

of goods and services and the use of the resources of the country, are there some things that are almost unavoidable? Let me illustrate this point.

In a private enterprise economy, profits are a prerequisite to the successful functioning of the incentive system. There should be no need for businessmen to feel apologetic if they make profits. But in a competitive society businessmen must on occasion expect losses. Nobody likes losing money in business but at times the threat of a loss or the realization of a modest loss may be essential for long-term growth. It is a warning signal that the firm is not doing so well; it represents an incentive to improve efficiency, to eliminate non-essential expenditures, to develop new products, to find additional markets; in other words, do all the things that a free enterprise economy has the right to expect from efficient management.

This, in fact, is a basic principle recognized in Canadian income tax laws. As you know, Section 27(1)(e) of the Income Tax Act, 1948 (as amended) gives businessmen the right to carry backward losses for one year or charge them against profits in the following five years.

#### Problems of Labour

The situation is somewhat analogous in the case of men finding and losing jobs. If every man had a secure job from the time he started working until he retired, the opportunities for personal advancement and for individual betterment would be considerably less than they now are. Even more important, it would prevent the nation from making the best possible use of its manpower resources, and Canadians would have to be content with lower productivity and a more modest standard of living than they now enjoy. In reality there is a premium on mobility in Canada. The reasons are quite simple. The rate of economic development varies from region to region and with it the opportunities to find better paying jobs. If the Canadian economy is to continue to increase its productive capacity as rapidly as it has in the past, it is desirable that our labour force can move from one job to another when the opportunities present themselves. In most cases this may take the form of moving from one firm to another firm in the same industry in the same locality. At times it may mean moving from one industry in one locality to the same industry in another locality. In still other cases, particularly where people are employed in declining industries, it may involve a willingness on the part of the worker to take a job in a different industry. Labour mobility sometimes requires a quite a significant adjustment on the part of those affected, and in making a case for it there is need for a sympathetic consideration of the human problems involved.

There are other types of unemployment, such as those occurring by reason of seasonal lay-offs, lack of demand, sickness of the worker, etc. They are all part and parcel of the hazards attached to human life itself and of the way in which a free enterprise economy operates. Unemployment insurance and assistance in re-training and in moving workers are some of the measures used to cope with such problems of temporary lay-offs if and when they occur.