

Proposed Committee on Unemployment

like my own in Inverness-Richmond, are exposed in varying degrees to the current uncertainty in the coal industry. This uncertainty arises from a painful readjustment to the competition of fuel substitutes, and a program of mechanization which is expected to permit the largest producers of coal to compete more favourably in the future.

Without turning this debate on unemployment into a discussion of the coal industry itself, I might say in passing that the problems of the small coal operators are even more acute. For example, I have in my own constituency the town of Inverness, a coal town whose history has been one of uncertain development because the producers of coal have been unable to find access to coal markets, except in the depth of the winter. But while I am necessarily conscious of the problems of the coal industry, I would prefer to make a few comments on the general problem of unemployment as it exists in Canada as a whole.

Sir William Beveridge, who contributed so much to our understanding of this problem, made the comment that the greatest evil of unemployment is not physical but moral; not the want which it may bring, but the hatred and fear which it breeds. Unemployment is a great evil; but because of the contribution made by Sir William Beveridge and others we can conduct this discussion in an atmosphere entirely changed from that which prevailed in the thirties, and in periods earlier than that.

The prevailing opinion then was that there were certain natural and necessary forces within the economy which automatically created a momentum toward full employment of all resources. Any evidence of unemployment was simply taken as proof that the economy was not being allowed to operate freely. Fortunately that view is no longer respectable. Lord Keynes and his disciples created a revolution in economic thinking by proving the simple proposition, which the layman had long suspected to be true, that the economy, on its own, did not naturally gravitate toward full employment, and that at certain times it rested at a level lower than full employment. Because of these changes in the thinking of economists, we have at present certain established and recognized measures by which assistance can be given to the economy in its momentum toward full employment.

I refer particularly to public investment, stabilization of purchasing power, social security payments and, finally, the use of the budget and financial policy as methods of maintaining full employment. I am sure it was this line of thinking that prompted the Minister of Finance (Mr. Abbott) in his recent

[Mr. MacEachen.]

statement to say that the government was embarking upon a less restrictive policy of public works expenditures, and was attempting to make available greater funds for residential construction. Both of these are obviously anti-unemployment measures.

I belong personally to the school of thought which affirms that with our new understanding of the causes of depression there will not occur in Canada in the future the kind of depression that afflicted us in the thirties. Hon. members who read mystery stories know how valuable is the axiom "cherchez la femme" in discovering the culprit. Likewise the axiom "cherchez le placement" is a powerful ally to an economist who is interested in finding out how deep-seated the unemployment situation is. The movements of investment are a powerful ally, especially in the private sector of the economy, because investment is the most volatile segment in the volume of national output.

If there are evidences that private investment is decreasing, and if there is evidence that private investors are unwilling to invest further, then there are bound to be warning signals in the rest of the economy. In his summary for the year 1953 the economist for the Bank of Nova Scotia has this to say:

As the year 1953 draws to a close it is abundantly clear that new records have again been set in Canadian employment, production and income. Industrial activity has been considerably greater than in 1952, construction has continued buoyant, and the country has been favoured with the third exceptional harvest in succession. Though the cash income of farmers will not be quite as large as in 1952, average weekly earnings of industrial workers have continued to rise.

He further states that the main impetus to economic activity in 1953 has come from increases in consumer spending and capital investment outlays. In fact the capital investment outlay for 1953 was in excess of \$4 billion. At present in Canada there is no real evidence of weakening in the desire of Canadians to invest capital in the development of our natural resources.

While the figures on unemployment are disquieting, there are at the same time other reassuring evidences of stability. Private investment is one of these, and I mention it particularly because when any economist wishes to find out what is really happening, just as the good detective story reader will look for "la femme" in the story, the economist will look at investment. And at the present time, no Canadian has grounds to be concerned about the readiness of both Canadians and others to invest in the future of this country.

A great deal of importance is currently attached to public investment as a method of reducing employment, and of course the