

I would not want to suggest that this level of unemployment is satisfactory. In March unemployment, as measured by both N.E.S. registrations and the labour force sample survey, reached a post-war peak. This paradoxically occurred at the same time that employment was increasing. It is this kind of paradox which has led some people to claim that I have been engaging in double talk. There is no mystery associated with having increasing employment and unemployment at the same time, as some newspapers have alleged.

To understand why this can happen we must remember that our labour force is made up of the employed plus the unemployed. Thus, for example, if the labour force increases by 100,000 during the year and employment increases by only 50,000, unemployment will therefore have increased by 50,000.

In fact, this is just what has been happening in Canada over the past winter. In March of this year the labour force was 109,000 higher than last year, but employment was only 29,000 higher. Unemployment, therefore, also increased by 80,000. This contrasts with the picture a year ago when most of the increase in unemployment during the winter of 1953 came largely as a result of a decline in employment.

Three factors have been primarily responsible for these recent large increases in our labour force.

First - there has been an increase in the proportion of the adult population who are working and seeking work.

Second - has been an increase in the numbers of young people entering the labour force. We are now entering a period when the rise in birth rates which began during the last war is beginning to be felt. As a result, there will be a steadily increasing number of young men and women workers.

Third - immigration has contributed some additions to our labour force, but the effect of immigration has been much less in 1954 and early this year than was the case in 1952 and 1953.

Another factor which has a bearing on recent employment developments is the growth of productivity in the economy. Increasing productivity essentially means that fewer workers are required to produce the same output. I mentioned earlier that Canadian business had faced stiffer competition since mid-1953 and this had led to pressure to increase productivity.

The growth of productivity is a necessary and healthy development but, nevertheless, it has meant that Canadian industry has recently been able to increase output without equivalent increases in employment. For example, industrial production was up by eight per cent between February 1954 and February of this year, while industrial employment did not increase.

These increases in productivity are a necessary feature of industrial progress and they also make it possible for Canadian industry to compete without reducing wages or the standard of living of our workers.

Unemployment brings to our attention the need, not only for providing for the unemployed, which I will discuss briefly, but also the need to create jobs and to maintain as high a level of employment as possible.