

*Proposed Committee on Unemployment*

They do so sincerely because, in our present world, one has to do things however uneconomic for national protection, and so on.

As a result we all know that such things as tariffs are set up, monetary restrictions develop, and the flow of goods from place to place in the world is slowed down and sometimes even halted. There are great differences in the cost of labour because some countries, like Japan, have few resources and a large population, while other countries like Canada have huge resources and few people. There is also the question of different sociological viewpoints in the various countries. For instance, in this country now we feel that everyone should have as large a share in the national income as possible. It is no longer considered "nice" to think there should be the very rich people away up at the top, and the very poor people at the bottom. This sociological thinking makes a difference in wage rates in the different countries which, of course, further complicates the whole picture of the world economy.

At this point I should like to interject that we do not know whether Adam Smith's free enterprise, Karl Marx's communism, the Fabian socialism, Keynes' or any other theories would work, because all these theories are predicated upon a closed economy and not an economy such as we have today. It may be that all these theories would work very well in a closed economy, but we do not know because we have not tried it. We have no way of trying it out under present conditions.

Accordingly I should like to suggest that the committee on industrial relations should look to the broad international economic situation when searching out the main causes of unemployment. I believe that here lies the answer to the principal causes. For example, the sterling-dollar dilemma has cut down the sale of our farm products and cut down farm income. This has prevented farmers from buying a lot of new agricultural implements. Another example would be the heavy United States investment in Canada. I do not mean purchases; I am thinking of investment such as the buying of a lot of municipal bonds and securities. This has forced the Canadian dollar up to a premium of about 3½ cents. When the Canadian dollar becomes that expensive to buy, people are going to purchase goods in countries other than Canada. It is quite clear that in the long run a heavy investment of foreign capital in this country will lead to heavy exports in the future of dividends, interest and so on. These are things worth considering when the committee is looking into this question. The practical aspect of this foreign investment

situation will be to create in effect a large external debt which will have to be contended with in the future.

For reasons of national security I think we have to have a textile industry. However, because of the differential between wage costs in Japan and wage costs in Canada, it is almost impossible for the textile industry in Canada to compete with Japan's textile industry. Some people may say that is too bad, but on the other hand it would be equally unthinkable to remove the tariffs completely and throw out of employment the two hundred thousand textile workers in Canada. It would dislocate our whole economy, so I think you will agree that we have to have a textile industry, if only from the point of view of national defence. What would we do if war broke out tomorrow and we had no textile industry?

The same principle applies in a more limited way to the shipping industry. These are but a few examples. Again I say that we should appoint a committee, because the whole problem is extremely complicated. It cannot be dealt with by asking the government to pass a law tomorrow with respect to unemployment. The whole problem has to be investigated very carefully by the standing committee on industrial relations.

If steps are taken in this regard without very careful consideration you are likely to have a further dislocation of the economy. I think you might safely compare the economy of a country to a pile of bricks; if you pull one brick out to move it you shift every brick in the pile. It is for this reason that any study of the problem on an international scale, which also results in a finding that some of the causes of unemployment are related to things within the country and are not on an international scale, must be conducted carefully. Any steps taken must be carefully considered before they are taken.

In closing there is one suggestion I should like to make to this committee which I hope will consider this subject. My suggestion is related to an alteration in the Income Tax Act. Other members have already said, and I am sure more will say it before this debate is over, that high taxation is probably one of the principal causes of pricing ourselves out of world markets. This is quite apart from anything else, such as the high price of the dollar. I suggest, and I hope the minister will listen to this, that there should be a change in the Income Tax Act to permit a farmer to increase the rate of depreciation on farm implements. At the present time most farmers use the straight-line method of depreciation, which allows a rate of 10 or 15 per