

Unemployment Relief

this purchasing power which they do have at any time come from? I will say again, and challenge anyone to refute it, that the purchasing power enjoyed by the people of Canada or any other country under the present industrial system is circulated in the main in the processes of production, that all the money in circulation in Canada under the industrial system is paid out in the processes of production.

Now let us look at that for a moment. We are living under a profit system; in the processes of production the purchasing power of the people is circulated, and it is circulated in no other way. Under the profit system, then, when a manufacturer sells his product he must include in the price of that product all overhead charges, all wages and dividends, all interest on the investment and his profits. All this must be included in the price of his commodity. The only money left with which to buy commodities is the wages which have been circulated in the production of those commodities. How then can the wages buy back those commodities at a price including the cost of overhead? What is the result? The result is that at the end of every producing year there must be a certain surplus of goods which cannot be sold because there has not been sufficient money put in circulation with which to buy them. That surplus of goods is placed upon the warehouse shelves and next year another surplus occurs which is added to it. Before long the warehouse shelves are filled and then the workmen are discharged and unemployment becomes chronic and we arrive at a condition such as we have to-day, a condition so drastic and so terrible in its nature as to warrant the calling of this special session of parliament.

I know that the committee is particularly interested in this question. We have come here to deal with a very grave problem which has been born of the industrial conditions of the age in which we live. As intelligent people, I assume we are willing to examine the factors which enter into the problems with which we are faced. There can be no intelligent solution of the problem arrived at nor any assistance given unless those factors are examined. I shall illustrate. Let this chamber represent the storehouse of all the goods produced in Canada. From one end there comes out a stream of goods to which is affixed a tag with a certain figure. From the other end comes a number of tickets called money, each marked with a certain figure. Unless the tickets coming out from this end tally with the tickets from the other end, difficulty will arise. If they do not tally exactly you can-

[Mr. Irvine.]

not sell your production. If there are fewer tickets from one end than goods from the other you will have a surplus. That surplus is not a surplus over the consuming capacity of the nation, but it is a surplus over the purchasing power of the nation and thus the basis is laid for another unemployment period. That is the situation I want to put clearly before the house. There may be economists of the school of Adam Smith, who will question this. Adam Smith wrote a wonderful book called *Wealth of Nations*, which when it is examined is discovered to deal with the debts of nations, and the system of finance which he introduced in his time has led us into the difficulties with which we are confronted at the present moment.

In my opinion one of the essential factors to be considered in all unemployment questions, whether merely palliative or fundamentally remedial, is the question of money. If the analysis given be in part correct, then it follows that nothing that this parliament can do can assist unemployment except the purchasing power of the people be increased. The legislation now before this parliament does not increase the purchasing power of the people. It means simply this; the people who are to be taxed to make up this \$20,000,000 will buy less shoes and perhaps less food than they would have bought had the tax not been imposed upon them. The \$20,000,000 so taxed will be expended in other ways but it will not in the slightest degree increase the total business done in Canada during the year, nor will it add one cent to the purchasing power of the people of Canada as a whole, and therefore cannot in a national sense be of any possible assistance, even as a palliative, to unemployment. Even though this may be a pet subject of mine, I urge the Prime Minister to give it actual consideration and disregard the fact that he has already declared it to be very unsound financially. I have before me the statute by which it was proposed to increase the purchasing power of the Canadian people by \$26,000,000 in connection with the Canadian National railway and the Grand Trunk Pacific in 1914-15. The conditions which made that procedure advisable are clearly indicated, and Sir Robert Borden pointed out that it was as sound a procedure as if they had gone to the bank and borrowed the money. Since Sir Robert Borden took the course I am suggesting I will comfort myself with the fact that there are authorities within the party of the Prime Minister who will agree with me and disagree with him when he says that it is not sound practice. I believe that it is a sound practice and that all other practices are unsound. If this money