemployment situation is bound to become worse.

There is one other reason why we have a very serious condition of unemployment at the present time, and that is because of the severe drop in the stock market last year. I have been informed that Canadian stocks

[Mr. Spencer.]

dropped to the extent of some five billion dollars, and this must have made an enormous difference to the construction and improvement plans of various people throughout the country. However, we may not—and we all hope we will not—suffer again from such severe setbacks for some years to come. We hope we will not have such another short crop; we sincerely hope we will not have another such loss with regard to the stock market, and owing to the change of policy with regard to immigration I hope we will not suffer from any of these three factors which I have mentioned.

The first of the factors I mentioned as contributing to unemployment is the one to which I should like to devote some little time now; I refer to the mechanization of industry which has been going on in the past and which is proceeding rapidly at present. With the aid of scientific inventions we are very rapidly transferring the load from the shoulders of men to machines, and in doing so, as I have said before, we are creating a problem. I think we must admit that the pay roll of the people is largely the purchasing power of the people, and if through the mechanization of industry you dispense with some twenty-five per cent of the labour needed in a factory, that twenty-five per cent, until they get jobs elsewhere, will be lacking in purchasing power and will have to draw on those who have some purchasing power left in order to obtain the absolute necessities of life. In doing so they will reduce, to the extent of the assistance they obtain, the purchasing power of the remainder of the people. With regard to the money that is paid in the cost of production, I think I am correct in saying that all the money paid out in the cost of production of goods will not meet the price of the goods when they are offered for sale. Money paid out in the cost of production includes all wages, all salaries, and all dividends, but when you come to the matter of prices you not only include all costs, such as wages, salaries and dividends, but you add profit as well. You cannot make X buy X plus Y. What happens under the circumstances? We find a big gap between the goods produced and the money at liberty to be spent in the purchase of those goods, mainly because a large portion of that money paid out is reinvested in capital investments and otherwise, and is not spent to purchase the goods manufactured. Therefore we have a large deficit between the goods produced in a given time and the money available to purchase those goods. The usual procedure followed in trying to meet