

to winter employment. Like any other country, Canada is sensitive to the results of the business cycle on employment. We have, however, pursued fiscal and financial policies designed to aid production and employment and to offset the fluctuations in the economy. But neither seasonal nor cyclical considerations fully account for the structure of our unemployment today. The situation is complicated by the fact that the rate of growth in the Canadian economy has proved insufficient to absorb the exceptionally large annual additions to the labour force resulting from the high birth-rate during the war and immediate postwar years and to keep our capital facilities fully occupied. Thus, while employment rose 1.7 per cent in the first eleven months of 1960 and on the average 102,000 more Canadians were at work than in the same period in 1959, the increase in the labour force amounted to 2.8 per cent.

"A closely-related problem is that in the keenly competitive world of today with ample productive capacity and a rapidly-developing technology, many of those seeking work are finding that more training and skills are necessary in order to secure employment. Especially is this true of those entering the labour force for the first time....

"We have had a record rate of capital investment in Canada, and we may take satisfaction from the fact that the greater part of it has been provided from Canadian savings. We have continued, however, to rely heavily, as well, on imports of capital from abroad. During the period of exceptional expansion since the War, this rate of investment, including the capital inflow, enhanced both quantitatively and qualitatively the strength and diversity of the Canadian economy, including its capacity to service foreign obligations. Canadians, however, were becoming increasingly conscious of the extent to which ownership of their resources and the means of production were passing into non-Canadian hands. In the past year the conditions, short-term and long-term, affecting Canadian demand have altered. What seemed appropriate in a high-employment, high-production economy is now subject to question. If, as seems probable, our total capital investment, while remaining massive, increases somewhat less rapidly than in the past, it follows that the proportion to be financed from Canadian savings will be higher. This implies a change, perhaps a considerable change, in the sources to which Canadians must look for funds to finance their various investment programmes. The key to the situation is the ability and willingness of Canadians of their own accord to save and to invest in Canadian enterprise.

"One of the consequences of the inflow of imported capital has been the premium on the Canadian dollar. It has put our exporters at a disadvantage; it has often given imported goods an advantage over domestic products in the Canadian market....

"In the new circumstances which developed it became clear that measures were required which would provide an immediate stimulus to economic activity and employment, particularly this winter. It was also apparent that we had to think in terms of increased production and consumption in fields that would mean increased employment in Canada. It was plain also that, having regard to the nature of our unemployment problem, its solution could not successfully be achieved by the pursuit of short-term measures alone. We had to think in terms of overcoming fundamental weaknesses in the economy and removing impediments which lay deep at the roots of unemployment. Finally, we had to act within the scope of our budgetary position and in accordance with our responsibility for defending the integrity of our currency, lest there be a recurrence of inflation and our ends be defeated....

"I shall now review briefly the various measures in the Government's programme as they relate to the short and long-term objectives which I have described....

CONSTRUCTION PROGRAMME

"Of immediate benefit to employment have been the new provisions for housing construction and home ownership. This legislation enabled many new housing starts to be undertaken in the fall months. Also exercising an early and favourable influence on economic activity and employment are the important measures to provide financial assistance for urban renewal and slum clearance, sewage disposal, hospital construction and the construction of university residences....

"The Government has proposed also a number of major projects which, while not of as great immediate benefit, nevertheless will lay the groundwork for the resumption and acceleration of the long-term growth of our natural resource industries. These include extension of rail lines to Great Slave Lake and to the Mattagami area of Quebec, flood control projects in Western Ontario and around Winnipeg, and, most important of all, the vast Columbia River development scheme....

TRAINING PROGRAMME

"To meet the structural problems of unemployment which I have mentioned the Government has provided substantially enlarged federal contributions to vocational and technical training and the physical facilities therefor. Thus we aim to improve the efficiency of the Canadian labour force, to enhance its employment capacities and to provide young Canadians with the skills and training which are demanded of them in this highly industrialized society....

"I have stressed the need for greater production of Canadian resources and goods by Canadians as well as the need for more efficient production. In our free society we depend to a large extent on business to provide expansion in economic activity and

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