



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 55/20

EMPLOYMENT AND UNEMPLOYMENT IN THE CANADIAN ECONOMY

An address by the Minister of Labour, Mr. Milton F. Gregg,
to the Annual Meeting of the Canadian Manufacturers'
Association, at Montreal, May 25, 1955.

I have heard many people ask, particularly during the past winter, why we should have so many people unemployed in a country as rich and prosperous as ours. Last year, for example, we had the second best year for business that we have ever had with Gross National Product only two per cent below the record levels of 1953. At the same time, however, we experienced the highest levels of unemployment since before the last war.

While I can't give a fully comprehensive answer to this question, in the time available, I will try to show some of the reasons for this paradox of high unemployment in the midst of reasonably prosperous conditions. To understand this paradox it is necessary to recall the events following the outbreak of the Korean war to see what has happened to employment in Canada since then.

The large increase of preparedness expenditures at that time led to a sharp expansion of employment, not only in defence-related industries, but in industry generally. We also engaged in a more intensive programme of developing our natural resources. Consequently, in the two years following Korea, we faced shortages of manpower for a number of skilled manual and professional occupations.

Between June 1950, at the outbreak of the Korean war, and July 1953, when we reached the post-Korean peak, total employment had increased by 430,000. As a result of these increasing expenditures employment expanded rapidly in most sectors of the economy.

As might be expected, employment expanded most in the defence associated industries such as aircraft, shipbuilding, and electrical apparatus and supplies. Employment in the service, retail trade and construction groups expanded to a marked degree as well. In fact, very few industries failed to expand during this period.

As you will remember, the added strain put on our resources by the defence effort caused the development of inflationary pressures, making it necessary to introduce credit controls and measures designed to restrict commercial and other non-defence investment programmes.

The tight manpower situation prevailing from 1950 to 1953 was reflected in the number of persons without jobs and seeking work, which ranged between one and a half and two and a half per cent of the labour force. Another indication of the shortages of manpower prevailing is revealed by the Department of Labour regular survey of 109 local labour markets in which 24 areas had general labour shortages in October 1952.