

We may view industry primarily as a means whereby profits are made as the result of investment, in other words as a profit-making enterprise; or industry may be viewed as being in the nature of social service. When one analyses the nature of industry one discovers it to be nothing other than the transformation of natural resources through human effort into services or commodities available for use; in other words, it is a great social service to which capital, labour, management and the community each make a contribution.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: All these four factors are essential in the carrying on of industry. The development of industry that has taken place throughout the years has resulted in an industrial system which is world-wide in its scope, and the problems to which it gives rise are also world-wide. Those who are engaged in industry run certain inevitable risks. Industry, first of all, through the fact that it has assumed its present proportions, is subdivided first by way of employment; and within the individual employments there are further subdivisions of labour, which result in the worker being reduced pretty much in the last analysis to an atom,—an individual whose time and labour in large part, is spent in industry on a particular process or some operation within a particular process very small in itself. With industry developed as it is to-day, it so happens that, through no fault of anyone connected with a particular industry, a particular branch of industry itself may be terminated. World conditions may be such in one country that labour becomes unemployed in another. The failure of the cotton crop in one part of the world may throw out of employment thousands of workers engaged in the manufacture of cotton goods in another part. One might mention endless examples of this kind. That is a condition of unemployment for which no employer can be held responsible; it arises simply because of industry having assumed its present proportions and character. Labour may also find itself displaced through some invention. All industry is subject to the play of discovery and invention, and for the most part discovery and invention enable those who are fortunate enough to possess capital to find means whereby it can be more profitably invested and its rewards thereby increased; but to labour for the most part the play of discovery and invention is in the opposite direction, it tends to throw out of employment large numbers of workers through the substitution of machines for labour.

If that is a true picture of industry, then we must realize that throughout the world to-day and hereafter, as a normal condition, there will always be a large number of men and women who through no fault of their own will find themselves because of new inventions and discoveries unemployed. If I have given a true indication of the problems of industry arising from its world-wide scope, it is equally true that we shall have these recurring periods of prolonged depression whereby again large numbers will for considerable periods be thrown out of employment. Knowing there is bound to be recurring unemployment to a very considerable extent, it does become part of the obligation of the state to meet such a situation with respect to the workers; and the only way in which it can be met is through the alternative of relief to meet unemployment when it comes and no provision has been made in advance, or through insurance against unemployment whereby provision is made in advance for inevitable unemployment. I think it will be generally agreed that of the two methods of the State's coping with unemployment, the insurance method is the preferable.

That being the case, the next question is as to the reason for a federal system of unemployment insurance. Under our constitution, without question, obligations as between employer and employed are primarily the concern of the provinces. Property and civil rights have been assigned to the provinces, and necessarily the provinces as matters stand must deal with questions to which they give rise. But there is a law which applies in industrial relations as it does in other fields, whereby if competing standards differ, the lower standard in the course of time, tends to drive out the higher. That law was first enunciated by Gresham with respect to the precious metals. Gresham pointed out that where two metals were in circulation, the one base and the other pure, the baser metal tended to drive the purer metal out of circulation. That same law, I believe, is applicable to competing standards in industry. Where you have high standards of industry in one province, with lower standards in another province, the lower standards, if permitted to compete with the higher standards, will drive the higher standards out of existence and in time bring industrial standards to the level of the lower.

For that reason it becomes necessary in a country such as ours to devise some means whereby the standards of industry as be-