

Regional and Local Economic Problems

Then there is the economic adjustment that regions and localities undergo from time to time. Some cities expand rapidly. Other communities may be contracting in size and losing population. Some people seem to think that the problem of such declining areas can be solved by public works. If such projects were of a constructive type and not of the "leaf raking" variety, they contribute very little to the development of the community. But even if they are of a constructive type, they might only postpone for a short while the ultimate adjustment if the latter is necessary for economic reasons. This is not an argument against public works. It is rather a suggestion that public works can help a basically healthy area to overcome temporary problems of economic adjustment. They can further strengthen, improve and expand the public facilities a growing area needs. But public works can do little - except in very special circumstances - to transform an economically unsound area into a vigorously growing community.

The implication for the near-term economic outlook of Canada continuing to operate as a basically free enterprise economy simply is this: the opportunities for businessmen to make profits and for workers to find jobs are likely to continue to be fairly good and most Canadian communities are likely to experience further growth. But earning a profit, finding and holding a job, and dealing with local problems of adjustment are likely to be more difficult than has been the case since the end of World War II.

Role of Government in a Period of Economic Adjustment

As to the role of government, the problem it faces is: whether to take action to provide special assistance to each industry or individual firm every time it loses business, to guarantee a new job every time a man loses his job, and to come to the aid of a municipality every time it gets into trouble - or whether to take such general action as is most appropriate to facilitate the continuing growth of the Canadian economy, including ample employment opportunities in the country as a whole and sufficient total demand to enable the majority of business firms, farmers and fishermen in Canada to operate successfully. Of these two alternative courses of economic policy, the Canadian Government has chosen the latter. Let me indicate to you some of the Government thinking on this point as expressed by my Minister, Mr. Howe, in a recent address: "The Government (makes) every effort to create by all its policies favourable conditions within which the initiative, experience and resourcefulness of private business can contribute to the expansion of business and employment. This attitude (permeates) all aspects of government policy, including taxation, monetary policy and credit policy. . . . The object (is) to promote continuing expansion and to discourage inflation. . . . The time may come" (1) when there has to be greater emphasis on supplementary measures to maintain employment and incomes. We must ensure that these supplementary measures, if they do become necessary, support and do not interfere with the attainment of a highly productive, low-cost,