

The Budget—Mr. MacInnis

committee reported in 1944 that under full employment conditions the annual savings of the Canadian people would be about \$1,500 million. With savings at this level, the report said, full employment could be maintained only if the \$1,500 million were actually invested, used to buy capital goods, that is plant, machinery and such capital material. What are the prospects that we can invest so much? I do not think they are very bright. Mr. J. R. Beattie, of the Bank of Canada, writing in the *Canadian Journal of Economics and Political Science* in August, 1944, stated as follows:

(a) that even the tremendously rapid industrial expansion during the war had not involved more than one billion dollars of capital expenditure, public and private, in plant, equipment and housing in any one year;

(b) that though electric power is a heavy capital-using industry, its total pre-war investment in fixed assets was less than \$1,500 million;

(c) that one year's saving at the rate of \$1,500 million a year would cover the cost of all the residential housing in Canada built in the twenty years from 1917 to 1937;

(d) that \$1,500 million would cover nearly half the total fixed capital investment in Canadian railways;

(e) that even the building of a new industry comparable to the pre-war automobile industry would absorb less than three weeks' saving at the rate of \$1,500 million a year.

These are impressive figures and, coming from a source so close to the Minister of Finance, he has no doubt heard them before.

A later survey of post-war investment plans of private industry is contained in the Canadian Bank of Commerce monthly *Commercial Letter* for January 1946. The letter surveys all the available material on pre-war investment, takes into consideration expenditure on new equipment which has been postponed because of the war, and makes an estimate of the total prospective investments of private firms and corporations, publicly owned transportation, hydro and telephone systems, and government highways, from 1946 to 1950. The estimate includes everything — lands, furnishings, machinery and all other equipment. This is the finding: city and town homes, \$750 million; business building (warehouses, stores, theatres, hotels, garages, office buildings), \$250 million; industrial and mining, \$1,000 million; public utilities, \$350 million; transportation (highways, railway equipment, airports, waterways), \$400 million; farm improvement and extension (buildings, machinery, implements, rural electrification), \$350 million; making a total of \$3,100 million for the five years. This works out to an annual outlay of \$620 million, less than half of the James committee's estimated savings under full employment.

There is a still later survey, one, by the way, made public on June 27, the day the

[Mr. MacInnis.]

budget was introduced. The Minister of Reconstruction (Mr. Howe) released the result of a joint survey of the investment intentions of private industry for 1946, made by the Department of Reconstruction and the dominion bureau of statistics. The survey includes private industry and public utilities with plans for expenditures on new construction and improvements, new machinery and equipment for 1946 as follows:

Manufacturing	\$400,000,000
Mining	25,000,000
Woods operations	10,000,000
Central electric stations	75,000,000
Telephones	50,000,000
Transportation (Airports, highways, railway equipment and waterways)	140,000,000
Total	\$700,000,000

The release pointed out that there is an additional amount of \$500 million mainly for residential, institutional and commercial construction. This will make a total of \$1,200 million. But this investment, even if it were realized—and the Minister of Reconstruction said it is not likely to be realized—would fall short of the amount mentioned in the James committee's report.

In my opinion, and in the opinion of the party for which I speak to-day, if the present government is to prevent unemployment there will have to be investment on a scale much greater than private enterprise is prepared for. What does the government then propose? How is the gap to be bridged? Nothing is proposed? There is no bridge. Export trade, private enterprise, and the spending power in the hands of the public; that is all that is proposed. The country that can plan so well for war is left in peace time to the blind blundering of private enterprise.

Here I should like to quote briefly from the Bank of Canada report for 1943, dated February 10, 1944. The governor of the Bank of Canada had this to say:

The magnitude of the adjustments which Canada will face in maintaining high employment after the war can be indicated in simple terms. In 1939 about four million Canadians were gainfully occupied and at least 300,000 who were available for work were not employed.

In other words, they were unemployed. I continue:

By the end of 1943 the gainfully occupied population had risen to approximately 5,100,000, but about 1,900,000 of these were engaged in the armed forces, in supplying the weapons of war, or in producing the food required for special war-time exports. The number available to meet civilian needs had therefore fallen to about 3,200,000, but at the same time the average standard of living had risen materially and was probably higher than it had ever been.