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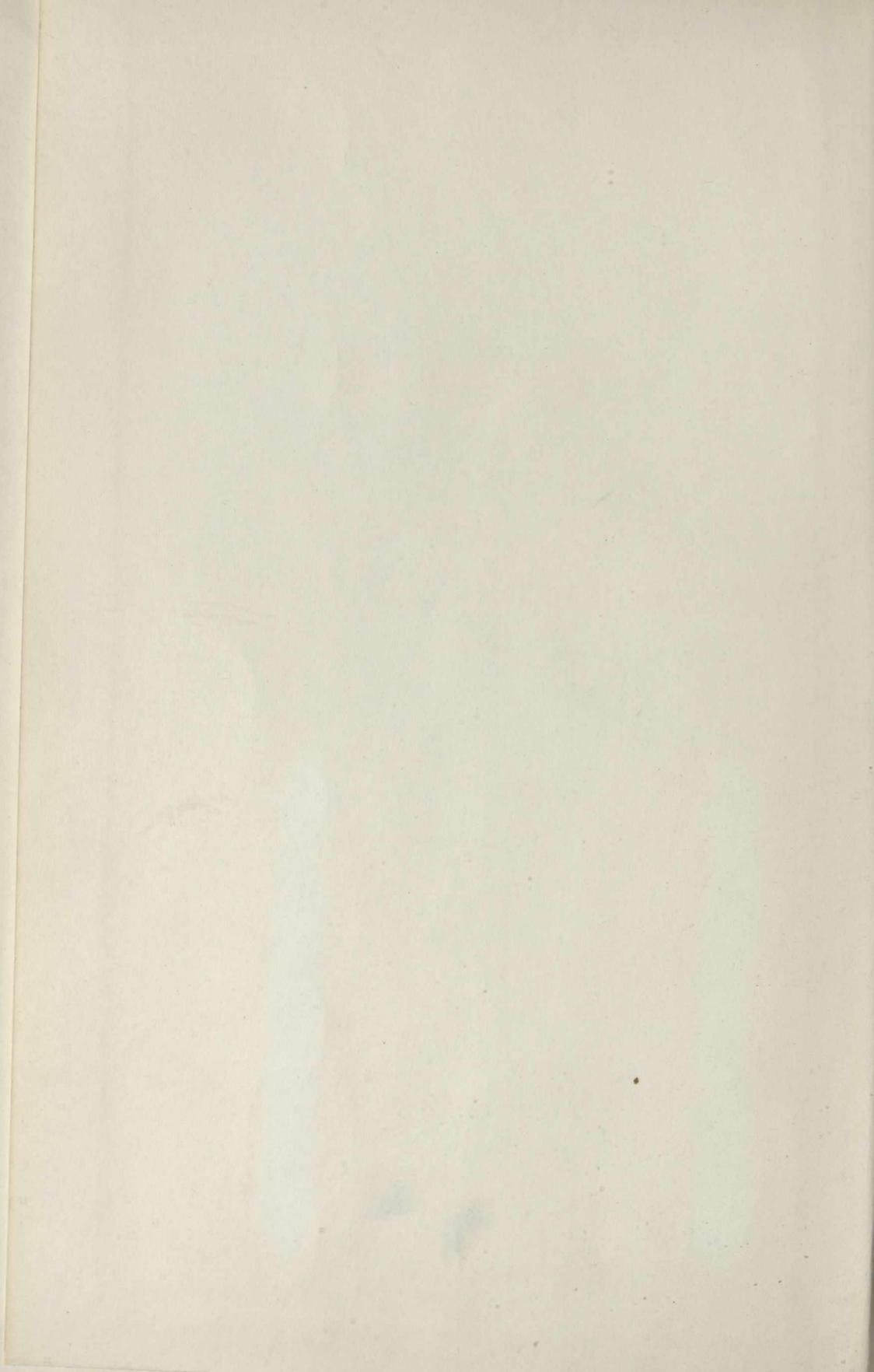
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Proceedings.

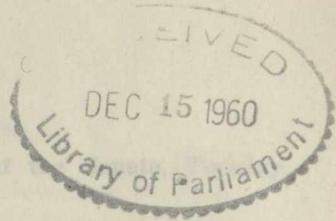
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Extract from the Minutes of the Proceedings of
November 23, 1960.

Fourth Session—Twenty-fourth Parliament
1960-61

THE SENATE OF CANADA

PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 1

WEDNESDAY, November 30, 1960

The Honourable LEON METHOT, Chairman

The Honourable DONALD SMITH, Deputy Chairman

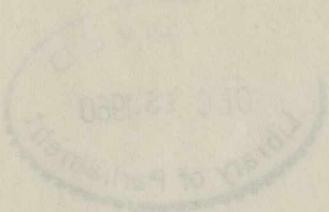
J. F. MacNEILL,
Clerk of the Senate.

WITNESSES:

Dr. J. J. Deutsch

Mr. F. T. Denton

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960



Fourth Session—Twenty-fourth Parliament
1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

- | | | |
|---------------------------------|----------------------------------|--|
| Blois | Higgins | Pratt |
| Bouffard | Hnatyshyn | Reid |
| Brunt | Horner | Roebuck |
| Buchanan | Hugessen | Smith (<i>Queens-</i>
<i>Shelburne</i>) |
| Burchill | Inman | Thorvaldson |
| Cameron | Irvine | Vaillancourt |
| Choquette | Lambert | Wall |
| Connolly (<i>Ottawa West</i>) | Leonard | White |
| Courtemanche | MacDonald (<i>Queens</i>) | Wilson—(33) |
| Croll | MacDonald (<i>Cape Breton</i>) | |
| Emerson | Methot | |
| Haig | Monette | |

(Quorum 9)

The Honourable LEON METHOT, *Chairman*
The Honourable DONALD SMITH, *Deputy Chairman*

WITNESSES:

Dr. J. J. Deutsch
Mr. F. T. Denton

MINUTES OF PROCEEDINGS
ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vailancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator MacDonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT
WEDNESDAY, November 30, 1960.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 11.00 a.m.

Present: The Honourable Senators Methot, *Chairman*, Brunt, Buchanan, Connolly (*Ottawa West*), Courtemanche, Croll, Haig, Higgins, Horner, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), MacDonald (*Cape Breton*), Pratt, Reid, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall and White.—22.

The following were heard:—

Dr. J. J. Deutsch.

Mr. F. T. Denton.

At 12.45 p.m. the Committee adjourned until Thursday, December 8th next, at 11 a.m.

Attest.

John A. Hinds,

Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

Wednesday, November 30, 1960.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 11:00 a.m.

Present: The Honourable Senators Melnott, Chairman, Brant, Buchanan, Connolly (Ontario West), Courtenay, Croll, Hain, Higgins, Horner, Innes, Irvine, Lambert, Leonard, MacDonald (Queens), MacDonald (Cape Breton), Pratt, Reid, Smith (Queens-Sheburne), Thorvaldson, Vallanceau, Wall and White—22.

The following were heard:—

Dr. J. J. Denton.

Mr. E. T. Denton.

At 12:45 p.m. the Committee adjourned until Thursday, December 8th next at 11 a.m.

Attest

John A. Hinds,
Assistant Chief Clerk of Committee.

THE SENATE

SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

EVIDENCE

OTTAWA, Wednesday, November 30, 1960.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 11 a.m.

Hon. Leon Méthot in the Chair.

The CHAIRMAN: Honourable senators, we have a quorum. Let us proceed. We have the advantage of having with us today Dr. J. J. Deutsch, who will tell us what has been done with respect to the problem before us during the recess of Parliament.

Dr. JOHN J. DEUTSCH: Mr. Chairman and members of the Committee, when your committee was organized late in the previous session you made certain arrangements for work to be done during the summer recess. Two things were done: arrangements were made to get in touch with quite a large number of national organizations and interested groups, from whom the committee wished to hear views on the problem now before it.

About 40 organizations were contacted and were told that the committee would be pleased to receive submissions from them. The great majority of the persons and organizations who were contacted agreed to make submissions to the committee. These were national industrial organizations, such as labour unions, agricultural bodies, and so forth. The first of these organizations to be heard from is the Canadian Chamber of Commerce who will be making its submission to the committee on December 14. At later meetings of the committee other organizations will come forward with their submissions.

The second thing that was done was the preparation of a series of studies which the committee asked me to arrange for and to organize. Arrangements were made to have six studies prepared for the committee, and these have been under preparation during the recent recess. The purpose of these studies was to assist the committee in considering the problems before it.

The first is a general background study of the developments in the Canadian economy which affected employment and unemployment in recent years. This study is to give you a basic, factual background, and to indicate what has been happening in the Canadian manpower picture, both in the past decade and at the present time, and also to indicate to you the places where difficulties have arisen and their nature. This general background study was prepared by Mr. Frank Denton, and will be presented to you this morning.

The second study was on the trends of demand for domestic products and for exports and imports, as well as changes in productivity in the Canadian economy which affect opportunities for employment in the country. This is a basic economic analysis of what has been happening in our economy in recent years and at the present time. This study was undertaken by Professor Hood of the University of Toronto; it is now in its final stages, and can be presented shortly.

A third study that was made had to do with the characteristics of the unemployed at the present time. This study was undertaken by a careful examination of the persons who are applying for jobs at the National Employment

Offices throughout the country. We organized a survey of the unemployed by means of a sampling procedure which included one person in ten in most of the employment offices, and in some of the larger ones a sample of one in twenty. The purpose of this survey was to find out the nature of the persons looking for jobs, their skills, their characteristics and their educational standards. It was also hoped to learn something about the family relationships and responsibilities of the unemployed, how long they have been out of work and what kind of jobs they are looking for.

The survey has been completed and is now in its final stages of tabulation. Altogether returns were received from about 17,000 persons, but the survey was designed in such a way that the sample would give an accurate reflection of the total picture. The results will yield considerable information of the nature of the unemployed, and perhaps as to why they are unemployed, what kind of jobs and opportunities they are looking for and are capable of taking. The work was done by Mr. Warren James, and in a relatively short time the tabulation of the results will be completed.

Fourthly, a study was prepared by Mrs. Sylvia Ostry, Assistant Professor of Economics at McGill University, on the question, what do we mean by unemployment and how do we measure it?

There is a great variation in the use of the term "unemployment" as well as different methods of measuring it in various countries. One sees several kinds of statistics quoted as measurements of unemployment in different countries, but the basis of these definitions and the method of measurement vary widely. As we are concerned with the nature of unemployment and its magnitude, and the changes in its level, I feel we have to have some clear idea of what we mean by the term "unemployment" and how it is measured in other countries as compared with our own.

Mrs. Ostry has prepared a study of the methods of measurement which are used in this field in Canada compared to the United States and Great Britain, in order to arrive at what the differences mean. The study is now virtually completed.

A fifth study was carried out by Professor Judek of the University of Ottawa on chronically depressed areas in Canada. In this study he has tried to indicate where the problem of unemployment has become chronic. In doing so he examined the records of the National Employment Service in various parts of the country and has tried to identify the places where unemployment has become persistent. This involves an analysis of the nature and extent of unemployment in those areas where it is a long-term rather than a short-term problem.

The sixth project consists of a number of studies being carried out by the Economics and Research Branch of the Department of Labour for the committee. One of these was on the effect of automation on unemployment. This branch of the Department of Labour has over the past several years made some intensive studies of the effect of automation in various industries of Canada, and I thought it would be helpful to the committee to have this material pulled together.

This information will be put together in a meaningful way to give the committee some indication of how the changes in mechanization have affected employment.

The second study we asked the Department of Labour to make was on the problem of seasonal employment in Canada. Again, this Department has over the years done a great deal of work on seasonal employment. They have been asked to consolidate this material and make it available to the committee.

Finally, we have asked them to prepare a study for the committee of the status of technical and vocational training in Canada. As you know, the

Department of Labour is the agency responsible for carrying out federal policies in vocational and technical training. We want them to make an analysis of the facilities now available for technical training, where they are located, their nature, how much work they do, how much of the problem they are able to handle, and what appears to be necessary in order to provide adequate facilities for this type of training in Canada. The department is putting together this information and will present it to the committee.

Mr. Chairman and gentlemen, these are the studies which we have launched during the summer recess, all of which are either now completed or will very shortly be completed and ready for presentation to your committee. Thank you.

The CHAIRMAN: Does any senator want to ask for further information from Dr. Deutsch?

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, as this is the first public meeting of the committee would it not be well for Dr. Deutsch to indicate also that the committee intends to call outside agencies?

I apologize, Mr. Chairman—I have just been informed that Dr. Deutsch indicated that in his earlier remarks.

Dr. DEUTSCH: The committee will receive information and submissions from two sources. One is from outside organizations and groups who have an interest in the manpower problem, and, as I say, we have contacted some 40 different organizations, 32 of which have indicated they are intending to make submissions. Secondly, there will be the results of the studies I have described. This will be the information we will put before the committee during the course of these hearings in the next several weeks.

Senator LAMBERT: May I ask Dr. Deutsch a question? Perhaps he mentioned this aspect of the study before I came in, but I am wondering if there has been any consideration given to attempting to estimate the flow of trade in relation to unemployment?

Dr. DEUTSCH: Yes, Professor Hood's study will be dealing with the effects of imports and exports on the Canadian economy in recent years and at the present time.

Senator LAMBERT: That is, whether the fluctuations correspond, or not?

Dr. DEUTSCH: Yes.

Senator LEONARD: Mr. Chairman, Dr. Deutsch made no reference to the Unemployment Insurance Act in his outline of the studies and the work being done. Will the operations of the Unemployment Insurance Act, in so far as they affect the manpower and unemployment problem, come under these studies?

Dr. DEUTSCH: Yes, I think the survey of the characteristics of the unemployed will throw a good deal of light on the operations of the Unemployment Insurance Commission.

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, may I ask just one question?

The CHAIRMAN (*Senator Methot*): Yes.

Senator SMITH (*Queens-Shelburne*): I want to draw to the attention of the committee item No. 5 in the list of the recommendations that were made to the general committee by the Steering Committee, and which were accepted, which is as follows:

That the future employment possibilities in those regions where defence expenditures presently play an abnormally large role in the economy be the subject of special study and attention.

I am wondering whether it will be the job of this committee to produce those studies, or whether there has been some attention given to it by Dr. Deutsch's team?

Dr. DEUTSCH: Not specifically, Senator, on the effects of defence expenditures. We have no specific study of that, although throughout our studies, the position of various regions in Canada will be referred to, and their position will be indicated. I mean, their problems in relation to the country as a whole will be referred to in many of these studies.

The CHAIRMAN (*Senator Methot*): With your permission, I will now ask Mr. Denton to give us his report.

Dr. DEUTSCH: I might say, Mr. Chairman, that Mr. Denton prepared the basic background study which he is to present to the committee. It will deal with the recent developments in manpower in Canada leading up to the present situation. It will describe the background of our present situation. This is the main purpose of this study. It also looks ahead to the next few years and indicates what the nature of the problem will be in the years immediately ahead.

Mr. Denton was an economist for Philips Electronics Industries Ltd., in Toronto before he came to us. Prior to that he was for five years with the Labour Division of the Bureau of Statistics, and prior to that he worked for the Ontario Bureau of Statistics and Research. He is a graduate of the University of Toronto, and he has had a splendid background for the preparation of this study. I am very happy to introduce him to you now.

Senator LEONARD: Will this report be incorporated in full in the proceedings of this meeting?

The CHAIRMAN (*Senator Methot*): Yes.

Mr. F. T. DENTON: Mr. Chairman and honourable senators:

I. The Labour Force Since 1950

The last decade was one of the most impressive periods of development in Canadian history. The population grew by thirty percent—not since the early years of the century has the rate been as high—foreign and domestic demand increased, and the nation's productive capacity expanded rapidly in terms of both physical capital and manpower resources. A million and a quarter people were added to the working population in ten years, more than the entire labour force of the four Atlantic Provinces and British Columbia, combined. In the last five years alone the increase was almost eight hundred thousand.

Table 1

Charges in the Civilian Labour Force: 1950-1960

	Thousands	Percent
1950-1960	1,230	23.8
1950-1955	450	8.7
1955-1960	780	13.9

Immigration was an extremely important factor in the growth of manpower during this period. From 1950 to 1959 over a million and a half people came to Canada, a large proportion of them young men and women in their twenties and thirties. Half of them or more moved immediately into the labour market while others who were not yet of working age completed their schooling and entered the market gradually over a period of years. However, the movement of people across Canadian boundaries was not all in one direction, and while immigration was numerically much greater than emigration the latter was a factor of not insignificant proportions. It is estimated that six hundred thousand people left the country in the ten years and that their departure represented a withdrawal from the working population of perhaps 250 thousand people, most of them in the young adult age groups. The net gain to the Canadian labour force as a result of these international movements was there-

fore roughly six hundred thousand. In other words, close to one half of the increase in the Canadian labour force during the past ten years was the result of net migration.

Table 2

Immigration to Canada: 1950-1959

Thousands of Persons		Thousands of Persons	
1950	74	1955	110
1951	194	1956	165
1952	164	1957	282
1953	169	1958	125
1954	154	1959	107

The trends in the domestic population have been conflicting and offsetting. In the first place, the numbers of young people in the population have reflected the changing birth rates of fifteen or twenty years earlier. The fifteen-to-nineteen-year-olds of 1950-54 were the children of the 1930's, a decade in which the Canadian birth rate reached the lowest point of a long-run decline. The fifteen-to-nineteen-year-olds of today were born during the war years when the birth rate was rising, and those of 1965 were born during the immediate post-war period when the rate was consistently at a high level. There were almost sixty percent more children born in the first five years after the war than in the five years just before the war and the "population bulge" is now moving through the schools and into the labour market.

Table 3

Population 15-19 Years of Age in Selected Years (June 1)
and Number of Live Births 15-19 Years Earlier

	Population 15-19 Years of Age (Thousands)	Number of Live Births 15-19 Years Earlier (Thousands)
1950	1,080	1,180 (1931-35)
1955	1,140	1,180 (1936-40)
1960	1,380	1,430 (1941-45)
1965	1,740 (forecast)	1,820 (1946-50)

This increase in the number of young people has been well publicized. What is perhaps not as widely recognized is the extent to which it has been offset by a decline in the "participation rates" for young men, that is by a decline in the proportions of young men who belong to the labour force. In 1950 about 56 percent of the civilian male population 14 to 19 years of age were in the labour force; in 1960 the proportion is only 43 percent. This is a very considerable reduction in ten years. In spite of the fact that males 14 to 19 years of age increased in number by more than 200 thousand the labour force in this group was practically unchanged. The reason, of course, is the prolongation of the period of education. Instead of entering the labour market at, say, 16 or 17, young men are entering at 17 or 18, and the average age of entrance continues to rise. The effect of the "population bulge" is being modified. Its impact is being felt more gradually and over a longer period than would otherwise have been the case. The contraction of the male working life at the other end as a result of the tendency towards earlier retirement has been an additional offsetting factor.

Table 4

Labour Force "Participation Rates" in Different Age Groups, Men and Women: 1950 and 1960

	Men		Women	
	1950 %	1960 %	1950 %	1960 %
Under 20 (14-19)	55.9	42.8	33.0	32.8
20-24	93.0	91.4	46.4	48.1
25-64	95.3	95.7	20.2	27.4
65 and Over	40.4	30.1	4.2	5.5
All Ages 14 and Over ..	84.0	80.8	23.2	27.8

If there have been restraints of this kind on the growth of the male labour force, no such restraints have impeded the growth of the female labour force. The number of working women has increased with great rapidity—almost fifty percent in ten years. The most striking development has been the very rapid rise in the participation rates for women over thirty or thirty-five, a reflection of the greatly increased numbers of married women who take jobs after the early child-bearing ages. Although the female labour force represents only a quarter of the total the increase in the number of women in the past five years has been almost as large as the increase in the number of men.

In addition to these factors there is another that has been of considerable importance in the past ten years and which promises to be of some importance in the years ahead. I refer to the transfer of manpower from the farm sector to the non-farm sector of the economy. Throughout the last decade agriculture exhibited a pronounced, continuous, and geographically widespread, decline as a source of employment, both in relative terms and in terms of absolute numbers. The farm labour force fell by 340 thousand in ten years—from over a million in 1950 to less than seven hundred thousand in 1960. In other words, the non-agricultural part of the economy was required to absorb not only all of the million and a quarter increase in the nation's labour force but also an additional 340 thousand people for whom farming no longer provided employment.

Table 5

Changes in the Agricultural and Non-Agricultural Labour Force: 1950-1960

	Labour Force (Thousands)		Change	
	1950	1960	Thousands	Percent
Agricultural Labour Force	1,020	680	-340	-33.3
Non-Agricultural Labour Force	4,140	5,710	1,570	37.9
Total Labour Force	5,160	6,390	1,230	23.8

The exodus from agriculture is predominantly a movement of young people. The children of farm families finish their schooling and leave to seek employment, either immediately or perhaps after a few years. The rates of movement for men and women in their late 'teens or early twenties are surprisingly large. Of the young people 15-19 years of age and living on farms at the 1951 census, two-fifths had gone by the time the 1956 census was taken.

The broad regions of Canada have not shared equally in the labour force growth of the last decade. The most rapid expansion has taken place in British Columbia and the Central Provinces. The Atlantic Provinces have experienced very little growth, while in the Prairies, although the rate has been higher, it has been well below the national average. In the main, these

differences are products of the pattern of location of foreign immigrants and of interregional population movements. Eighty-five percent of all immigrants to Canada in the last five years indicated that they were going to Ontario, Quebec, or British Columbia, and only fifteen percent stated that their destinations were elsewhere in Canada. In addition, there have been continuous movements of people out of the Atlantic and Prairie Regions, again primarily young adults. The result is that the labour force has become geographically more concentrated. Ontario and Quebec alone now account for roughly two-thirds of the total.

Table 6

Regional Changes in the Labour Force: 1950-1960

	Labour Force (Thousands)		Increase	
	1950	1960	Thousands	Percent
Atlantic Provinces	520	560	40	7.7
Quebec	1,430	1,790	360	25.2
Ontario	1,830	2,370	540	29.5
Prairie Provinces ..	950	1,100	150	15.8
British Columbia	430	570	140	32.6
Total	5,160	6,390	1,230	23.8

In summary, then, the labour force has grown rapidly, and particularly rapidly in the last five years. Immigration has been one of the most important factors. The participation rates for young men and older men have fallen as the male working life has been contracted at both ends and this has held the male working population partially in check. On the other hand, the rates for women over thirty or thirty-five have risen sharply as increasing numbers of married women have taken jobs, and the female labour force has grown proportionately almost three times as rapidly as the male labour force since 1950. Agriculture has continued to decline as a source of employment, thus increasing the number of workers which the non-agricultural part of the economy has been required to absorb. Finally, growth has been greatest in the most highly industrialized regions of Canada. These were the significant developments of the last ten years. Now let us look at the prospects for the first half of the 1960's.

II. The Labour Force in the Next Five Years

Forecasting is nearly always hazardous and forecasting the labour force is no exception. We know quite accurately what the population is today, and by allowing for normal mortality we can predict, almost as accurately, how many people now living in Canada will be alive in each age group five years from now. On the basis of recent trends we can make a reasonable estimate of the number of people who will move to the United States or elsewhere. The changing participation rates are more troublesome, particularly the female rates. It seems clear that the proportion of married women who are in the labour force will continue to rise. The trend is well established. However, unpredictability is a characteristic not infrequently attributed to the fair sex, and just how rapid the rise will be is largely a matter of conjecture. A more serious problem, though, is the difficulty of forecasting the number of immigrants. Indeed, I shall make no attempt to do this, except within a rather wide range. It seems unlikely that in the next five years immigration will reach the levels of the last decade. However, to a considerable extent the rate will be determined by government policy and I shall try merely to indicate the effects that different rates might have on the labour force. My projections are presented in detail in appendices to this report.

Immigration was running at an annual rate of just over one hundred thousand in 1959 and the first part of 1960. If the average rate over the next five years were to be 100 thousand, and allowing for an annual loss through emigration of 70 thousand, the labour force might be expected to increase in total by about 750 thousand by 1965. Should the immigration rate fall to 75 thousand, which would be extremely low by recent standards, lower than in any year since 1950 and less than half of the average rate in the last decade, the labour force could be expected to grow by a little less than 700 thousand. If, on the other hand, the rate were to climb to 125 thousand the increase might be a little over 800 thousand. The forecast range, then, is roughly 700 to 800 thousand. These predictions, it should be noted, are based on rather conservative forecasts of the increase in the participation rates for women. I have assumed that the rates will continue to rise but less rapidly than in the last five years. Should this assumption prove to be wrong, the increase in the labour force may be somewhat greater than these figures indicate.

Table 7

Forecasts of Labour Force Growth: 1960-1965

	Increase in Labour Force	
	Thousands	Percent
If Immigration is 75,000 per year—		
Men	360	7.6
Women	325	19.8
Both Sexes	685	10.7
If Immigration is 100,000 per year—		
Men	410	8.6
Women	340	20.7
Both Sexes	750	11.7
If Immigration is 125,000 per year—		
Men	450	9.6
Women	360	21.7
Both Sexes	810	12.7

The labour force has grown substantially in recent years and clearly it will continue to grow substantially between now and 1965. Taking the period as a whole, though, there will be no sudden "explosion". The tendency for men to stay in school longer and to retire earlier will continue to offset in part the increasing numbers of young people in the population, and annual immigration will probably be less than in the last decade. The overall rate of growth in the next five years will probably be of the same order of magnitude as the rate in the last five. As my predictions indicate, it may be a little lower. From 1955 to 1960 there was an increase of 14 percent. For the period 1960 to 1965 I have forecast an increase of 11 to 13 percent. The female labour force, which now constitutes a quarter of the total, will grow proportionately more rapidly than the male labour force, and women may account for some two-fifths to one-half of the total increase. As would be expected, the highest rates of increase for men will be in the young age groups.

Immigration will continue to be an important factor in determining the rate of labour force growth. To an increasing extent, though, new members will come from the domestic population. One consequence of this is that the Canadian government will no longer be able to exercise the same degree of control over the increasing supply of labour. During the years when immigration was a more important factor the government had at its disposal an effective tool.

Table 8

Contributions of Changes in the Domestic Population and Migration to Changes in the Labour Force: 1950-1955, 1955-1960, and Forecasts for 1960-1965 (Thousands)

Factors Contributing to Changes in the Labour Forces	1950-55	1955-60	1960-1965		
			"Low"	"Medium"	"High"
Changes in the Domestic Population	150	500	645	645	645
Net Migration	300	280	40	105	170
Immigration	410	420	190	255	320
Emigration	-110	-140	-150	-150	-150
Total Change in Labour Force	450	780	685	750	815

It could, so to speak, turn the tap on or off as the situation seemed to warrant. (I am not suggesting that to do so is either desirable or undesirable on economic or any other grounds, but it is obviously an effective way of influencing the supply of labour). In the years ahead the government can still turn the tap on or off to some extent, but the large numbers of young people moving up through the population and the increasing participation of married women ensure a substantial increase in the labour force regardless of what happens to immigration. Even in the unlikely event that immigration came entirely to a halt the labour force would probably grow by roughly 500 thousand, which is more than it grew from 1950 to 1955 when over 150 thousand people a year were coming to Canada.

The farm working force will almost surely decline further, although there has been evidence in recent years that the rate of decline is slowing down. In the past five years the farm force has fallen by 150 thousand. In the next five years it may drop by another 70 thousand, and this would represent a further increment to the number of people for whom the economy will be called on to provide jobs. Although, as I have noted, there will be no sharp rise in the rate of growth of the working population, taking the five-year period as a whole and comparing it with the last five years, it is nevertheless obvious that a substantial increase in employment will be needed between now and 1965 if all of the additional people in the non-farm labour force are to be absorbed and if the existing pool of unemployment is to be reduced. As a preliminary estimate, persons without jobs and seeking work may average about 400 thousand this year, or just under 6½ percent of the labour force. If this proportion is to be brought down to, say, 3 percent, about one million more jobs must become available between now and 1965. This would represent an expansion of non-farm employment of about 18 to 20 percent, a rather large increase for a five-year period. For comparison, the increase from 1950 to 1955 was 15 percent and from 1955 to 1960 it was roughly 17 percent. Whether the increase in the demand for goods and services will be sufficient to induce an increase in output and hence in employment of the required magnitude is, of course, one of the important questions of the day, and one on which later reports to this committee will no doubt throw some light.

1. Non-farm employment in 19605,320,000
2. Persons without jobs as percent of the labour force in 19606.3%
3. If this is to be reduced to3%
4. The non-farm sector of the economy must provide jobs for the following:
 - (a) people added to the labour force700,000-800,000
 - (b) people displaced from agriculture70,000
 - (c) people to be absorbed from the existing pool of unemployment200,000
 - Total970,000-1,070,000
5. This means that non-farm employment must increase in five years by18-20%

III. Employment Since 1950: Longer-Run Trends

I turn now to a consideration of trends and variations in employment. I should like to comment first on the longer-run trends of the last decade before turning to more recent developments. Employment has, of course, increased substantially since 1950. A million more people are at work this year. At the same time there have been important shifts in the industrial composition of employment. In 1950 twenty out of every hundred people who had civilian jobs were working in agriculture. Another four were engaged in the other primary industries. Manufacturing accounted for twenty-seven and construction for seven. Altogether, fifty-eight percent of civilian workers were engaged in the production of goods. The remaining forty-two percent were to be found in industries producing services. This group includes transportation, communication, public utilities, retail and wholesale trade, and finance. It includes private professional practices, such as those in the legal and medical fields. It includes hotels, restaurants, theatres, barbershops, laundries, and so on. Finally, it includes community service establishments, such as schools and hospitals, as well as the departments of government at all levels. Such, then, was the distribution at the beginning of the last decade—fifty-eight percent in goods-producing industries, forty-two percent in service-producing industries. By the end of the 1950's the pattern had changed markedly.

Table 9

The Percentage Distribution of Employment by Industrial Groups:
1950 and 1959

	1950 %	1959 %
I. Goods—Producing Industries		
Agriculture	20.4	11.8
Other Primary	3.9	3.4
Manufacturing	26.6	25.5
Construction	6.7	7.6
Total	57.6	48.3
II. Service—Producing Industries		
Government and Community Service	10.7	14.4
Other	31.7	37.3
Total	42.2	51.7
TOTAL, ALL INDUSTRIES	<u>100.0</u>	<u>100.0</u>

Agriculture's share had fallen to twelve percent and there had been declines in some of the other primary industries. Manufacturing's share had dropped a little. There had been gains in the construction industry, but in the aggregate the goods-producing group now accounted for less than half of civilian employment. The service-producing industries had increased their share from forty-two percent to fifty-two percent, a very considerable shift in such a short period of time.

It is convenient to classify industries into four groups: those in which there was a "rapidly rising" employment trend (I shall refer to these as the "A" group); those in which there was a "moderately rising" trend (the "B" group); those in which there was little or no trend in either direction (the "C" group); and those in which there was a significant downward trend (the "D" group). A classification of this kind is provided in Table 10. The classification, although not exhaustive, includes most of the major industries. Any industry in which there was an increasing employment trend of two and one-half percent per year or more was placed in the "A" group. If the rate of increase was between one-half and two and one-half percent the industry was

placed in the "B" group. If there was no trend, or if the trend was either upward or downward but not more than half of one percent a year, the industry was assigned to the "C" group, and if there was a declining trend in excess of half of one percent it was assigned to the "D" group.

The declining-trend industries, the "D" group, are, for the most part, well known. Employment in coal mining has been cut roughly in half since 1950, and in gold mining by about a quarter. There was a sharp reduction in the agricultural implements industry after 1952, and the ground has not been recovered. The textile, clothing, and leather products industries have been chronic "soft spots". The railroad and rolling stock equipment industry has declined markedly since 1952, and the motor vehicle parts industry, while reflecting the short-run fluctuations of the market to which it is linked, has displayed a noticeable downward trend. Employment in the railways has fallen, particularly since 1956, and there has been a persistent drop in urban and interurban transportation. These are the industries with declining trends. The industries which did not decline significantly but which nevertheless failed to share in the general expansion of employment, the "C" group, includes saw and planing mills, the motor vehicle industry proper, the rubber products industry, and the water transportation industry.

At the other extreme, nearly all of the service-producing industries are in the "A" group, the rapidly rising group. The list includes air transport, trucking, radio and television broadcasting, the telephone industry, electric light and power and other utilities, wholesale and retail trade, finance, insurance, and real estate, business, recreational, and personal services, government, and community services.

Industry	Group
Government	A
Community Services	A
Finance	A
Insurance	A
Real Estate	A
Business	A
Recreational	A
Personal Services	A
Electric Light and Power	A
Telephone	A
Radio and Television Broadcasting	A
Trucking	A
Air Transport	A
Wholesale and Retail Trade	A
Food	A
Textile, Clothing, and Leather Products	B
Motor Vehicle Industry	B
Motor Vehicle Parts	B
Rubber Products	B
Saw and Planing Mills	B
Water Transportation	B
Railroad and Rolling Stock Equipment	B
Coal Mining	D
Gold Mining	D
Agricultural Implements	D

The service-producing industries... The service-producing industries... The service-producing industries...

TABLE 10.—CLASSIFICATION OF CANADIAN INDUSTRIES BY EMPLOYMENT TRENDS:
1950-1959

	Not Increasing		Increasing	
	Declining	Little Change	Moderately	Rapidly
	D	C	B	A
I. GOODS-PRODUCING INDUSTRIES—				
AGRICULTURE.....	X			
MINING.....			X	
Gold.....	X			
Metals Other than Gold.....				X
Coal.....	X			
Oil and Natural Gas.....				X
Other Non-Metallic Products.....			X	
MANUFACTURING.....			X	
Durable Goods Industries.....			X	
Wood Products.....		X		
Saw and Planing Mills.....		X		
Iron and Steel Products.....		X		
Agricultural Implements.....	X			
Machinery Manufacturing.....			X	
Primary Iron and Steel.....			X	
Transportation Equipment.....			X	
Motor Vehicles.....		X		
Motor Vehicle Parts and Accessories... X				
Railroad and Rolling Stock Equipment X				
Shipbuilding and Repairing.....			X	
Non-Ferrous Metal Products.....			X	
Electrical Apparatus and Supplies.....			X	
Non-Metallic Mineral Products.....				X
Non-Durable Goods Industries.....			X	
Food and Beverages.....			X	
Tobacco and Tobacco Products.....			X	
Rubber Products.....		X		
Leather Products.....	X			
Textile Products (Except Clothing)..... X				
Clothing (Textile and Fur).....	X			
Paper Products.....			X	
Printing, Publishing, etc.....			X	
Products of Petroleum and Coal.....				X
Chemical Products.....				X
Miscellaneous Industries.....			X	
CONSTRUCTION.....				X
II. SERVICE-PRODUCING INDUSTRIES—				
TRANSPORTATION.....		X		
Air Transport.....				X
Railways.....	X			
Water Transportation.....		X		
Urban and Interurban Transportation..... X				
Truck Transportation.....				X
STORAGE.....			X	
COMMUNICATION.....				X
Radio and Television Broadcasting.....				X
Telephone.....				X
PUBLIC UTILITIES.....				X
Electric Light and Power.....				X
Other Public Utilities.....				X
TRADE.....				X
Wholesale Trade.....				X
Retail Trade.....				X
FINANCE, INSURANCE, AND REAL ESTATE.....				X
Banking, Investment, and Loan.....				X
Insurance.....				X
BUSINESS, RECREATIONAL, AND PERSONAL SERVICES.....				X
GOVERNMENT AND COMMUNITY SERVICES.....				X

Group A: Increasing with annual rate 2.5% or more

Group B: Increasing with annual rate between 0.5% and 2.5%

Group C: Annual rate not greater than 0.5% in either direction

Group D: Decreasing with annual rate greater than 0.5%

The goods-producing industries are conspicuously absent from the rapidly rising group, but there are a few exceptions. Employment in oil and natural gas extraction more than doubled over the decade, and in the mining of metals other than gold the rate was almost as great. Less spectacular but nevertheless rapid growth was displayed by the construction industry and by the industries manufacturing chemicals, petroleum and coal products, and non-metallic mineral products.

The differences between the rates of growth of the goods-producing and service-producing industries stand out clearly in Table 10. One consequence of the rapid expansion of the service-producing industries has been a marked increase in the number of jobs for women, with the result that the economy has experienced little difficulty in absorbing the large additions to the female labour force of the past five or ten years. Indeed it is probably safe to assume that the increase in job opportunities has itself been an important factor in drawing women into the labour market. The number of women working in retail and wholesale trade grew by more than forty percent from 1950 to 1959. In finance, insurance, and related industries the increase was over fifty percent, and in the service group proper it was more than sixty percent. In government and community service alone female employment practically doubled.

IV. Employment Changes in Recent Years

Let us look at the more recent changes in employment. The most significant features of the last few years have been the continued rapid growth of the labour force and the relatively moderate expansion of employment following the 1957-1958 recession. Table 11 indicates more precisely what has been happening to employment. In this table I have compared the actual changes from the first half of 1957 to the first half of 1960 with the changes that would have taken place if employment had grown in each industrial group at the average rate of the last ten years. The first half of 1957 was roughly the period just before aggregate employment started to turn down in the last recession and the 1957-1960 changes give an indication, therefore, of the extent of recovery following the recession.

Table 11

Changes in Employment from the First Half of 1957 to the First Half of 1960

	Actual Change (thousands)	Change that would have occurred at Average 1950- 1959 Rates (thousands)
Goods-Producing Industries	-160	20
Agriculture	-80	-80
Non-Agricultural Industries	-80	100
Service-Producing Industries	380	350
Total, All Industries	220	370

In broad outline the picture is clear. The goods-producing industries contracted their working forces in the 1957-58 recession and during the subsequent period of recovery failed to expand sufficiently to regain the ground that was lost. Agricultural employment, of course, has been declining steadily for a long time and this decline merely continued. Other primary industries, particularly forestry, experienced substantial reductions. In manufacturing the reduction was in sharp contrast to the increase that would have occurred if the industry had expanded at the average 1950-59 rate. The same is true of construction. The service-producing industries, on the other hand, continued to expand

rapidly and, in fact, the rate increased somewhat. However, while the increases in this sector provided an important mitigating influence, they were not sufficient to offset the changes in the goods-producing industries, and, in total, employment grew at a rate which was well below the 1950-1959 average, and which was not high enough to permit the economy simultaneously to absorb additional labour force members and to provide the number of new jobs necessary to reduce unemployment to pre-recession levels.

The differences between the rates of growth of the goods-producing and services-producing industries stand out clearly in Table 10. One consequence of the rapid expansion of the service-producing industries has been a marked increase in the number of jobs for women, with the result that the economy has experienced little difficulty in absorbing the large additions to the female labour force of the past five or ten years. Indeed it is probably safe to assume that the increase in job opportunities has itself been an important factor in drawing women into the labour market. The number of women working in retail and wholesale trade grew by more than forty percent from 1950 to 1959. In finance, insurance, and related industries the increase was over fifty percent and in the service group proper it was more than sixty percent. In government and community service alone female employment has nearly doubled.

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Table 11

Changes in Employment from the First Half of 1957 to the First Half of 1960

Industry	Change (thousands)	1959 Rate (thousands)	Change that would have occurred at 1959 rate
Total, All Industries	250	270	270
Service-Producing Industries	380	350	350
Non-Agricultural Industries	-80	100	100
Agriculture	-30	-80	-80
Goods-Producing Industries	-160	-160	-160

In broad outline the picture is clear. The goods-producing industries continued their working forces in the 1957-58 recession and during the subsequent period of recovery failed to expand sufficiently to regain the ground that was lost. Agricultural employment, of course, has been declining steadily for a long time and this decline merely continued. Other primary industries, particularly forestry, experienced substantial reductions in manufacturing the reduction was in sharp contrast to the increase that would have occurred if the industry had expanded at the average 1950-59 rate. The same is true of construction. The service-producing industries, on the other hand, continued to expand

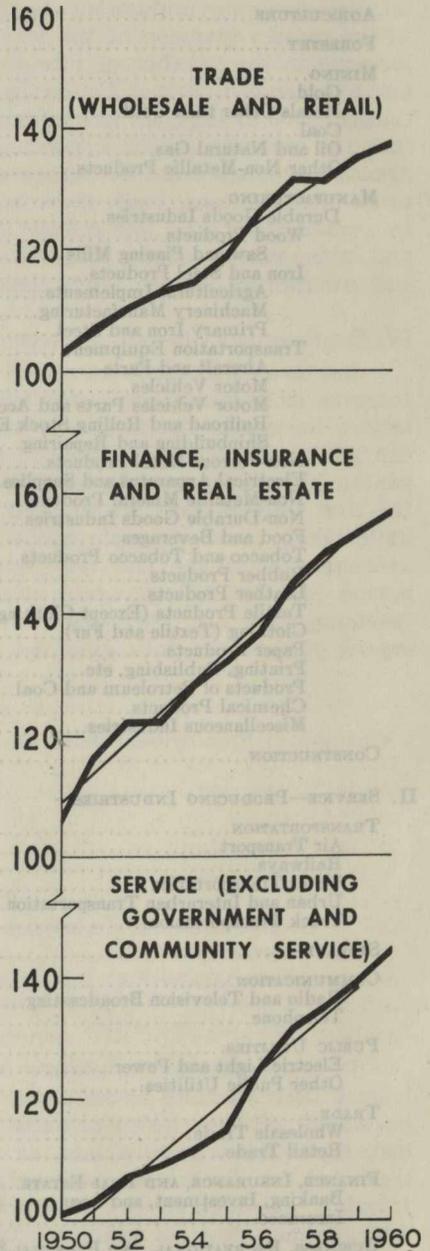
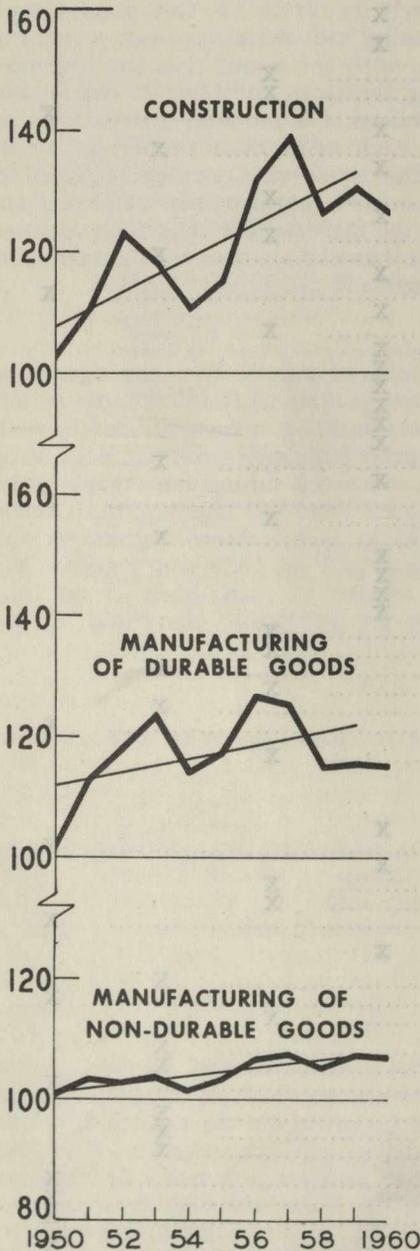
TABLE 12.—CLASSIFICATION OF CANADIAN INDUSTRIES BY EMPLOYMENT CHANGES FROM THE FIRST HALF OF 1957 TO THE FIRST HALF OF 1960

	Decrease		Increase	
	6% or More	Less than 6%	Less than 6%	6% or More
I. GOODS—PRODUCING INDUSTRIES—				
AGRICULTURE.....	X			
FORESTRY.....	X			
MINING.....		X		
Gold.....		X		
Metals Other than Gold.....				X
Coal.....	X			
Oil and Natural Gas.....			X	
Other Non-Metallic Products.....	X			
MANUFACTURING.....		X		
Durable Goods Industries.....	X			
Wood Products.....		X		
Saw and Planing Mills.....			X	
Iron and Steel Products.....	X			
Agricultural Implements.....				X
Machinery Manufacturing.....	X			
Primary Iron and Steel.....		X		
Transportation Equipment.....	X			
Aircraft and Parts.....	X			
Motor Vehicles.....	X			
Motor Vehicles Parts and Accessories.....	X			
Railroad and Rolling Stock Equipment.....	X			
Shipbuilding and Repairing.....	X			
Non-Ferrous Metal Products.....			X	
Electrical Apparatus and Supplies.....	X			
Non-Metallic Mineral Products.....				X
Non-Durable Goods Industries.....		X		
Food and Beverages.....			X	
Tobacco and Tobacco Products.....	X			
Rubber Products.....	X			
Leather Products.....	X			
Textile Products (Except Clothing).....	X			
Clothing (Textile and Fur).....		X		
Paper Products.....		X		
Printing, Publishing, etc.....			X	
Products of Petroleum and Coal.....		X		
Chemical Products.....			X	
Miscellaneous Industries.....				X
CONSTRUCTION.....		X		
II. SERVICE—PRODUCING INDUSTRIES—				
TRANSPORTATION.....	X			
Air Transport.....				X
Railways.....	X			
Water Transportation.....		X		
Urban and Interurban Transportation.....		X		
Truck Transportation.....				X
STORAGE.....	X			
COMMUNICATION.....			X	
Radio and Television Broadcasting.....				X
Telephone.....		X		
PUBLIC UTILITIES.....			X	
Electric Light and Power.....			X	
Other Public Utilities.....				X
TRADE.....			X	
Wholesale Trade.....			X	
Retail Trade.....			X	
FINANCE, INSURANCE, AND REAL ESTATE.....				X
Banking, Investment, and Loan.....				X
Insurance.....				X
BUSINESS, RECREATIONAL, AND PERSONAL SERVICES.....				X
GOVERNMENT AND COMMUNITY SERVICES.....				X

Chart 1

**EMPLOYMENT INDEXES AND "TREND LINES" FOR
SELECTED INDUSTRIAL GROUPS**

Annual Averages : Index 1949=100



Note : 1960 figures are preliminary estimates.

Now let us take a closer look. Table 12 provides a detailed classification of industries by employment changes from the first half of 1957 to the first half of 1960. Industries are classified according to whether they declined or increased, and whether the change was more or less than six percent. An examination of the table reveals a number of significant features. First, the differences already noted between the goods and service-producing industries stand out clearly. Within the goods-producing group the list of declining industries is long and there is a heavy concentration in the six percent or more group: forestry; coal; many of the industries manufacturing investment goods or consumer durable goods, such as machinery, transportation equipment of all kinds, and electrical apparatus. Employment in the manufacturing of non-durable goods has declined but, on the whole, not as sharply (there are some notable exceptions, though, such as the rubber goods industry and parts of the textile industry). A few goods-producing industries have expanded rapidly, but these stand out as exceptions. Within the service-producing group the pattern is equally clear. There is a heavy concentration in the increasing employment class and particularly in the six percent or more class. Again there are exceptions, most notably the railways, which experienced a sharp reduction of working force, but these are conspicuously few.

The industries which have failed most notably to recover from the 1957-1958 recession are, in the main, the industries that have always contributed heavily to employment fluctuations. Firms that manufacture industrial machinery and equipment are notoriously volatile. The same is true of the construction industry, forestry, and the manufacturers of durable consumer goods. In addition, there are, of course, areas of chronic weakness, industries in which there have been serious employment problems extending over many years. I have noted these. But these are special cases and it is not these industries that are primarily responsible for the current level of unemployment.

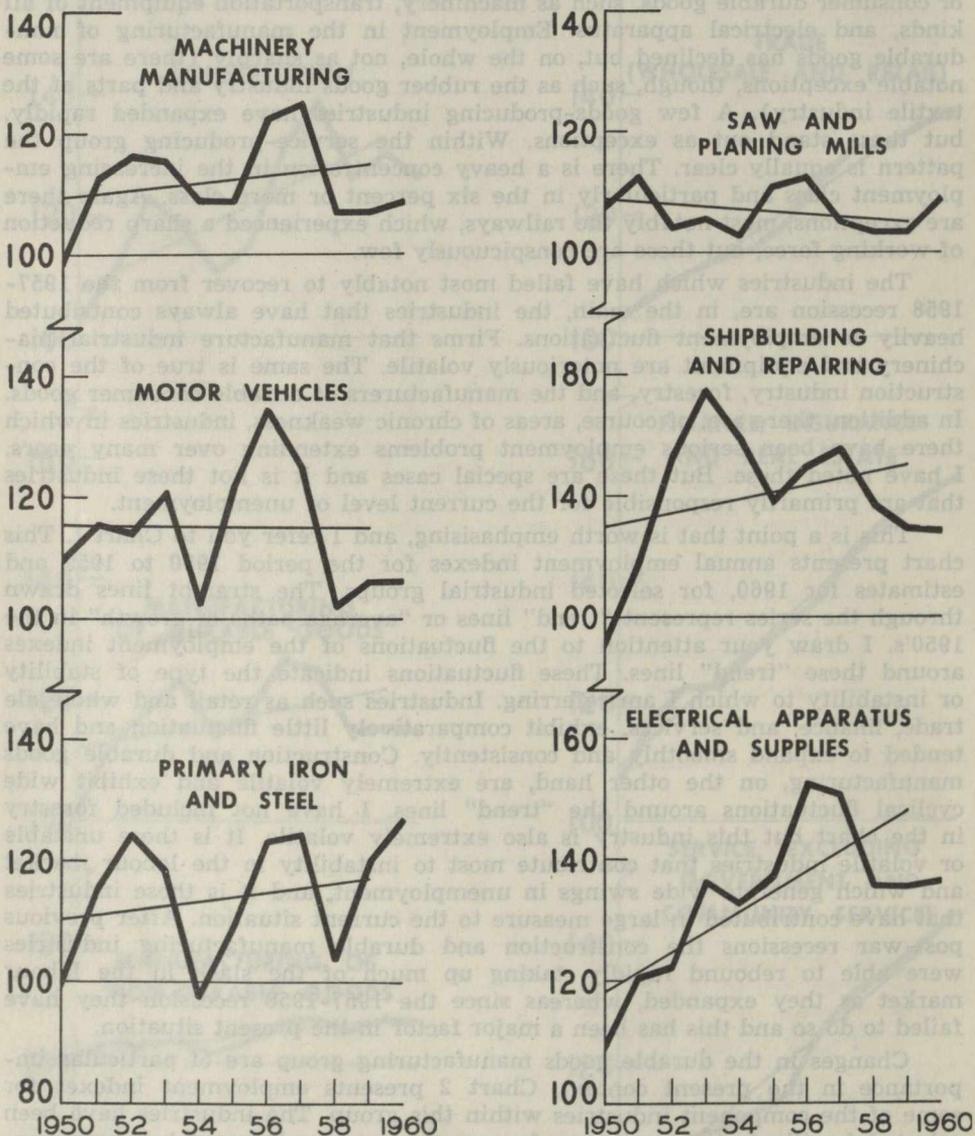
This is a point that is worth emphasising, and I refer you to Chart I. This chart presents annual employment indexes for the period 1950 to 1959 and estimates for 1960, for selected industrial groups. The straight lines drawn through the series represent "trend" lines or "average paths of growth" in the 1950's. I draw your attention to the fluctuations of the employment indexes around these "trend" lines. These fluctuations indicate the type of stability or instability to which I am referring. Industries such as retail and wholesale trade, finance, and services, exhibit comparatively little fluctuation and have tended to expand smoothly and consistently. Construction and durable goods manufacturing, on the other hand, are extremely volatile and exhibit wide cyclical fluctuations around the "trend" lines. I have not included forestry in the chart but this industry is also extremely volatile. It is these unstable or volatile industries that contribute most to instability in the labour market and which generate wide swings in unemployment, and it is these industries that have contributed in large measure to the current situation. After previous post-war recessions the construction and durable manufacturing industries were able to rebound rapidly, taking up much of the slack in the labour market as they expanded, whereas since the 1957-1958 recession they have failed to do so and this has been a major factor in the present situation.

Changes in the durable goods manufacturing group are of particular importance in the present context. Chart 2 presents employment indexes for some of the component industries within this group. The industries have been selected for illustrative purposes. As you can see, employment has been particularly hard hit in secondary durable goods manufacturing industries such as machinery manufacturing, the automotive industry, the shipbuilding industry, and the electrical manufacturing industry. In some of the primary durable goods industries the situation is better, but even here there has been a failure to provide adequately increasing employment for an expanding labour force.

Chart 2

**EMPLOYMENT INDEXES AND "TREND LINES" FOR
SELECTED INDUSTRIES WITHIN THE DURABLE GOODS
MANUFACTURING GROUP**

Annual Averages : Index 1949=100



NOTE : 1960 Figures are preliminary estimates.

V. Unemployment in the Post-war Period

I turn now to unemployment. The Dominion Bureau of Statistics, in presenting the results of its monthly labour force survey, has recently adopted a new "official" measure of unemployment. This measure differs from the older "persons without jobs and seeking work" series in that it includes persons reported as being on temporary lay-off with instructions to return to work within thirty days. It was adopted on the recommendation of an interdepartmental committee of civil service experts and I believe that the change has generally been regarded with favour. The new concept is a reasonable one. However, in practice the inclusion or exclusion of people on temporary lay-off usually makes comparatively little difference to the figures. In the last three years it has raised the unemployment figures by only seven per cent, on the average. Certainly the basic trends and variations in unemployment are evident regardless of whether one uses the old or the new measure. Because of this, and because of the difficulty of revising, in a short space of time, work that had already been completed, I have continued to use the old measure in this report.

Unemployment is the product of a divergence between the demand for labour and its supply. It is important to recognize that comparatively small proportionate changes in employment can produce wide swings in the numbers of persons out of work. Suppose, for example, that 97 per cent of the labour force have jobs and three per cent are unemployed—these were roughly the average proportions in the "boom" year 1956. If employment then falls by merely three per cent, unemployment will double.

TABLE 13.—LABOUR FORCE, EMPLOYMENT, AND UNEMPLOYMENT: 1950-1960
(Annual Averages)

(Note: 1960 figures are Preliminary Estimates)

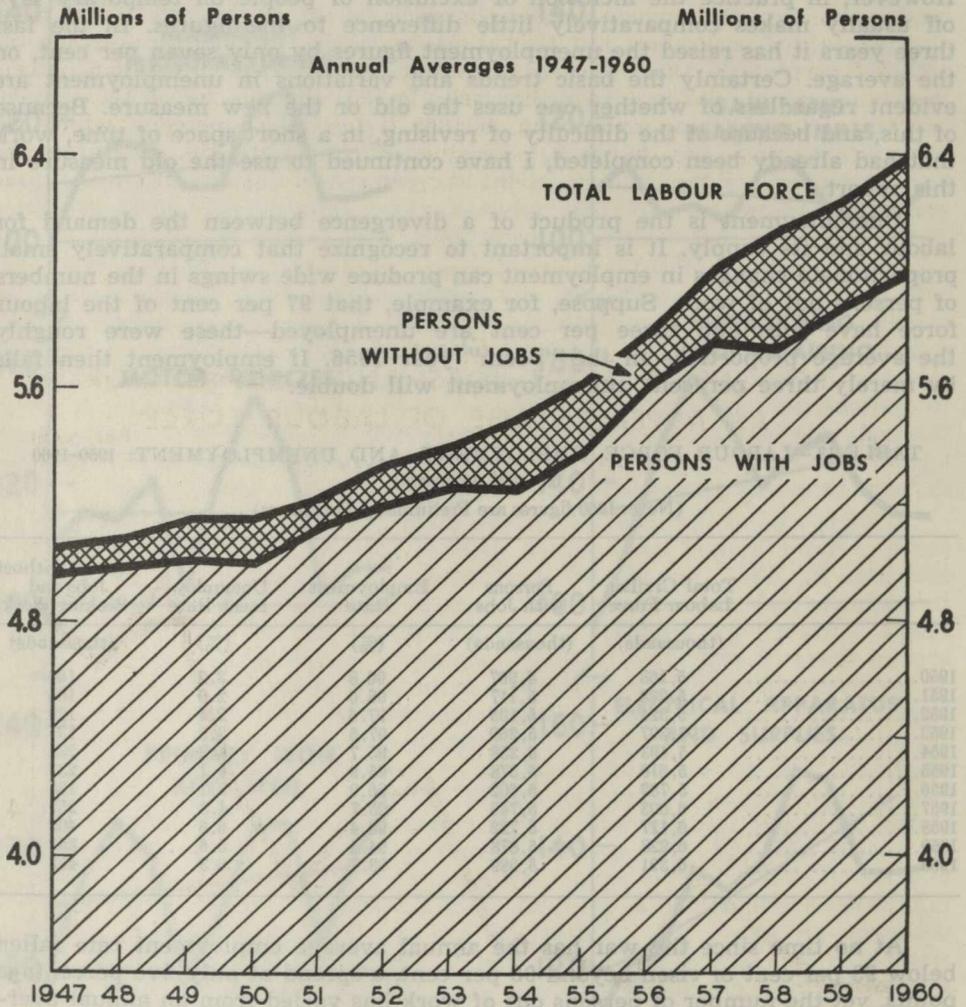
	Total Civilian Labour Force	Persons with Jobs	Employment Rate	Unemploy- ment Rate	Persons without Jobs and Seeking Work
	(thousands)	(thousands)	(%)	(%)	(thousands)
1950.....	5,163	4,997	96.8	3.2	166
1951.....	5,223	5,117	98.0	2.0	106
1952.....	5,324	5,195	97.6	2.4	129
1953.....	5,397	5,260	97.5	2.5	137
1954.....	5,493	5,258	95.7	4.3	235
1955.....	5,610	5,378	95.9	4.1	232
1956.....	5,782	5,602	96.9	3.1	180
1957.....	6,003	5,746	95.7	4.3	257
1958.....	6,127	5,722	93.4	6.6	405
1959.....	6,228	5,878	94.4	5.6	350
1960.....	6,391	5,989	93.7	6.3	402

At no time since the war has the annual average employment rate fallen below 93 per cent or risen beyond 98 per cent, a spread of only five percentage points, yet the number of persons out of work has varied from an annual average of roughly 100,000 to 400,000. Employment need not fall at all in order for the level of unemployment to rise. All that is necessary is that employment increase less rapidly than the labour force, and this is what has happened in Canada in recent years. Employment has continued to increase, apart from the usual seasonal and other short-run variations, but the labour force has increased more rapidly. This is illustrated in Chart 3 which records the annual averages of the labour force since 1947, the annual averages of employment, and the gap between the two which represents unemployment. As the chart reveals, the gap has been widening over a period of years.

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Chart 3.

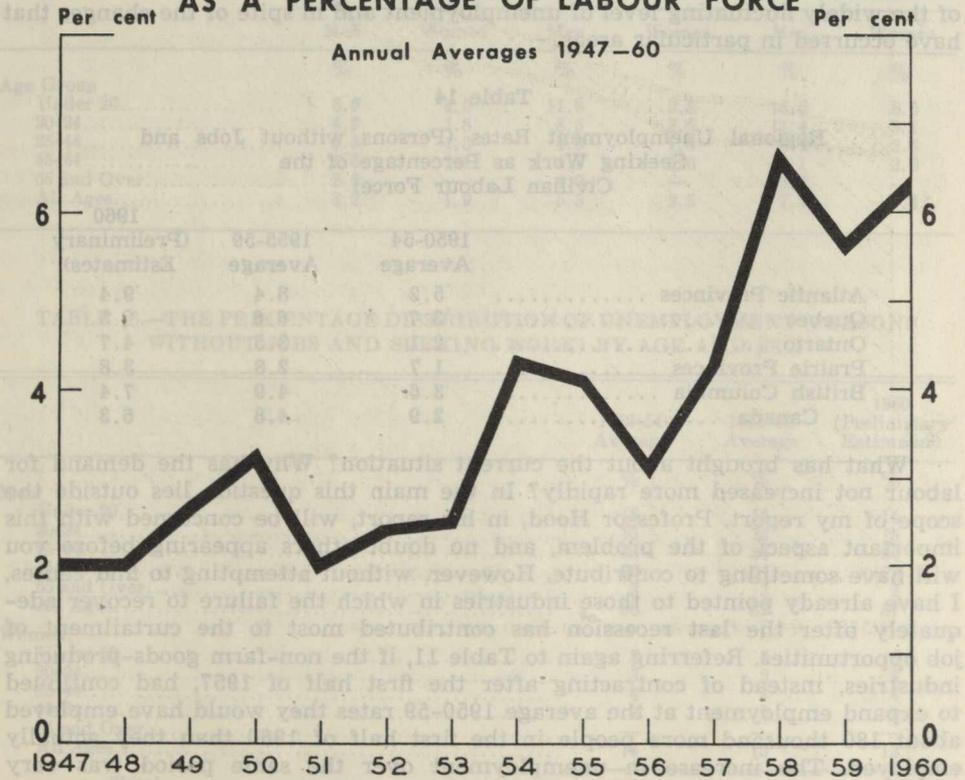
THE LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT



NOTE: 1960 Figures are preliminary estimates.

The term "creeping inflation" has become firmly embedded in the language of North America as a means of describing a gradual process of increase in the general price level. More recently, the term "creeping unemployment" has been coined. If you will look at Chart 4 you will see recorded there the unemployment rates, that is the average annual percentages of the labour force out of work, for the years since 1947. Unemployment is a cyclical phenomenon, of course; it rises and falls with the changing "business cycle". In Canada there have been three full cycles in the post-war period, and their effects are revealed in the chart. But the most striking feature is the upward drift of the rates throughout the period. In each successive recession the rate has risen higher than in the previous one, and in each period of recovery it has fallen less. The three peak years are 1950, 1954, and 1958. In 1950 the average rate was 3.2 percent; in 1954 it was 4.3 percent; and in 1958 it was 6.6 percent, more than double the 1950 rate. Similarly, in 1951 the rate fell to two percent; in 1956 it fell to 3.1 percent; and in 1959 it fell to 5.6 percent, which was almost three times the 1951 rate. Since the latter part of 1959, and throughout the current year, the rate has been climbing again, apart from the usual seasonal movements.

Chart 4
PERSONS WITHOUT JOBS AND SEEKING WORK
AS A PERCENTAGE OF LABOUR FORCE



Note : 1960 figure is a preliminary estimate.

The same process has been going on in each of the major regions. In each, the unemployment rate has exhibited an upward drift over the past decade. This is illustrated in Table 14 which presents the average rates for the period 1950-1954, the period 1955-1959, and preliminary estimates for 1960. The rates have typically been highest in the Atlantic Provinces and Quebec, and lowest in the Prairies and Ontario. The unusually low rate in the Prairies is in part a reflection of the importance of agriculture in this region. Self-employed farmers and members of farm families are virtually excluded from the unemployment figures and the statistical rates for agricultural areas are therefore usually very low. However, even when allowance is made for this the Prairie rate remains well below the national average. The rates in different regions have risen and fallen with the national rate but in the main the relationships have remained the same. Clearly the situation observable at the national level is geographically wide-spread. The Dominion Bureau of Statistics publishes indexes of manufacturing employment for twenty-three of the largest urban centres, based on its monthly survey of industrial establishments employing fifteen or more persons. At mid-1960 the employment indexes were lower than at mid-1957 in eighteen of the twenty-three centres. Because of the distribution of the Canadian population and labour force, unemployment has always been highly concentrated geographically. In terms of the 110 labour market areas defined by the Department of Labour, and based on the distribution of registrants at National Employment Service offices, three areas—Montreal, Toronto, and Vancouver—have accounted for about a third of the total in recent years and ten areas for half of the total. There has likely been no very drastic change in the degree of geographic concentration in the last five or ten years in spite of the widely fluctuating level of unemployment and in spite of the changes that have occurred in particular areas.

Table 14
Regional Unemployment Rates (Persons without Jobs and
Seeking Work as Percentage of the
Civilian Labour Force)

	1950-54 Average	1955-59 Average	1960 (Preliminary Estimates)
Atlantic Provinces	5.2	8.4	9.4
Quebec	3.7	6.6	8.5
Ontario	2.1	3.5	4.7
Prairie Provinces	1.7	2.8	3.8
British Columbia	3.6	4.9	7.4
Canada	2.9	4.8	6.3

What has brought about the current situation? Why has the demand for labour not increased more rapidly? In the main this question lies outside the scope of my report. Professor Hood, in his report, will be concerned with this important aspect of the problem, and no doubt others appearing before you will have something to contribute. However, without attempting to find causes, I have already pointed to those industries in which the failure to recover adequately after the last recession has contributed most to the curtailment of job opportunities. Referring again to Table 11, if the non-farm goods-producing industries, instead of contracting after the first half of 1957, had continued to expand employment at the average 1950-59 rates they would have employed about 180 thousand more people in the first half of 1960 than they actually employed. The increase in unemployment over the same period was very close to this figure—about 170 thousand. Manufacturing alone would have provided jobs for perhaps 80 to 100 thousand more people, and construction

for 50 or 60 thousand. I have indicated that the reductions within manufacturing have been heavily concentrated in the durable goods industries and particularly among the secondary manufacturers of durable goods.

Let us turn to another aspect of the problem, the characteristics of the people out of work. One of the significant features of unemployment is its heavy incidence among young people. The rates for people under twenty years of age are more than double the overall rates. For people in their early twenties they are lower but still well above the average. The rates move up and down with the changing level of unemployment, but the relationships remain the same. Another significant feature is the difference in the rates for men and women. The overall female rate is normally less than half of the male rate. In large measure this is a reflection of the heavy concentration of the female labour force in the service-producing industries in which employment has been expanding both rapidly and in a smooth and orderly manner. To a lesser degree it may also reflect a problem of measurement, namely that married women who are out of work tend to report themselves as housewives rather than as people who are seeking jobs.

TABLE 15.—UNEMPLOYMENT RATES BY AGE AND SEX (PERSONS WITHOUT JOBS AND SEEKING WORK AS PERCENTAGE OF THE CIVILIAN LABOUR FORCE)

Age Group	1950-1954 Average		1955-1959 Average		1960 (Preliminary Estimates)	
	Men	Women	Men	Women	Men	Women
	%	%	%	%	%	%
Under 20.....	6.9	4.0	11.9	5.5	15.6	8.5
20-24.....	4.9	1.8	8.5	2.5	11.4	3.1
25-44.....	2.5	1.3	4.6	1.8	6.1	2.3
45-64.....	2.6	1.1	4.5	1.6	6.1	2.0
65 and Over.....	2.6	—	4.0	—	3.8	—
All Ages.....	3.2	1.9	5.5	2.5	7.3	3.3

TABLE 16.—THE PERCENTAGE DISTRIBUTION OF UNEMPLOYMENT (PERSONS WITHOUT JOBS AND SEEKING WORK) BY AGE AND SEX

	1950-54	1955-59	1960
	Average	Average	(Preliminary Estimates)
	%	%	%
Men:			
Under 20.....	15	14	14
20-24.....	15	15	15
25-44.....	33	34	34
45-64.....	20	21	22
65 and Over.....	3	3	2
All Ages.....	86	87	87
Women:			
Under 20.....	5	5	5
20-24.....	3	2	2
25-44.....	4	4	4
45-64.....	2	2	2
65 and Over.....	—	—	—
All Ages.....	14	13	13
Total.....	100	100	100

The distribution of total unemployment among men and women and among the different age groups has been surprisingly constant. Men account for a little less than 90 percent of the total and men between the ages of twenty and sixty-five for about 70 percent.

There is a strong relationship between education and unemployment. In February of this year the Dominion Bureau of Statistics undertook a special survey of the educational attainments of persons without jobs in connection with its regular monthly sample survey of the labour force. The results were striking. The unemployment rates for people who did not complete primary school were more than twice the rates for people who completed primary school but did not complete secondary school, and six times the rates for people who completed secondary school. These results relate to a single survey at the seasonal peak of unemployment, but there is every reason to believe that, broadly speaking, they represent a general situation, that although the rates vary from season to season and year to year, they are typically much higher among people with little education, and that the rates decline sharply as the number of years of schooling increases. Information bearing on the relationship between skills and unemployment rates suggests, too, that the rates are much higher for unskilled workers. The statistics of employment in broad occupational groups indicate that it is the unskilled groups in which employment opportunities have either declined in the last few years or at least have failed most noticeably to increase with the growth of the labour force. The construction industry is one of the largest employers of unskilled workers, and the demand for labour in this industry has, in the most recent years, been relatively weak.

Table 17

Unemployment Rates by Level of Education (Persons without Jobs and Seeking Work as Percentage of the Civilian Labour Force):
Week Ending February 20, 1960

Persons who did not complete primary school	19%
Persons who completed primary school but did not complete secondary school	8%
Persons who completed secondary school	3%
All persons	9%

In summary, then, the rates of unemployment have shown a tendency to increase with each successive recession since the war. In particular, the rates have been substantially higher for men than for women, and have consistently been highest among young people, the unskilled, and the less educated. The service-producing industries have continued throughout the post-war period to provide rapidly expanding opportunities for employment, but in recent years the opportunities available in the goods-producing industries have actually contracted. These changes reflect some of the basic forces which are operating in our economy, and which will be discussed in later submissions to this committee.

Thank you.

TECHNICAL APPENDIX A

The Projection of the Labour Force to 1965

The projection of the Labour force involved a number of individual component projections:

(1) The Domestic Population

The estimated population of Canada nine years of age and over as at June 1, 1960, was projected over five years by applying age-specific survival rates. The projection was made by single years of age up to age twenty-four (single-year age estimates for 1960 were constructed on the basis of the 1956 census single-year distribution projected over four years and adjusted to the 1960 five-year group totals). Beyond that age it was by five-year age groups. Historical age-specific mortality rates were plotted and projected graphically, and the results were used to calculate the survival rates. Projections of the population fourteen years of age and over were made for each year from 1961 to 1965. For the single-year age groups these were obtained by projecting the population year by year; for the five-year age groups they were obtained by projecting the groups over five years and interpolating arithmetically between 1960 and 1965.

(2) The "Excluded" Population

The Dominion Bureau of Statistics in its monthly sample survey of the labour force excludes four groups of people: (a) members of the armed forces; (b) indians living on reserves; (c) inmates of institutions; (d) residents of the Yukon and Northwest Territories (see the D.B.S. monthly report "The Labour Force"). In order to maintain consistency with the D.B.S. estimates these groups were excluded also in the projections. This involved making graphic projections of the totals for each of the groups (b), (c), and (d), and assuming that the most recent age distributions would be applicable in the next five years. It was also assumed that the size of the armed forces would remain unchanged at about 120 thousand and that the most recent age-sex distribution would be applicable. The four groups were then subtracted from the projection of the total domestic population fourteen years of age and over to give what may be termed the "domestic labour force population".

(3) Immigration and Emigration

Three separate rates were assumed for average annual immigration: 75 thousand; 100 thousand; and 125 thousand. Immigrants were treated as if they all entered at the middle of the year ending May 31st, and in equal numbers in each year from June 1st, 1960, to May 31st, 1965. Immigrants were projected by applying the projected Canadian male and female age-specific survival rates. The age and sex distribution of immigrants was assumed to be the same as the average distribution in the five years 1955-59.

The same sort of procedure was used in projecting emigration, but here only one assumption was made as to the annual rate. It was assumed that emigration would be 70 thousand per year. The age-sex distribution was based on the distribution in the last five years of people moving to the United States and reported in United States statistics as immigrant aliens admitted from Canada (as birthplace).

(4) Participation Rates

Annual average participation rates, i.e. ratios of labour force to population, were projected separately for males and females in each of the age groups for which the D.B.S. labour force survey provides information. It was assumed

that recent trends would continue, though with allowance for some degree of moderation in certain cases. Because of uncertainty about future cycles and lack of clear historical evidence of the cyclical response of participation, the rates were projected more or less in straight lines. These rates were then applied to the combined projections of the "domestic labour force population", the projections of immigrants, and the projections of emigrants, yielding three sets of labour force projections based on the three assumptions about immigration. The fact that the population relates to June 1st while the labour force projections are annual averages was considered to be of little consequence.

It may be noted that the application of the same participation rates to migrants and domestic population alike is not wholly satisfactory. There is reason to believe that immigrants and emigrants may have different age-specific rates (particularly women). However, this is a rather complex matter and to attempt separate projections for the different groups would have been time consuming and very likely would not have affected the overall results sufficiently to warrant the additional work. To indicate the nature of the problem, it would not be sufficient merely to project the historical series of Canadian rates and apply these to the domestic population, and then to make separate estimates of rates for migrants. The historical rates probably reflect not only trends in domestic participation but also the effects of the increasing immigrant component of the labour force. It would therefore be necessary to construct separate historical series of domestic rates and immigrant and emigrant rates in order to provide a basis for projection. This would be a difficult task, though perhaps not an impossible one given more time than was available for the present project. The problem is further complicated by the not unlikely possibility that the rates for immigrants may vary with the length of time since immigration (again particularly in the case of women). The rates for newly arrived immigrants may not be the same as the rates for people who have been in the country one year, two years, three years, and so on.

TECHNICAL APPENDIX B

The Calculation of Average Annual Rates of Employment Change for Table 10

Average rates of change are usually calculated by the method used in calculating compound interest rates. Let average annual employment be x at the beginning of a period of n years, and y at the end. The usual method involves solving for i , the average annual rate of change, in

$$\frac{y}{x} = (1+i)^n$$

This calculation is affected by the selection of terminal points. In an industry in which cyclical or other types of variations are large relative to the trend this may be a serious difficulty. For instance, if employment is at a cyclical high point at the beginning of the period and at a cyclical low point at the end, this type of calculation may be quite misleading. In order to avoid this problem a different method has been used, one which is relatively independent of the terminal years selected. "Trend lines" were fitted to the observations for the ten years 1950 to 1959 by the method of least squares. If $x(t)$ is employment in the year t ,

$$x(t) = a + bt.$$

If it is expressed in units of whole years, the slope coefficient indicates the arithmetic rate of change per year. In order to obtain a measure of the

relative annual change the slope coefficient was divided by the average of employment over the ten year period. If \bar{x} is this average, then

$$\bar{r} = b \times$$

is the relative measure of average annual change. This method is easy to apply and for present purposes it is regarded as preferable to the more common compound rate type of calculation.

For most industries the rates were calculated from the employment indexes obtained by the Dominion Bureau of Statistics from its monthly survey of establishments with fifteen or more employees. In a few cases the estimates of persons with jobs provided by the D.B.S. monthly household survey of the labour force were used. These cases include construction, agriculture, and some of the services.

TABULAR APPENDIX A

HISTORICAL AND PROJECTED PERCENTAGE CHANGES IN THE CIVILIAN LABOUR FORCE BY AGE AND SEX: 1950-1965

	(1)		(1)	Forecast 1960-65		
	1950-60	1950-55	1955-60	"Low"	"Medium"	"High"
	%	%	%	%	%	%
Men						
Under 20.....	2.0	-7.1	9.8	17.0	17.5	18.1
20-24.....	8.1	-1.0	9.3	16.0	17.5	19.1
25-44.....	21.2	12.1	8.2	2.6	4.1	5.5
45-64.....	24.5	10.0	13.2	11.6	11.9	12.3
65 and Over.....	-11.0	-9.1	-2.1	-4.3	-4.3	-4.3
All Ages.....	17.3	7.2	9.4	7.6	8.6	9.6
Women						
Under 20.....	30.4	7.2	21.6	23.0	23.7	24.1
20-24.....	12.2	-0.4	12.6	10.8	12.2	13.6
25-44.....	50.9	19.4	26.4	12.0	13.2	14.5
45-64.....	104.7	29.3	58.3	37.1	37.6	38.1
65 and Over.....	71.4	9.5	56.5	22.2	22.2	22.2
All Ages.....	47.8	14.1	29.6	19.8	20.7	21.7
Both Sexes						
Under 20.....	12.5	-1.8	14.6	19.6	20.2	20.7
20-24.....	9.5	-0.8	10.4	14.2	15.7	17.1
25-44.....	26.9	13.5	11.8	4.7	6.1	7.5
45-64.....	36.0	12.8	20.6	17.1	17.5	17.8
65 and Over.....	-3.5	-7.4	4.2	—	—	—
All Ages.....	23.8	8.7	13.9	10.7	11.7	12.7

(1) 1960 based on preliminary estimates.

TABULAR APPENDIX B

HISTORICAL AND PROJECTED NUMERICAL CHANGES IN THE CIVILIAN LABOUR FORCE
BY AGE AND SEX: 1950-1965 (in Thousands)

	(i)		Forecast 1960-65			
	1950-60	1950-55	(i) 1955-60	"Low"	"Medium"	"High"
Men						
Under 20.....	7	-25	32	61	63	65
20-24.....	39	-5	44	83	91	99
25-44.....	397	226	171	60	92	124
45-64.....	279	114	165	164	169	174
65 and Over.....	-23	-19	-4	-8	-8	-8
All Ages.....	699	291	408	360	407	454
Women						
Under 20.....	63	15	48	62	64	65
20-24.....	31	-1	32	31	35	39
25-44.....	223	85	138	79	87	96
45-64.....	200	56	144	145	147	149
65 and Over.....	15	2	13	8	8	8
All Ages.....	532	157	375	325	341	357
Both Sexes						
Under 20.....	70	-10	80	123	127	130
20-24.....	70	-6	76	114	126	138
25-44.....	620	311	309	139	179	220
45-64.....	479	170	309	309	316	323
65 and Over.....	-8	-17	9	-	-	-
All Ages.....	1,231	448	783	685	748	811

(i) 1960 based on preliminary estimates.

TABULAR APPENDIX C

CIVILIAN LABOUR FORCE PROJECTIONS BY AGE GROUPS: MEN
(Annual Averages in Thousands)

	Actual				Projected			
	1950	1955	1960 ⁽¹⁾	1961	1962	1963	1964	1965
"Low" Projections								
Under 20.....	352	327	359	370	383	396	410	420
20-24.....	480	475	519	528	540	556	576	602
25-44.....	1,869	2,095	2,266	2,278	2,290	2,302	2,314	2,326
45-64.....	1,140	1,254	1,419	1,452	1,485	1,518	1,550	1,583
65 and Over.....	209	190	186	185	184	181	180	178
All Ages.....	4,050	4,341	4,749	4,813	4,882	4,953	5,030	5,109
"Medium" Projections								
Under 20.....	352	327	359	370	384	398	411	422
20-24.....	480	475	519	529	543	561	585	610
25-44.....	1,869	2,095	2,266	2,285	2,303	2,321	2,339	2,358
45-64.....	1,140	1,254	1,419	1,453	1,487	1,521	1,554	1,588
65 and Over.....	209	190	186	185	184	181	180	178
All Ages.....	4,050	4,341	4,749	4,822	4,901	4,982	5,067	5,156
"High" Projections								
Under 20.....	352	327	359	370	385	399	413	424
20-24.....	480	475	519	531	546	566	590	618
25-44.....	1,869	2,095	2,266	2,291	2,316	2,340	2,364	2,390
45-64.....	1,140	1,254	1,419	1,454	1,489	1,524	1,558	1,593
65 and Over.....	209	190	186	185	184	182	180	178
All Ages.....	4,050	4,341	4,749	4,831	4,920	5,011	5,105	5,203

(1) Preliminary estimates.

TABULAR APPENDIX D
 CIVILIAN LABOUR FORCE PROJECTIONS BY AGE GROUPS: WOMEN
 (Annual Averages in Thousands)

	Actual				Projected			
	1950	1955	1960 ⁽¹⁾	1961	1962	1963	1964	1965
"Low" Projections								
Under 20.....	207	222	270	279	292	306	320	332
20-24.....	255	254	286	286	291	297	306	317
25-44.....	438	523	661	678	692	709	724	740
45-64.....	191	247	391	420	448	476	506	536
65 and Over.....	21	23	36	37	39	41	42	44
All Ages.....	1,112	1,269	1,644	1,700	1,762	1,829	1,898	1,969
"Medium" Projections								
Under 20.....	207	222	270	279	293	307	321	334
20-24.....	255	254	286	287	292	300	310	321
25-44.....	438	523	661	679	695	714	730	748
45-64.....	191	247	391	421	449	477	507	538
65 and Over.....	21	23	36	37	39	41	42	44
All Ages.....	1,112	1,269	1,644	1,703	1,768	1,839	1,910	1,985
"High" Projections								
Under 20.....	207	222	270	280	293	308	322	335
20-24.....	255	254	286	287	294	302	313	325
25-44.....	438	523	661	681	699	719	737	757
45-64.....	191	247	391	421	449	478	509	540
65 and Over.....	21	23	36	37	39	41	42	44
All Ages.....	1,112	1,269	1,644	1,706	1,774	1,848	1,923	2,001

⁽¹⁾ Preliminary estimates..

TABULAR APPENDIX E
 CIVILIAN LABOUR FORCE PROJECTIONS BY AGE GROUPS: BOTH SEXES
 (Annual Averages in Thousands)

	Actual				Projected			
	1950	1955	1960 ⁽¹⁾	1961	1962	1963	1964	1965
"Low" Projections								
Under 20.....	559	549	629	649	675	702	730	752
20-24.....	735	729	805	814	831	853	882	919
25-44.....	2,307	2,618	2,927	2,956	2,982	3,011	3,038	3,066
45-64.....	1,331	1,501	1,810	1,872	1,933	1,994	2,056	2,119
65 and Over.....	230	213	222	222	223	222	222	222
All Ages.....	5,162	5,610	6,393	6,513	6,644	6,782	6,928	7,078
"Medium" Projections								
Under 20.....	559	549	629	649	677	705	732	756
20-24.....	735	729	805	816	835	861	893	931
25-44.....	2,307	2,618	2,927	2,964	2,998	3,035	3,069	3,106
45-64.....	1,331	1,501	1,810	1,874	1,936	1,998	2,061	2,126
65 and Over.....	230	213	222	222	223	222	222	222
All Ages.....	5,162	5,610	6,393	6,525	6,669	6,821	6,977	7,141
"High" Projections								
Under 20.....	559	549	629	650	678	707	735	759
20-24.....	735	729	805	818	840	868	903	943
25-44.....	2,307	2,618	2,927	2,972	3,015	3,059	3,101	3,147
45-64.....	1,331	1,501	1,810	1,875	1,938	2,002	2,067	2,133
65 and Over.....	230	213	222	222	223	223	222	222
All Ages.....	5,162	5,610	6,393	6,537	6,694	6,859	7,028	7,204

⁽¹⁾ Preliminary estimates.

TABULAR APPENDIX F

CIVILIAN LABOUR FORCE, PERSONS WITH JOBS, AND PERSONS WITHOUT JOBS AND SEEKING WORK, BY AGE: 1950-1960
(Thousands)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 ⁽²⁾
Total Civilian Labour Force											
14-19.....	559	555	542	545	551	548	568	587	589	602	629
20-24.....	735	725	726	730	727	729	737	757	778	780	805
25-44.....	2,307	2,364	2,440	2,488	2,549	2,618	2,686	2,787	2,840	2,880	2,927
45-64.....	1,331	1,358	1,394	1,420	1,454	1,501	1,561	1,635	1,691	1,743	1,810
65 and Over.....	230	222	222	215	213	213	231	238	229	224	221
Total 14 and Over.....	5,163	5,223	5,324	5,397	5,493	5,610	5,782	6,002	6,127	6,228	6,391
Persons with Jobs											
14-19.....	526	528	515	517	507	505	532	538	515	536	550
20-24.....	703	705	703	705	686	691	707	712	708	721	737
25-44.....	2,249	2,330	2,394	2,437	2,457	2,530	2,618	2,687	2,680	2,744	2,773
45-64.....	1,297	1,336	1,366	1,390	1,402	1,447	1,520	1,580	1,600	1,663	1,715
65 and Over.....	224	218	218	210	205	205	225	230	219	214	214
Total 14 and Over.....	4,997	5,117	5,195	5,260	5,258	5,378	5,602	5,746	5,722	5,878	5,989
Persons without Jobs and Seeking Work ⁽¹⁾											
14-19.....	34	26	28	28	44	44	35	48	74	66	79
20-24.....	33	19	24	25	41	39	30	45	70	59	68
25-44.....	58	34	45	51	91	88	68	99	159	136	153
45-64.....	35	23	28	29	52	53	41	56	91	80	94
65 and Over.....	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	10	10	(a)
Total 14 and Over.....	166	106	129	137	235	232	180	257	405	350	402

⁽¹⁾ Does not include persons on temporary layoff up to 30 days.

⁽²⁾ Preliminary estimates based on nine months.

(a) Under ten thousand.

SOURCE: Dominion Bureau of Statistics, Labour Force Survey.

NOTE: Because of rounding, figures may not add exactly to totals.

TABULAR APPENDIX I

CIVILIAN LABOUR FORCE, PERSONS WITH JOBS, AND PERSONS WITHOUT JOBS AND SEEKING WORK, BY SEX: 1950-60

NOTE: Because of rounding, figures may not add exactly to totals.

TABULAR APPENDIX G

MALE AND FEMALE CIVILIAN LABOUR FORCE, BY AGE: 1950-1960

(Thousands)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 ⁽¹⁾
Male Civilian Labour Force	330	331	333	332	330	327	333	348	348	349	359
14-19.....	352	342	333	332	330	327	333	348	348	349	359
20-24.....	480	469	470	473	472	475	477	494	504	508	519
25-44.....	1,869	1,907	1,958	2,001	2,045	2,095	2,138	2,198	2,231	2,249	2,265
45-64.....	1,140	1,158	1,182	1,205	1,224	1,254	1,285	1,324	1,354	1,381	1,418
65 and Over.....	209	201	201	195	191	190	204	207	197	191	186
Total 14 and Over.....	4,050	4,076	4,144	4,206	4,263	4,341	4,436	4,570	4,634	4,679	4,749
Female Civilian Labour Force	1,762	1,741	1,721	1,712	1,719	1,692	1,671	1,619	1,620	1,601	1,531
14-19.....	207	213	209	213	221	222	235	239	242	252	270
20-24.....	255	255	256	257	255	254	260	263	274	272	286
25-44.....	438	457	482	487	503	523	548	589	608	631	662
45-64.....	191	201	212	214	230	247	276	311	337	362	392
65 and Over.....	21	21	21	20	21	23	27	31	33	33	36
Total 14 and Over.....	1,112	1,147	1,180	1,191	1,231	1,269	1,346	1,433	1,493	1,549	1,644

⁽¹⁾ Preliminary estimates based on nine months.

SOURCE: Dominion Bureau of Statistics, Labour Force Survey.

NOTE: Because of rounding, figures may not add exactly to totals.

TABULAR APPENDIX H

MALE AND FEMALE PERSONS WITH JOBS, BY AGE: 1950-1960

(Thousands)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 ⁽¹⁾
Male Persons with Jobs											
14-19.....	328	324	313	310	298	294	307	309	291	301	303
20-24.....	453	455	451	452	437	442	451	455	444	457	460
25-44.....	1,817	1,878	1,919	1,955	1,963	2,016	2,077	2,107	2,087	2,126	2,126
45-64.....	1,108	1,137	1,157	1,178	1,175	1,205	1,247	1,273	1,270	1,307	1,331
65 and Over.....	203	197	197	190	184	183	198	199	187	182	179
Total 14 and Over.....	3,908	3,990	4,037	4,085	4,057	4,140	4,280	4,343	4,279	4,372	4,399
Female Persons with Jobs											
14-19.....	198	205	201	207	210	210	226	229	224	235	247
20-24.....	250	251	252	253	249	249	256	257	264	264	277
25-44.....	432	452	476	482	494	514	541	580	594	618	647
45-64.....	188	199	209	213	227	242	273	307	330	356	384
65 and Over.....	21	21	21	20	21	23	27	31	32	33	25
Total 14 and Over.....	1,089	1,127	1,159	1,175	1,201	1,238	1,322	1,403	1,443	1,605	1,590

⁽¹⁾ Preliminary estimates based on nine months.

SOURCE: Dominion Bureau of Statistics, Labour Force Survey.

NOTE: Because of rounding, figures may not add exactly to totals.

TABULAR APPENDIX I

 CIVILIAN LABOUR FORCE, PERSONS WITH JOBS, AND PERSONS WITHOUT JOBS AND SEEKING WORK, BY REGION: 1950-60
 (Thousands)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 ⁽²⁾
Total Civilian Labour Force											
Atlantic Provinces.....	524	513	501	506	501	512	521	542	544	553	561
Quebec.....	1,433	1,462	1,504	1,538	1,562	1,591	1,615	1,675	1,730	1,752	1,793
Ontario.....	1,826	1,870	1,908	1,948	2,022	2,059	2,147	2,234	2,255	2,290	2,367
Prairie Provinces.....	951	948	964	956	949	969	997	1,015	1,046	1,071	1,099
British Columbia.....	429	431	446	449	461	480	503	538	552	562	571
Total.....	5,163	5,223	5,324	5,397	5,493	5,610	5,782	6,003	6,127	6,228	6,391
Persons with Jobs											
Atlantic Provinces.....	486	495	482	482	469	480	491	499	479	497	509
Quebec.....	1,376	1,425	1,458	1,487	1,473	1,496	1,538	1,579	1,583	1,618	1,640
Ontario.....	1,788	1,843	1,874	1,914	1,951	1,998	2,103	2,164	2,143	2,195	2,255
Prairie Provinces.....	934	936	951	943	926	941	978	991	1,008	1,040	1,058
British Columbia.....	413	419	432	434	439	463	491	513	509	530	529
Total.....	4,997	5,117	5,195	5,260	5,258	5,378	5,602	5,746	5,722	5,878	5,989
Persons without Jobs and Seeking Work⁽¹⁾											
Atlantic Provinces.....	38	18	20	24	32	31	29	42	65	57	53
Quebec.....	57	37	46	51	88	95	77	96	147	134	153
Ontario.....	38	27	35	34	71	60	44	70	112	95	112
Prairie Provinces.....	17	12	14	13	23	28	19	24	39	32	42
British Columbia.....	16	13	14	15	22	17	12	25	43	32	42
Total.....	166	106	129	137	235	232	180	257	405	350	402

⁽¹⁾ Does not include persons on temporary layoff up to 30 days.

⁽²⁾ Preliminary estimates based on nine months.

SOURCE: Dominion Bureau of Statistics, Labour Force Survey.

NOTE: Because of rounding, figures may not add exactly to totals.

TABULAR APPENDIX J

PERSONS WITHOUT JOBS AND SEEKING WORK⁽¹⁾ AS PERCENTAGE OF CIVILIAN LABOUR FORCE,
BY AGE, BY SEX, AND BY REGION: 1950-1960

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 ⁽²⁾
	%	%	%	%	%	%	%	%	%	%	%
Both Sexes											
14-19.....	6.1	4.7	5.2	5.1	8.0	8.0	6.2	8.2	12.6	11.0	12.6
20-24.....	4.5	2.6	3.1	3.4	5.6	5.3	4.1	5.9	9.0	7.6	8.4
25-44.....	2.5	1.4	1.8	2.0	3.6	3.4	2.5	3.6	5.6	4.7	5.2
45-64.....	2.6	1.7	2.0	2.0	3.6	3.5	2.6	3.4	5.4	4.6	5.2
65 and Over.....	3.0	1.8	1.8	1.9	3.3	3.8	2.6	3.4	4.4	4.5	3.6
All Ages 14 and Over.....	3.2	2.0	2.4	2.5	4.3	4.1	3.1	4.3	6.6	5.6	6.3
Males (14 and Over)	3.5	2.1	2.6	2.9	4.8	4.6	3.5	5.0	7.7	6.5	7.3
Females (14 and Over)	2.2	1.7	1.9	1.3	2.4	2.4	1.7	2.1	3.3	2.8	3.3
Atlantic Provinces.....	7.3	3.5	4.0	4.7	6.4	6.1	5.6	7.7	11.9	10.3	9.4
Quebec.....	4.0	2.5	3.1	3.3	5.6	6.0	4.8	5.7	8.5	7.6	8.5
Ontario.....	2.1	1.4	1.8	1.7	3.5	2.9	2.0	3.1	5.0	4.1	4.7
Prairie Provinces.....	1.8	1.3	1.5	1.4	2.4	2.9	1.9	2.4	3.7	3.0	3.8
British Columbia.....	3.7	3.0	3.1	3.3	4.8	3.5	2.4	4.6	7.8	5.7	7.4
Canada.....	3.2	2.0	2.4	2.5	4.3	4.1	3.1	4.3	6.6	5.6	6.3

⁽¹⁾ Does not include persons on temporary layoff up to 30 days.

⁽²⁾ Preliminary estimates based on nine months.

SOURCE: Dominion Bureau of Statistics, Labour Force Survey.

TABULAR APPENDIX K

CIVILIAN LABOUR FORCE PARTICIPATION RATES⁽¹⁾, BY AGE AND SEX: 1950-1960

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 ⁽²⁾
	%	%	%	%	%	%	%	%	%	%	%
Male											
14-19	55.9	55.3	52.8	51.7	50.2	48.6	48.1	47.8	45.6	43.7	42.8
20-24	93.0	93.4	92.9	92.9	92.0	92.2	91.7	91.5	91.6	91.0	91.4
25-44	97.4	97.9	97.9	97.6	97.3	97.6	97.6	97.7	97.8	97.8	97.8
45-64	91.9	92.1	91.9	91.8	91.3	91.7	92.0	92.5	92.4	92.3	92.6
65 and Over	40.4	37.9	36.7	34.8	33.2	32.3	34.1	34.2	32.2	31.1	30.1
All Ages 14 and Over	84.0	83.9	83.4	82.9	82.2	82.1	82.2	82.3	81.7	81.1	80.8
Female											
14-19	33.0	34.2	33.1	33.2	33.6	32.9	33.9	33.1	32.1	32.0	32.8
20-24	46.4	46.9	47.1	47.2	46.6	46.3	47.1	46.5	47.4	46.5	48.1
25-44	22.4	22.8	23.4	23.1	23.3	23.8	24.5	25.8	26.2	27.0	28.1
45-64	16.4	17.0	17.5	17.2	18.1	19.0	20.8	22.8	24.0	25.1	26.4
65 and Over	4.2	4.1	3.9	3.6	3.7	3.9	4.5	5.0	5.2	5.1	5.5
All Ages 14 and Over	23.2	23.5	23.7	23.4	23.7	23.9	24.9	25.8	26.3	26.7	27.8

⁽¹⁾ Ratio of Civilian labour force to civilian population,

⁽²⁾ Preliminary estimates based on nine months.

SOURCE: Dominion Bureau of Statistics, Labour Force Survey.

The CHAIRMAN: Does anyone need more information, or are there any questions that anyone wishes to put to Mr. Denton?

Senator HAIG: I would like to ask about agriculture. Did the new machinery that came in five or seven years ago have anything to do with the reduction in the number of persons employed in agriculture?

Mr. DENTON: Yes, that is generally accepted as being one of the important factors.

Senator PRATT: With respect to these percentages and comparisons for the last ten years which are to be found throughout this report, would there be some variation because of the fact that the figures compiled eight or ten years ago were not compiled on the same basis as they are today? The Unemployment Insurance Commission has a wider tabulation of interests today than it had before. There has also been development in the methods used by the Dominion Bureau of Statistics and other organizations in tabulating figures, not only with regard to unemployment but other things as well. That has largely been the development, I understand, over the recent years. In that case would not the comparisons which you give here covering ten years be affected to some degree by that? What I am getting at is: Would these comparisons be as great today, do you think, if precisely the same kind of figures had been available for the period ten years ago?

Mr. DENTON: I have not used the figures of the Unemployment Insurance Commission. The figures which I have used are those derived from the monthly labour force survey of the Bureau of Statistics and the monthly survey of industrial establishments employing 15 or more persons. In these two cases the same methods have been used over the period. The series are consistent; they are basically consistent series.

Dr. DEUTSCH: What you say, Senator, would be true had we used the unemployment insurance statistics. They have changed because of changes in the administration and the policy of the unemployment insurance system, but here we have stuck to series which have been consistent throughout.

Senator HORNER: In connection with the great reduction in farm labour, has that not been caused by the five day week, the conditions and wages now being paid, and unemployment insurance? Being a farmer I happen to know about these things, and as I go through the country I see that fences are neglected and that there is a great deal of work which has no great cash return that has to be done, and I know of any amount of farmers who are anxious to secure help and who cannot get it. Men will not go out to work on a farm some distance from the city. They refuse to go out and stay for the wages that are being paid. Practically every farm you look at is simply neglected—fences are down and all that sort of thing.

Dr. DEUTSCH: I think, Senator, there is no doubt that the relative attractions of work off the farms as compared with work on the farms have changed over the last ten years. The mere fact that great numbers have moved out indicates that there is an attraction away from the farms, perhaps because of more job opportunities elsewhere, better wages, and better working conditions. All those things have been factors in this movement away from the farms.

Senator HORNER: And the lack of unemployment insurance tickets.

Dr. DEUTSCH: I think one of the main factors is the tremendous mechanization of agriculture during the last ten years. That is one of the basic underlying reasons, although I know that wage rates and conditions of work have had an effect.

Senator HORNER: I think that is only half the picture.

Senator BRUNT: I understand, Dr. Deutsch, that although 17 per cent of the population of Canada is engaged in farming, that percentage is sharing only 11 per cent of the national income. Will this condition not apply until those two figures come closer together?

Mr. DENTON: The percentage of employed people in farming is now 12. It was 20 per cent at the beginning of the last decade and it has fallen to 12 per cent.

Senator BRUNT: Have you the figures of national income? I do not expect you would have those available. I would think the problem in connection with employment on the farms will continue until those two figures are closer together.

Dr. DEUTSCH: I think your estimate of the trend is correct, Senator, but for many reasons such as wages being relatively higher outside of agriculture, there has been a tendency for the young people, in particular, to move out.

Senator SMITH (*Queens-Shelburne*): May I ask a question with respect to page 5 of this brief? On that page Mr. Denton indicated—and there is a table on the same page—that the Atlantic provinces and the Prairie provinces have not had any great expansion of the labour force. While the national increase is 23.8 per cent, the increase in the Atlantic provinces is 7.7 per cent, and in the Prairie provinces 15.8 per cent. One of the factors you mentioned, Mr. Denton, as being responsible for that was interregional population movements. Have you any figures with respect to that movement away from the Prairie provinces and away from the Atlantic provinces?

Mr. DENTON: Senator I have no figures today, but I have looked at those figures and there is a net movement outward from these areas.

Senator SMITH (*Queens-Shelburne*): Have you something for the last ten years which we can use to see what the movement is, and perhaps from that we can see what the labour force might have been?

Senator BUCHANAN: By "Prairie provinces" do you mean Manitoba, Saskatchewan and Alberta, or do you leave Alberta out?

Mr. DENTON: Alberta is included.

Senator HORNER: The population of Alberta has been increasing substantially.

Senator BUCHANAN: I think you should deal with that group or area which they have been moving out of a little differently. We are being increased all the time.

Senator LAMBERT: Have you got a definition for secondary industry in relation to primary industry? How far is it possible to delineate?

Mr. DENTON: The definition is always an arbitrary one. The definition commonly used is the definition that was used in the work of the Gordon Commission.

Senator LAMBERT: It is urban mainly?

Mr. DENTON: There would be a concentration of secondary industries in urban areas, yes.

Senator HORNER: Mention has been made about the increase in population in the Prairie provinces. I think that Saskatchewan is the only province amongst the Prairie provinces where the population has decreased. In the other so-called Prairie provinces the population has increased.

Mr. DENTON: The population need not be lower for there to be a net out-movement. There would be a natural increase in the population. It would tend to grow, and if some of the addition to the population moved out, the population could still increase but less than it would otherwise.

Senator SMITH (*Queen-Shelburne*): Coming back to the information on interregional population movements, are those figures available for provinces? Could you break down the Prairie region and the Atlantic region into provinces, the provincial movements?

Mr. DENTON: Speaking in terms of population?

Senator SMITH (*Queens-Shelburne*): Yes.

Mr. DENTON: Yes.

Senator LEONARD: Mr. Chairman, at the foot of page 27 is Table 15 dealing with the unemployment rate by age and sex. I take it that in the age group, say, of those under 20, 15.6 per cent of the men are unemployed. I was wondering whether there was any table as to the percentage of the total number of unemployed? Are there any figures in your brief or elsewhere that you have?

Mr. DENTON: Yes, I believe the table you are referring to is on page 28, the percentage distribution of unemployment by age groups and sex.

Senator LEONARD: Yes, I have it now. I see that for the age group under 20 it was 14 per cent in 1960.

Senator CONNOLLY (*Ottawa West*): I wonder if Mr. Denton would be good enough to talk a little more, if he can, about the figures he discussed on page 2 of his brief? I see that in a 10-year period 600,000 people have left the country, which is an average emigration rate of about 60,000 people. Could you say something about where these people go and whether they fall into categories of trained, skilled workers, educated workers and that kind of thing?

Mr. DENTON. As to the first part of your question, where they go, a very large proportion of them go to the United States, of course.

Senator CONNOLLY (*Ottawa West*): What proportion?

Mr. DENTON: I think the proportion is roughly half or more than half.

Senator BUCHANAN: Has it not been found that many people came here first just as a means of getting into the United States, that they reside here so long and then go on whereas they could not go directly to the United States? Has that not been the case?

Mr. DENTON: That is sometimes suggested. Unfortunately we are not able to measure this accurately. In addition to emigration to the United States, a fairly large proportion of people who leave Canada move to the United Kingdom, and the balance move to many other countries.

Senator CONNOLLY (*Ottawa West*): A large proportion have gone to the United Kingdom?

Dr. DEUTSCH: Included in the immigration figures are people who came out as immigrants and for one reason or another could not adjust themselves or were disappointed and went back home. So you must realize a proportion of this number consists of those people.

Mr. DENTON: As to the second part of your question, the characteristics of these people, we know that they are young but I have no information on their occupational characteristics.

Dr. DEUTSCH: You mean the ones going to the United States?

Mr. DENTON: Yes, the ones going to the United States and the ones emigrating generally. They tend to be the younger groups.

Senator CONNOLLY (*Ottawa West*): You don't know if they are skilled or educated? Obviously they are attracted to the United States by job opportunities, I suppose?

Senator BUCHANAN: Higher wages in some cases.

Senator CROLL: Mr. Denton, where did you get these figures? I have always heard Governments say for a great number of years, "We don't keep these figures." I have heard that answer time and again in the House of Commons. Are there such figures available in the department?

Mr. DENTON: On emigration?

Senator CROLL: Yes, not immigration.

Mr. DENTON: These figures are based on immigration statistics of the United States and of the United Kingdom.

Dr. DEUTSCH: The statistics of other countries are used.

Senator CROLL: You work backwards. The last figure I saw, and I thought it was an authentic one, was 30,000 for the last couple of years. Your figures would indicate almost 60,000.

Mr. DENTON: The best estimate that can be made is that the rate of out-movement, emigration, has been running around 65,000 or 70,000 in the last few years.

Senator CROLL: The British and Americans would keep a list. In reference to a male immigrant they would show an "X". Is that all the information that they would have about him?

Mr. DENTON: I am not familiar with the U.K figures but I know in the United States the statistics include additional information but time did not permit going into that.

Senator CONNOLLY (*Ottawa West*): Could I follow that up just a little more? Would this situation be obtained? In our educational institutions we are training these young people and 60,000 of them go out each year and become absorbed in the labour force of another country. They do so after receiving technical training in this country.

Dr. DEUTSCH: To some extent that is true.

Senator CONNOLLY (*Ottawa West*): But you cannot say to what extent?

Mr. DENTON: One would have to know the educational background of these people.

Senator CONNOLLY (*Ottawa West*): I understand from your answer to Senator Croll's inquiry, this information is not available in the material you have been able to discover.

Mr. DENTON: No.

Senator CROLL: In so far as you can tell, has the emigration been uniform? You said about 60,000 or 65,000 a year. What I am trying to get at is could it be 30,000 one year and 90,000 another year or something like that?

Mr. DENTON: There has been an upward trend. The rates were much lower in the first part of the last decade and higher in the last part. In the last few years it seems to have been consistently 60,000 to 70,000.

Senator CROLL: When you are talking about decades, do you mean 1950 to 1960?

Mr. DENTON: Yes.

Senator CROLL: It was low at the beginning of the 1950's and it raised somewhat in the middle you say?

Mr. DENTON: Yes.

Senator CROLL: And then it was higher in the latter years?

Mr. DENTON: Yes.

Senator CONNOLLY (*Ottawa West*): Referring again to page 23, Table 13, I take it what you are telling Senator Croll is that when the unemployment rates are higher in Canada the emigration rates rise?

Mr. DENTON: Yes, that is an inference you might make.

Senator CROLL: A conclusion.

Senator LAMBERT: There was a time earlier in this century when there was no net gain at all to the growth in population of this country between influx and birth rate as against migration. That situation has changed considerably, of course, in the last 15 to 20 years.

Mr. DENTON: Yes.

Senator LAMBERT: So that we have a net gain to our population.

Dr. DEUTSCH: It has been very substantial. There has been a very substantial net gain in the last 10 years.

Senator LAMBERT: The census shows that.

Dr. DEUTSCH: One of the most striking things in the last 10 years is that about half the increase in the Canadian labour force has come from migration. Even after you make deductions for emigration.

Senator CONNOLLY (*Ottawa West*): By the same token we are losing perhaps a substantial number of trained people who have had their training in our institutions in Canada. Is there any information, Mr. Denton, about the level of training that we find in some of these immigrants here? Can you say if there is any compensation?

Dr. DEUTSCH: Oh, yes.

Mr. DENTON: I think many of the immigrants are rather highly skilled people.

Senator BUCHANAN: Do you mean in the trades? They go through a more extensive training in the trades.

Dr. DEUTSCH: I think it is true that while we have lost trained people in emigration, the immigrants in the last 10 years have included a great many trained, educated, and highly skilled people, including professional people.

Senator CONNOLLY (*Ottawa West*): Especially scientific people.

Dr. DEUTSCH: We have had a great increase in professional people in the last 10 years through immigration. I am told by doctors that one-third of all persons qualifying in this country to practise as doctors in the last few years have been immigrants. That is a striking figure.

Senator BRUNT: And the figure is high in the engineering field?

Dr. DEUTSCH: Yes. When comparing the latest immigration boom to the great immigration boom prior to 1913 we find that in the last 10 years a relatively higher number of the immigrants are trained people compared with the earlier immigration boom.

Senator BUCHANAN: I would like to ask your opinion about a certain point. Apparently the greatest unemployment has taken place among the less educated people. Assuming this to be so, if some of these people had gone a grade or two higher in their educational level do you think they would be employed today or would there be employment for them?

Dr. DEUTSCH: All the statistics indicate, if you analyse them, that the greatest unemployment is found among the less educated and less skilled. This is very pronounced. As soon as you start to move up the scale, especially past the point where they have completed high school, which seems to be a critical point, you find that the rate of unemployment decreases.

Senator BUCHANAN: Do we not have a large number of people who cannot go beyond that stage for one reason or another?

Dr. DEUTSCH: That may be.

Senator BUCHANAN: And we still have to take care of them somewhere in the labour group.

Dr. DEUTSCH: One of the important things that seems to be indicated here is that the completion of high school is a serious factor in the ability of people to get jobs.

Senator CROLL: May I put this to you as an educator? I make this statement and you can correct me. It is my view that an infinitesimal number of people in the country have not got the ability to go beyond high school.

Dr. DEUTSCH: I might take, Senator, the case of those people who go to high school, and beyond.

Senator CROLL: I am not talking about education beyond high school, or about university facilities, or whether money is available or not. I am talking about the ability of students to get through high school. My reaction is that only an infinitesimal few do not have the ability to complete high school, if they have the opportunity to do so.

Dr. DEUTSCH: There are various courses offered in high school, both academic and vocational. If you include the vocational courses, I would think the percentage of students not competent to complete high school would be very small. There are of course more who are not able to complete the academic course.

Senator LEONARD: What would be the percentage of failures to matriculate from high school and qualify to enter university this year?

Senator CROLL: That is not the point I am getting at. I am not speaking of those who are attempting to get in to university. Let us stop at the high school. My question is, have these persons the ability to get through high school—never mind whether they choose to go farther?

Dr. DEUTSCH: I would think the great majority would have the ability to finish high school, if you include the vocational courses.

Senator BUCHANAN: It would depend on the subjects assigned to them.

Dr. DEUTSCH: If you include vocational courses, the great majority would be able to get through high school; in the academic course a smaller percentage would finish high school.

Senator BRUNT: If you drop the high school course at Grade XII there would not be many failures. It is Grade XIII that stops them.

Dr. DEUTSCH: It is the academic course in Grade XIII, that is the great barrier. But as I say if you include these courses that are given in lieu of the academic course, the percentage of failures might not be substantial.

Senator CONNOLLY (Ottawa West): Dr. Deutsch, your point is, if the young people get by that hurdle of high school graduation, whether on the academic or vocational side, their opportunities for being an effective part of the labour force is very much greater?

Dr. DEUTSCH: Very much greater.

Senator CONNOLLY (Ottawa West): I would hope, Mr. Chairman, that the press would feature that point for the benefit of the younger generation in this country. It seems to me that we have had a most valuable opinion expressed here, and I hope it will go out to the high schools, and even to the grade school teachers. We are perhaps a little off the general subject of employment, but this is nonetheless important.

Senator CROLL: We are not off it at all. It is not the teachers who are at fault in this respect; the fault lies elsewhere.

Dr. DEUTSCH: In the job openings that are available, the requirements increasingly call for the completion of high school. I observe in my own work as an administrator, that when we hire persons we tend more and more to

specify that they must have completed high school. The nature of business today is such that it is becoming more and more technical and complicated, and people have to know how to read and write properly.

Senator BRUNT: And how to spell.

Dr. DEUTSCH: How to spell, and everything else. Therefore we want people who have at least completed the high school level of education. This requirement is becoming increasingly important.

Senator LEONARD: Mr. Chairman, this has been an excellent paper, and I wish to compliment Mr. Denton on it and Dr. Deutsch for having directed him in the preparation of it. It is the kind of study which, as far as my experience goes, has not been attempted by way of putting together information and material.

I wish to make one comment as to my own view, which may be wrong, but you may have something to say on it. It appears that, if we are to close this employment gap that we visualize over the next five or ten years, we are not likely to do it in agriculture or in the service industries. True, service industries have been carrying their share, but agriculture apparently has not. The inference I draw is that this must be done in the goods producing industries.

Senator LAMBERT: Provided economic conditions do not get any worse.

Dr. DEUTSCH: I think there is every indication that the service industries will continue to rise more rapidly than the others. I have seen this predicted for the United States; as a matter of fact the latest forecast for that country shows that in the next ten years almost the entire expansion in employment is going to come in service industries. The forecast shows very little growth for the goods producing industries. In other words, almost the entire increase in employment opportunities is going to come in the service industries.

Senator BUCHANAN: There has to be a limit in service industries, unless we are to take in each other's washing, and that sort of thing—it can spread only so far.

Dr. DEUTSCH: This is one of the ways in which the rising standard of living and increased incomes have been shown over the past ten years. The income is used to buy more and better services. In a period of rising standard of living we get a rapid increase in service industries.

Senator CONNOLLY (Ottawa West): Basically that is not good, is it?

Dr. DEUTSCH: It depends on what the people want; they will spend their higher incomes on things they want—this is the nature of a free society.

The other point is that it is in the goods producing industries where technological progress is more effective. That is to say, automation and mechanization are not so easily applied to the service industries. There are those two important factors. First, automation and mechanization in the goods producing industries are more effective than in the service industries; secondly, the rapid rise in the standard of living leads to greater expenditures on services.

Senator PRATT: Would you not agree that basically the productive industries, what the country produces from its resources through its industries, is basic to what can be spent on services?

Dr. DEUTSCH: Right.

Senator BUCHANAN: The productive industries have to finance the whole deal.

Dr. DEUTSCH: With respect to what is productive and non-productive, I do not think we should get into a discussion on that at this time. The service industries are just as productive as goods producing industries.

Senator CONNOLLY (*Ottawa West*): In terms of jobs.

Dr. DEUTSCH: In terms of jobs, satisfaction, income and so on. But it is true we have to have an adequate level of goods production, otherwise we cannot go on taking in each other's washing, so to speak. There has to be a fundamental and basic level of goods production especially in this country where we depend so heavily on exports. We do not export services to any extent. So, we are heavily dependent on the production of goods because we have to export.

Senator CONNOLLY (*Ottawa West*): Could you discuss that point in the light of the question asked in the beginning by Senator Lambert, as to how much success in the development of these Canadian goods producing industries depend upon the export market?

Senator LAMBERT: We will come to that later.

Dr. DEUTSCH: Yes, we will come to that later.

Senator CONNOLLY (*Ottawa West*): This is going to be considered, is it?

Dr. DEUTSCH: Yes.

Senator BRUNT: No doubt you have read what the banks and trust companies propose to do with regard to automation services in the keeping of records, cashing of cheques, and so on. What effect is that going to have on the service industries?

Dr. DEUTSCH: I think we may hear something in that regard in the report we are to receive from the Department of Labour. One of their studies had to do with mechanization of office work and the effect of it. However, with respect to the mechanization of offices there has been this difference, in that there has been a tremendous development in office machinery by the International Business Machines and others. The result has not always been a reduction in employment, but in many cases business is able to get a good deal more information.

Senator BUCHANAN: Some things they do not reduce.

Dr. DEUTSCH: The reduction in employment by reason of office mechanization has not been very sharp. Mechanization has improved the tools of management to a great extent. There may have been some reductions in office employment in certain cases, but much of the office machinery has been used to speed up the gathering of an increased amount of information, and so on. There is some evidence now that in some cases the machines will reduce a large amount of clerical work but we do not know what the ultimate outcome will be.

Senator LEONARD: Dr. Deutsch, you indicate that we are to get something from Professor Hood on the question of exports. I would like to be assured that this question is going to be dealt with here, as to the number of people employed during the past ten years who were dependent largely on exports. Is there any information of that nature in Mr. Denton's hands, or will that be available through Professor Hood?

Dr. DEUTSCH: Mr. Hood's paper will throw some light on that, though I do not know to what extent he will have a precise measurement, because it is not easily made.

Senator LEONARD: Some industries are engaged both ways.

Dr. DEUTSCH: Yes, some are engaged partly at home and partly away. But, the problem will be dealt with.

Senator BRUNT: This paper is so good, I am sure that every senator would like to study it between now and our meeting next week. Could Mr. Denton be back at our next meeting to answer the questions we will have

as a result of the study we will have made of his paper in the meantime? If that were possible we would have an opportunity to ask him questions on his whole paper which we are not prepared to ask today.

The CHAIRMAN: Not only is it possible to have Mr. Denton back, but we had in mind that in each instance we would have the person who delivered a paper at one meeting attend the following meeting, if that were considered necessary. Mr. Denton will attend the meeting next week.

Senator CROLL: What is the program, Mr. Chairman? Will we have a different paper presented at each meeting?

The CHAIRMAN: Yes. If it meets with your wishes, we intend to adjourn to meet again on December 8 rather than December 7, which latter date is not satisfactory to Dr. Deutsch.

Dr. DEUTSCH: Unfortunately I am unable to be here on December 7th because I have to attend a meeting of the Board of Trustees of my university. If you wish to meet on that date it would be better for you to go ahead without me. However, if it is decided to meet on the following day I would ask Professor Hood to present his paper at that time. Before hearing Professor Hood, we could have Mr. Denton on hand to answer any questions you may have. The paper he has presented today is rather a large gulp to take in and digest at one time. You may wish to study it further and have additional questions to put to him. He could at that time perhaps bring some of the information he was asked for today, such as population movements between provinces and that sort of thing.

Senator BRUNT: Very good.

—Whereupon the committee adjourned until December 8, 1960 at 11 a.m.



Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 2

THURSDAY, DECEMBER 8, 1960

The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Professor Wm. C. Hood, Dr. J. J. Deutsch, Mr. F. T. Denton.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960



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OTTAWA, 1960

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Hörner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i> <i>Shelburne</i>)
Burchill	Inman	Thorvaldson
Cameron	Irvine	Vaillancourt
Choquette	Lambert	Wall
Connolly (<i>Ottawa West</i>)	Leonard	White
Courtemanche	MacDonald (<i>Queens</i>)	Wilson—(33)
Croll	Macdonald (<i>Cape Breton</i>)	
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

THURSDAY, December 8, 1960.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 11.00 a.m.

Present: The Honourable Senators Methot, *Chairman*, Buchanan, Burchill, Cameron, Connolly (*Ottawa West*), Courtemanche, Croll, Haig, Higgins, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Macdonald (*Cape Breton*), Reid, Roebuck, Smith (*Queens-Shelburne*), Vaillancourt and Wall.

The following were heard:—

Professor Wm. C. Hood.

Dr. J. J. Deutsch.

Mr. F. T. Denton.

At 1.00 p.m. the Committee adjourned until Wednesday next, December 14th, at 10.30 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.

ERRATUM

The equation on page 33 of Proceedings No. 1 should read:

$$r = \frac{b}{x}$$

	I Population June 1, 1956	II Natural Increase 1956-60	III Net Migration ¹ 1956-60	IV Total Increase 1956-60	V Population June 1, 1960	VI Net Migration ² 1956-60
Newfoundland	412	47.1	-1.3	45.8	457.8	-54.2
Prince Edward Island	92	9.4	-1.2	8.2	100.2	-11.8
Nova Scotia	362	32.2	-4.2	28.0	390.0	-28.0
New Brunswick	385	27.5	-2.3	25.2	410.2	-25.2
Quebec	4,852	417.0	61.3	478.3	5,330.3	-478.3
Ontario	2,408	173.3	271.2	444.5	2,852.5	-444.5
Manitoba	350	31.2	-11.4	19.8	369.8	-19.8
Saskatchewan	321	22.2	-22.2	0.0	321.0	0.0
Alberta	1,122	112.2	22.2	134.4	1,256.4	-134.4
British Columbia	1,222	72.2	107.2	179.4	1,401.4	-179.4
CANADA	12,322	1,222.0	200.0	1,422.0	13,744.0	-1,422.0

¹ This is the net movement, including provisions plus immigration from other countries and return emigration to other countries.
² Includes Yukon and Northwest Territories.

MINUTES OF PROCEEDINGS

Thursday, December 8, 1980

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 11:00 a.m.

Present: The Honourable Senator Michel Charbonneau, Chairman, Senator Cameron, Senator Conroy (Ottawa West), Counsellors Civil Rights, Immigration, Labour, Leonard Macdonald (Quebec), Macdonald (Quebec), Reid, Rodbeck Smith (Quebec-Sherbrooke), Vallanceau, and Wall.

The following were heard:

Professor Wm. C. Hood

Dr. J. L. Deutsch

Mr. F. T. Denton

At 1:00 p.m. the Committee adjourned until Wednesday next, December 10, at 10:30 a.m.

Attest:

John A. Hinds

Assistant Chief Clerk of Committee

ERRATUM

The equation on page 22 of Proceedings No. 1 should read:

$$1 = \frac{d}{x}$$

THE SENATE

SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

EVIDENCE

OTTAWA, THURSDAY, December 8, 1960.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 11 a.m.

Hon. LEON METHOT in the chair.

The CHAIRMAN: Honourable senators, this morning we have the advantage to have with us again Dr. Deutsch. Mr. Denton is also with us. He was to come back to answer questions that you may have to put to him. We also have with us Professor Hood of the University of Toronto. With your permission Dr. Deutsch would like to say something to the committee.

Dr. John J. DEUTSCH: Mr. Chairman, honourable senators, at the previous meeting Mr. Denton presented his report and honourable senators asked for some additional information regarding first, the movements of population between provinces in recent years. Information was also asked for regarding the emigration of professional people from Canada. Mr. Denton has prepared some information showing the answers to these questions, and he will be pleased to answer any questions you have.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, before proceeding, may I ask if Dr. Deutsch would put this information on the record now so that they will be in the transcript?

Dr. DEUTSCH: I shall be pleased to do so. If you look at the table showing the population movements between provinces, the last column on the sheet shows the movements in or out of the individual provinces over the period 1956-60. The minus signs indicate net movements out; the others, net movements in.

CHANGES IN THE POPULATION OF CANADA AND THE PROVINCES:
JUNE 1, 1956—JUNE 1, 1960.
(thousands)

—	I Population June 1, 1956	II Natural Increase 1956-60	III Net Migration ^[1] 1956-60	IV Total Increase 1956-60	V Population June 1, 1960	VI Net Movement between Provinces 1956-60
Newfoundland.....	415	48.3	-4.3	44	459	-4.5
Prince Edward Island...	99	6.4	-2.4	4	103	-1.3
Nova Scotia.....	695	52.2	-24.2	28	723	-22.3
New Brunswick.....	555	47.9	-2.9	45	600	-1.6
Quebec.....	4,628	417.0	61.0	478	5,106	-9.5
Ontario.....	5,405	412.8	271.2	684	6,089	42.8
Manitoba.....	850	60.4	-11.4	49	899	-21.8
Saskatchewan.....	881	69.2	-40.2	29	910	-42.3
Alberta.....	1,123	114.3	45.7	160	1,283	9.7
British Columbia.....	1,399	99.2	107.8	207	1,606	51.5
CANADA ^[2]	16,081	1,333.0	400.0	1,733	17,814	—

[1] This is the net movement between provinces plus immigration from other countries and minus emigration to other countries.

[2] Includes Yukon and Northwest Territories.

NET EMIGRATION OF CANADIAN PROFESSIONALS TO THE UNITED STATES
1950-1959

—	Immigration of U.S. Professionals into Canada	Emigration of Canadian Professionals to U.S.	Net Emigration
1946.....	500	N.A.	N.A.
1947.....	537	N.A.	N.A.
1948.....	383	N.A.	N.A.
1949.....	477	N.A.	N.A.
1950.....	467	2,143	1,676
1951.....	611	2,324	1,713
1952.....	1,381	3,172	1,791
1953.....	1,181	2,901	1,720
1954.....	1,081	2,888	1,807
1955.....	1,122	3,611	2,489
1956.....	1,021	4,655	3,634
1957.....	1,154	5,608	4,454
1958.....	1,276	4,214	2,938
1959.....	1,445	5,108	3,663

N.A.: Comparable figures on the emigration movement of professionals to the United States not available previous to 1950.

The CHAIRMAN: Have you any questions to ask Mr. Denton in regard to the report he made?

Senator LEONARD: I do not quite understand why Quebec shows a plus sign on net migration of 61,000, but has a percentage sign in the movement between provinces of minus 9 per cent.

Mr. F. T. DENTON: The reason is that the net movement of people to and from foreign countries more than offset the net movement to other provinces.

Senator LEONARD: More than offset the movement between Quebec and the other provinces?

Mr. DENTON: Yes.

Senator CONNOLLY (*Ottawa West*): Immigration and emigration of Canadian professionals is mentioned in one of the tables. What do you mean by professionals in this case?

Mr. DENTON: Senator, the definition of a professional person is, of course, somewhat arbitrary. These are the definitions used in the immigration statistics of Canada and immigration statistics of the United States. They include of course, engineers, scientists, lawyers, doctors, nurses, accountants, and so on.

Senator CONNOLLY (*Ottawa West*): Where do these figures come from?

Mr. DENTON: These are the immigration figures of the Canadian Government, and the United States' immigration figures.

Dr. DEUTSCH: You will notice there appears to be a rising net emigration of professionals over the past eight or nine years.

The CHAIRMAN: Perhaps we could proceed with Professor Hood. Mr. Denton is going to remain here and will be at our disposal.

Senator CONNOLLY (*Ottawa West*): I was looking at Mr. Denton's paper again, and the thought occurred to me that certain work has been done by the Finance Committee since the war looking into allied problems, and I wondered if it might be possible for Mr. Denton to supply us with some figures of the numbers both male and female in the services, perhaps looked at somewhat in the way you have done it for the civilian labour force—age groups, perhaps, and perhaps 1950 and 1960. I do not want to multiply your work, but that kind of thing very possibly would be useful. I know it is not available right now.

The other thought that occurred to me was this. We have also in some of our committees here in other years given some consideration to the amount of civilian employment at all levels of government, particularly federal; but I think at one time we used to be given statistics covering the number of employees both male and female at the provincial level and at the municipal level, in other words, public servants generally throughout Canada. I wondered whether it might be possible to have some figures along these two lines.

Mr. DENTON: I shall be glad to undertake that and report to the committee on that subject.

Senator CONNOLLY (*Ottawa West*): Thank you very much.

Senator REID: I have one question to ask before proceeding. In the table, under the column "Net movement between provinces 1956-60", I note that it shows a movement of Canadian professionals from Canada to the United States of 5,108. I am interested in three classes, namely, nurses, teachers and doctors. Can you say how many of those are included in the 5,108?

Mr. DENTON: There is information on that. I cannot report on that today, but I shall be glad to procure it.

Senator WALL: Mr. Chairman, as I was reading for the third time, I must confess, Mr. Denton's paper which he contributed, I wondered whether it might be possible for us in Canada to know how we stack up comparatively with other countries which have economies similar to our own. For example, and I am referring to the printed copy, we have **Table 1** showing the changes in the civilian labour force, a percentage increase over the 10-year period. How do we stack up as a country by way of prosperity with the United States and the United Kingdom, for example. Then further on you have labour force participation at different ages. How do we compare with other countries? Then the percentage distribution of employment in industrial groups, **Table 9**—how do we compare? I am particularly interested in the relative comparisons of women and men at work in the different countries and what is happening in Canada, because we may be facing a world wide trend.

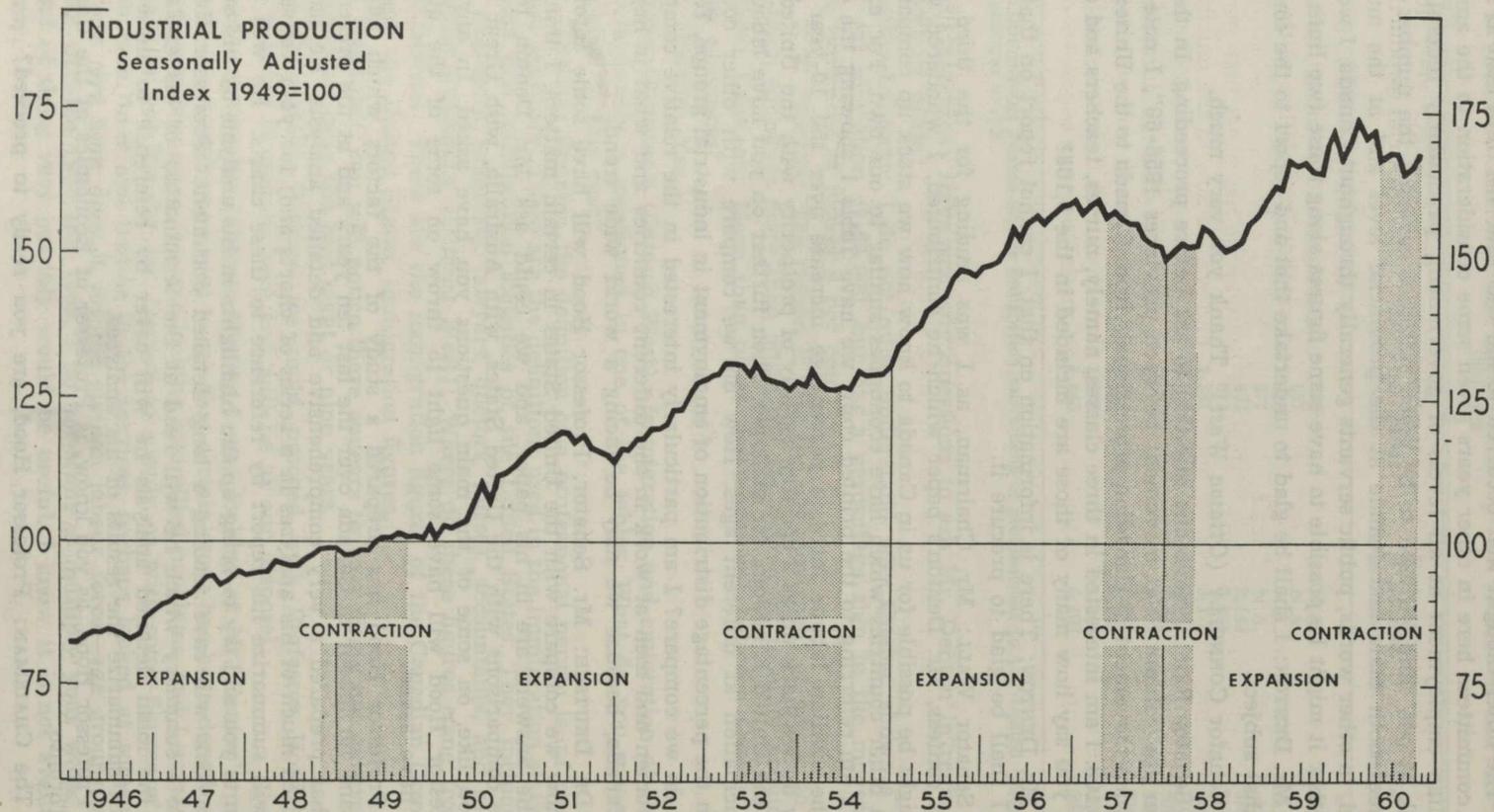
Dr. DEUTSCH: Mr. Senator, Professor Hood will have some information on how we compare with the United States in certain matters. I think some of the answers are in his' paper, and we could ask Mr. Denton to make some comparisons with the United States, with Australia, with Great Britain, if you like, on some of the main questions you have asked. In any event, Professor Hood will have some light to throw on some of the questions you have asked.

Professor Hood has prepared a study of the factors which affect the demand for labour in Canada over the last ten years and at the present time. He has prepared a very comprehensive and detailed analysis. He has summarized much of his analyses in a series of charts and, for your convenience, he will summarize his report by reference to these charts. He will explain them to you and try to bring up the highlights in his analysis by his explanations. This will save reading a long detailed document. Professor Hood has made a summary which he will read at the termination of his explanation, but the main detailed analysis he will cover by reference to these charts which summarize the results of his analyses.

Professor Hood, as you know, is Professor of Economics at the University of Toronto.

The CHAIRMAN: Professor Hood, are you ready to proceed?

Chart I



PROFESSOR WM. C. HOOD, Ph.D., Professor of Economics, University of Toronto, Toronto, Canada.

Mr. Chairman and honourable senators, I would direct your attention first to **Chart I**, which is a chart of the index of industrial production for Canada.

The figures that are charted have been corrected for the effects of normal seasonal variations, so that what is left is the rising trend of industrial production and the variations in industrial production that have followed the course of the present cycle in Canada.

You will notice that since the end of the war we have had four periods of expansion, three full periods of contraction, and we are now in the fourth period of contraction or recession, since the war.

I would draw your attention especially to the fact that the duration of the periods of expansion have become progressively shorter. If you will notice the second period of expansion you will see that it extended from, roughly, the end of the third quarter of 1949 until some time in the second quarter of 1953.

The third period of expansion was however of shorter duration, and the fourth period of expansion was of yet still shorter duration. The periods of expansion have been getting shorter.

Senator ROEBUCK: Can you carry it back a number of years? The industrial pendulum 25 to 30 years ago, used to swing in about 10-year periods, as I understand it.

Prof. HOOD: I think the figure of ten years, Senator Roebuck, is a rough sort of average. There have been cycles as short as one and a half years and cycles as long as ten years and more. The period of a business cycle throughout history has been quite a variable thing. The figures I have at hand with me this morning do not go back of 1946 although figures can be had to go back further.

Senator LEONARD: Are these figures in terms of real production, stable dollars?

Prof. HOOD: In terms of real production, yes.

Another point I wish to draw your attention to is the fact that the percentage rise in industrial production has been lower in the third period of expansion than in the second period of expansion and has been lower in the fourth period of expansion than in the third period. This does not stand out very clearly on this particular chart and I will reiterate that point later.

I would like now to turn to **Chart II**.

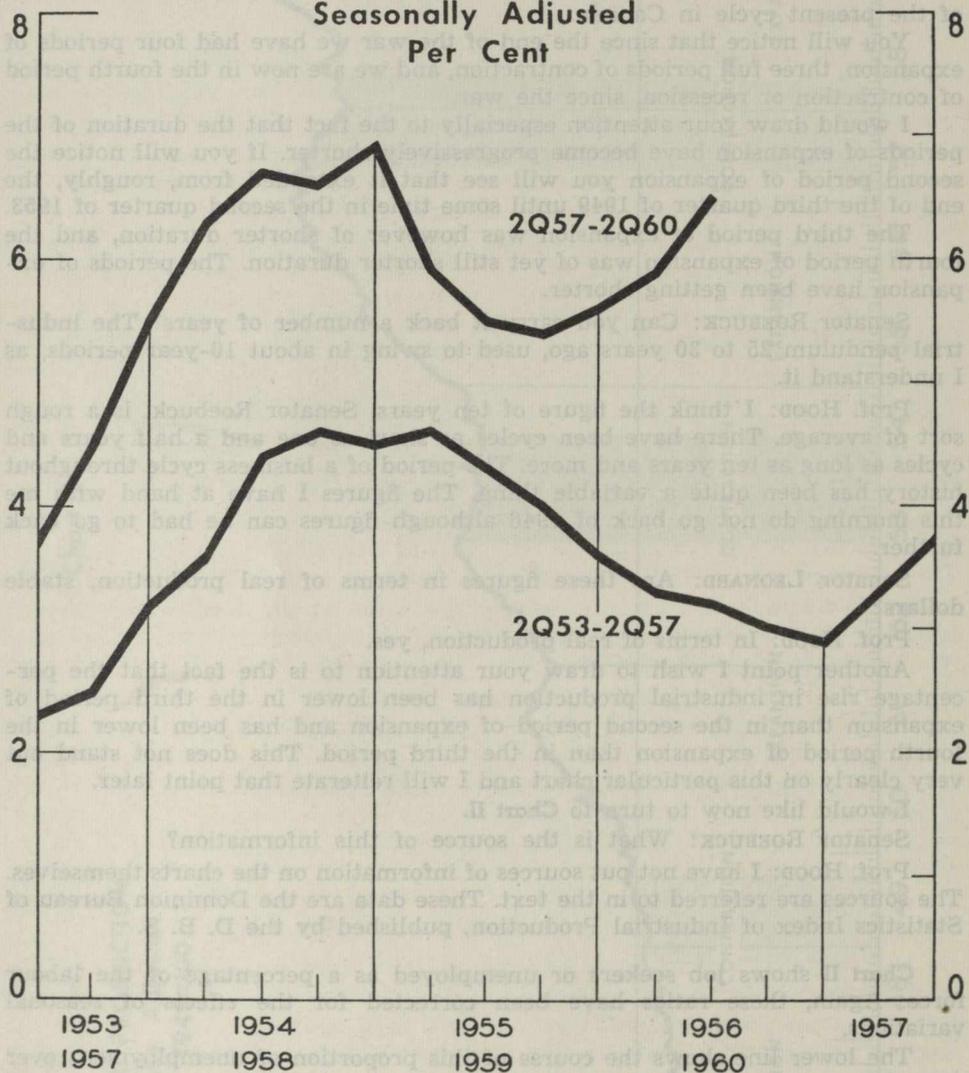
Senator ROEBUCK: What is the source of this information?

Prof. HOOD: I have not put sources of information on the charts themselves. The sources are referred to in the text. These data are the Dominion Bureau of Statistics Index of Industrial Production, published by the D. B. S.

Chart II shows job seekers or unemployed as a percentage of the labour force. Again, these ratios have been corrected for the effects of seasonal variations.

The lower line shows the course of this proportion of unemployment over the cycle that extended from the second quarter of 1953 to the second quarter of 1957. You will see that it starts at a little over 2 per cent in the second quarter of 1953, rises during the recession phase of that cycle and then falls again in the expansion phase of that cycle. The upper line is the ratio of unemployment to the total labour force over the more recent cycle extending from the second quarter of 1957 to the second quarter of 1960. For the symbol "2Q-57" I am reading "the second quarter of 1957". The point about this chart is that the proportion of unemployment in the more recent cycle has, throughout the

Chart II
JOB SEEKERS AS A % OF THE LABOUR FORCE
 Seasonally Adjusted
 Per Cent



cycle, been higher than it was in the preceding cycle. That, gentlemen, is the problem with which, I believe, the committee is particularly concerned.

Senator CAMERON: I dit not quite get that statement?

Prof. HOOD: The point is that the ratio of unemployment to the total labour force in the most recent cycle was higher throughout the cycle than it was in the preceding cycle. The preceding cycle was from the second quarter of 1953 to the second quarter of 1957; and the more recent cycle was from the second quarter of 1957 to the second quarter of 1960.

Senator CONNOLLY (*Ottawa West*): So that now more than 6 per cent of the labour force are job seekers?

Prof. HOOD: Yes.

I invite you now to turn to **Chart No. V**.

This chart is similar to the one we have just been looking at. The data here, however, pertain to the United States. The dating of the cycles in the United States is a little different from what it is in Canada but, again, the same point emerges—namely, that the ratio of unemployment to the total labour force in the more recent cycle in the United States was higher than at comparable stages of the preceding cycle, although the degree to which unemployment, as a proportion of the labour force, was higher in the more recent cycle in the United States is not as great as the degree in Canada. The spread between the lines is not as great on Chart No. V as it is on Chart No. II.

Senator REID: That graph has no reference to the time of year?

Prof. HOOD: The effects of seasonal variations in unemployment have been eliminated from the data; they have been corrected for that factor.

Senator CONNOLLY (*Ottawa West*): The end result in the United States is that just slightly over 5 per cent of the labour force are job seekers?

Prof. HOOD: Yes, as of the second quarter of 1960, sir.

May I ask you now to go to **Chart No. IV**.

There are three lines on this chart. The data is annual data, and pertain to figures for a whole year. The upper line shows the value of the goods and services produced in Canada—the gross national expenditure so-called, measured, however, at prices that prevailed in 1949.

Senator WALL: 1949 or 1946?

Prof. HOOD: 1949. The index is based on 1946, but the prices pertain to 1949. That is the top line. The bottom line is the index number of job holders or persons with jobs. You will notice the persons with jobs have risen much less rapidly than the constant dollar value of the output of the Canadian economy, the gross national expenditure. The ratio of gross national expenditure to the number of job holders is shown by the middle line. The fact that that line rises reflects the increase in productivity in the Canadian economy. I would not, however, propose it as a measure of the productivity increase, because no account has been taken of factors such as the decrease in the number of hours worked per week, and so on.

Now, if I might invite you to turn to **Chart No. VI**.

In **Chart No. VI** I have shown the components of the gross national expenditure, the main components—namely, expenditure by consumers, the expenditure by business on new capital goods—referred to here as “business gross fixed capital formation”; imports; exports, and expenditures on goods and services by governments at all levels. These components are shown as a percentage of the gross national expenditure. These ratios are based on what we call current dollar figures—that is to say, figures which reflect the price level of the year to which the figures pertain.

Chart V
UNITED STATES
JOB SEEKERS AS % OF LABOUR FORCE
Seasonally Adjusted
Per Cent

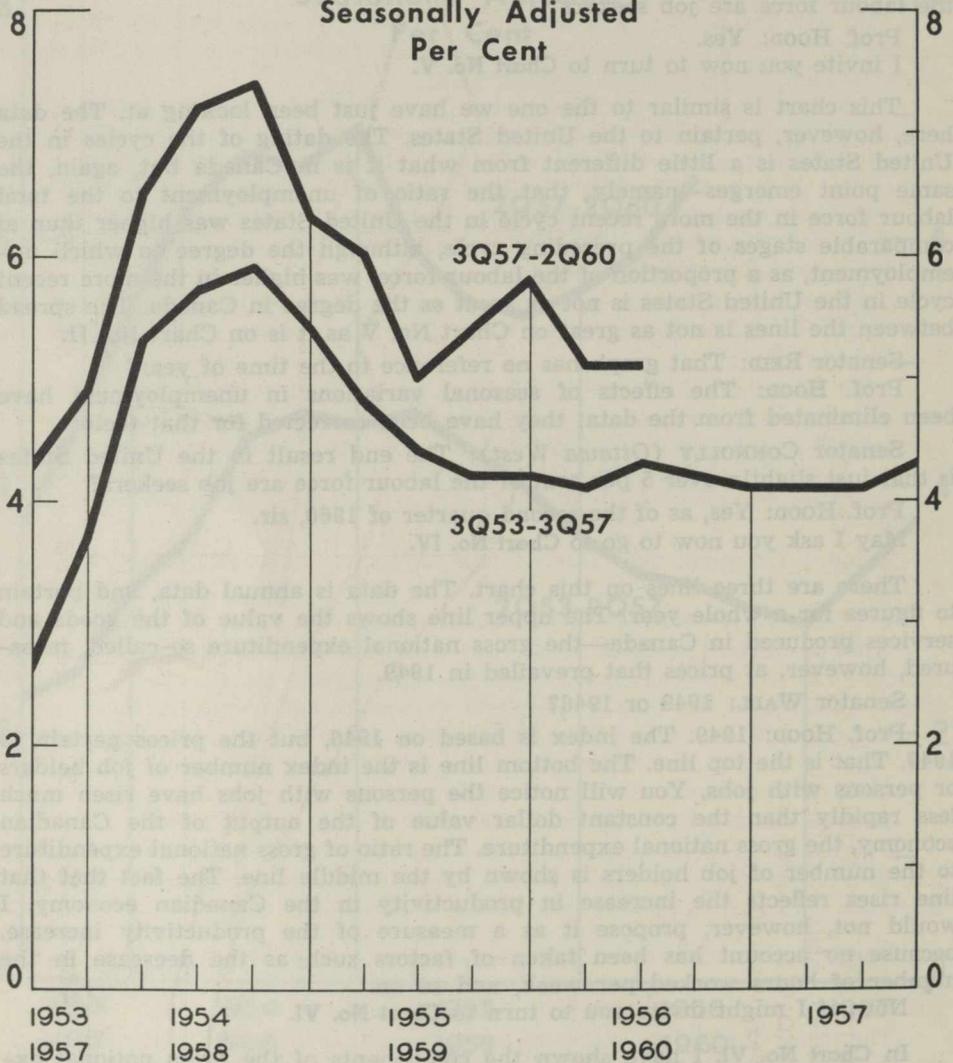


Chart IV

GROSS NATIONAL EXPENDITURE (CONSTANT DOLLARS),
JOB HOLDERS, AND NATIONAL EXPENDITURE
PER JOB HOLDER - CANADA
Index 1946=100

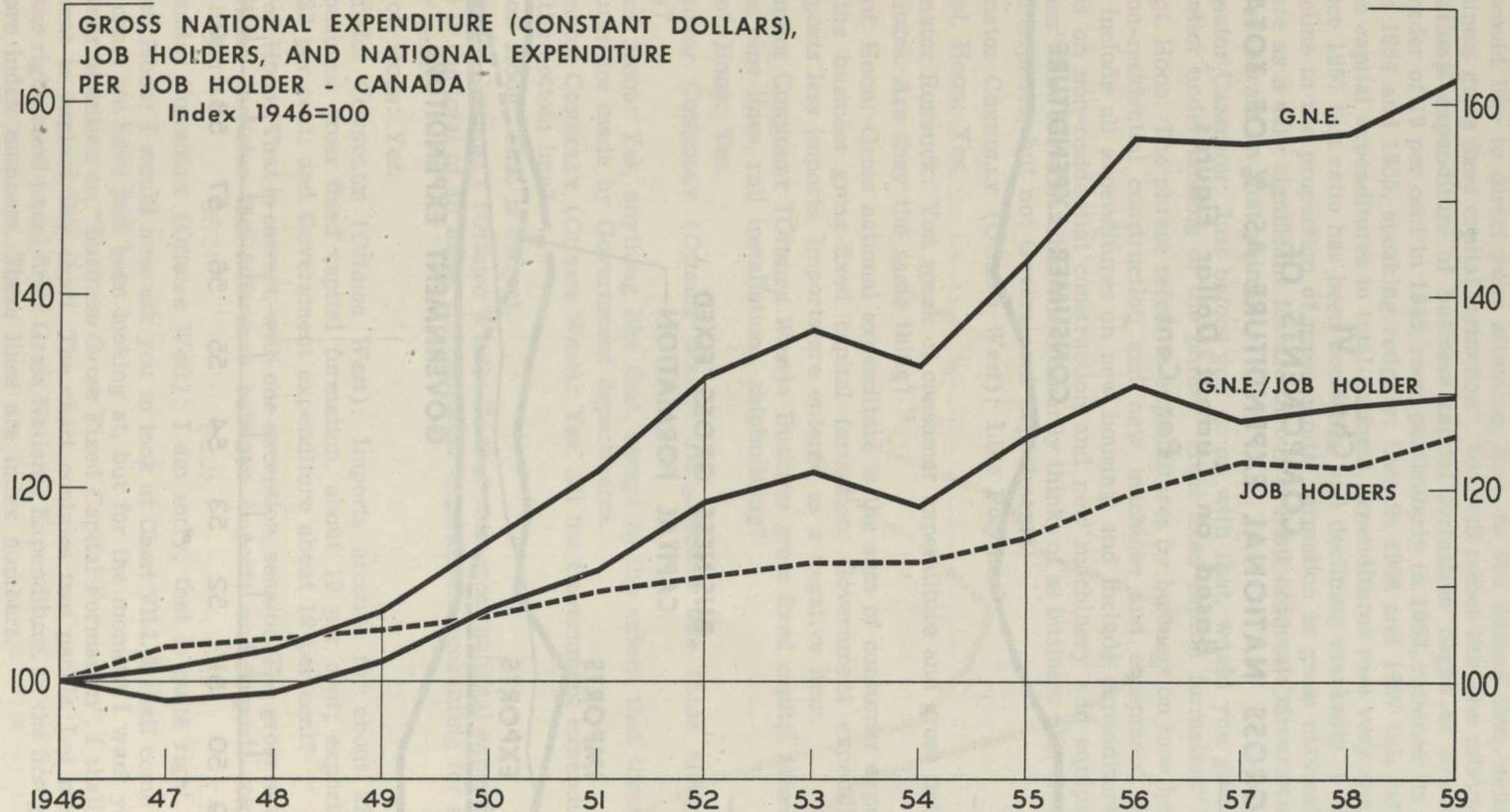
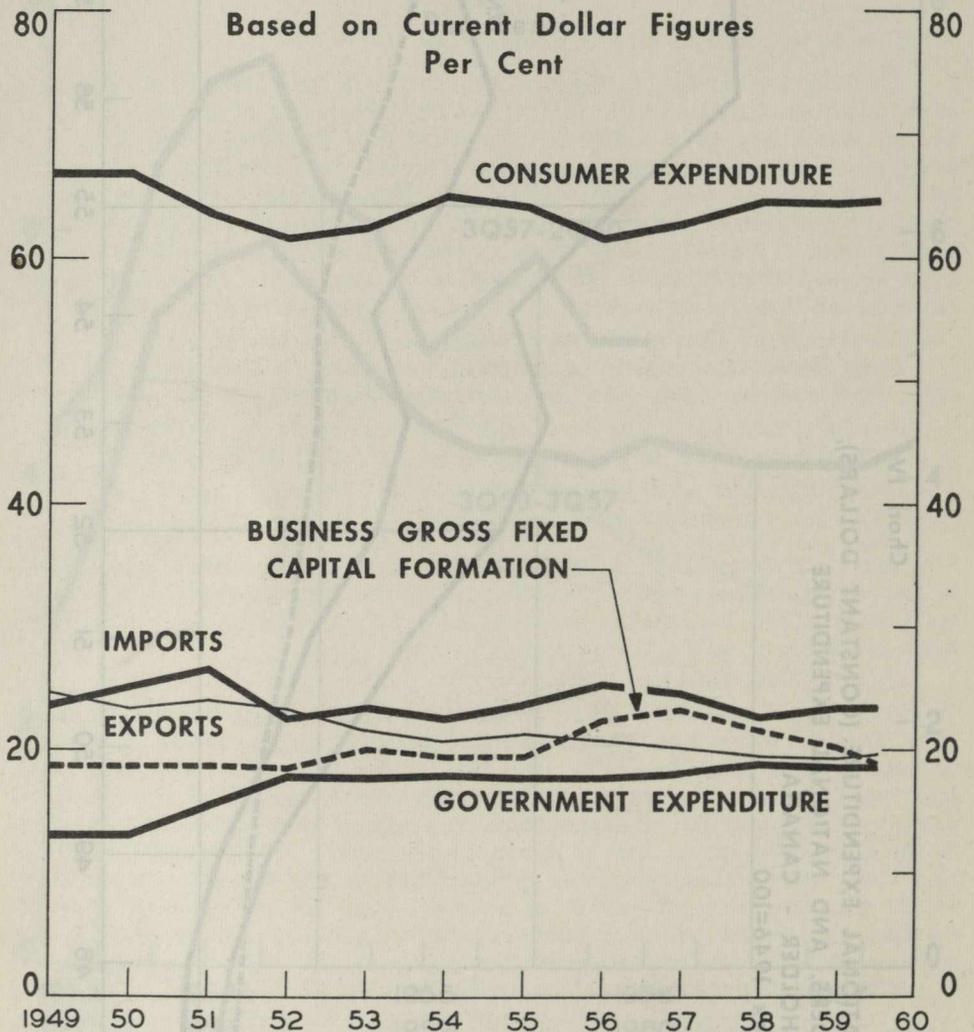


Chart VI
 COMPONENTS OF
 GROSS NATIONAL EXPENDITURE AS % OF TOTAL

Based on Current Dollar Figures
 Per Cent



I would like to direct your attention, first, to the dashed line, indicated as "business gross fixed capital formation". You will notice that the ratio to the total national expenditure of business capital formation began at something of the order of 19 per cent in 1949, rose, particularly in 1953, retained its level through 1954 and 1955, speaking roughly; then in 1956 and 1957 this ratio of business capital expenditures to total national expenditures rose very sharply; and since 1957 this ratio has been declining, and declining markedly. I regard this decline in the proportion of gross capital formation to gross national expenditure as a very significant feature of our present economic circumstances.

To elaborate on that point—

Senator CAMERON: Just before you go on with that, would you give us a little better understanding of the phrase "gross fixed capital formation"?

Prof. HOOD: The phrase refers to expenditures by business on new houses, new non-residential construction and new machines and equipment. These figures include all expenditures on new housing, and include expenditures by business on non-residential construction and new machinery and equipment. "Business" here includes what one ordinarily thinks of as business plus Government enterprises, but not Government departments.

Senator CONNOLLY (*Ottawa West*): Like Polymer?

Prof. HOOD: Yes.

Senator ROEBUCK: You speak of consumer expenditure and gross national expenditure. Are they the same thing?

Prof. HOOD: Gross national expenditure is the sum of consumer expenditures, the business gross fixed capital formation, Government expenditure, and exports less imports. Imports are entered as a negative item.

Senator CONNOLLY (*Ottawa West*): Business gross fixed capital formation includes pipe lines, rail installations, shipbuilding?

Prof. HOOD: Yes.

Senator CONNOLLY (*Ottawa West*): Installations like those along the Seaway?

Prof. HOOD: Yes, anything like that, except to the extent that those expenditures are made by Government departments.

Senator CONNOLLY (*Ottawa West*): Yes. All the Government expenditures are in the bottom line?

Prof. HOOD: That is correct.

Senator CONNOLLY (*Ottawa West*): So that your gross national expenditure feature is the total of all these, the consumer expenditure accounting for about 62½ per cent?

Prof. HOOD: Yes.

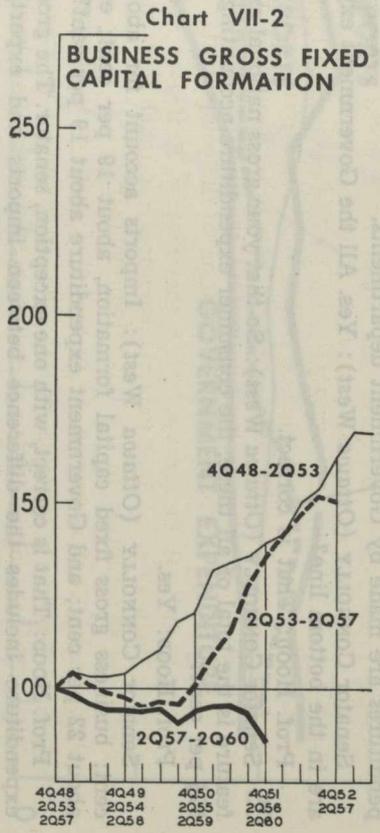
Senator CONNOLLY (*Ottawa West*): Imports account for about 22 per cent; business gross fixed capital formation, about 19 per cent; exports for about 22 per cent; and Government expenditure about 19 per cent?

Prof. HOOD: That is correct, with one exception, senator. The gross national expenditure includes the difference between imports and exports—exports minus imports.

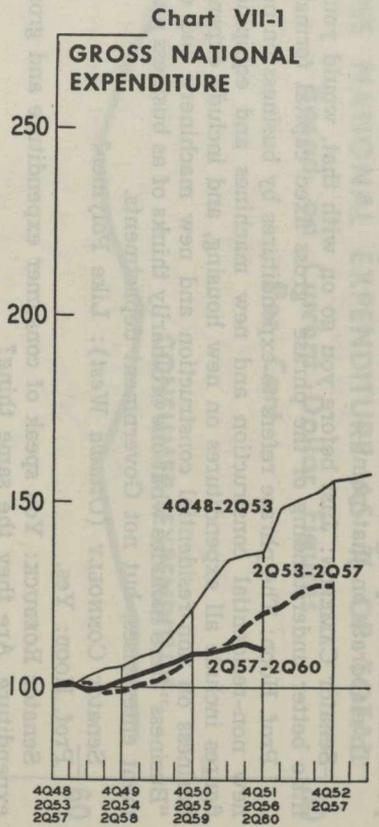
Senator CONNOLLY (*Ottawa West*): I am sorry; that is quite right.

Prof. HOOD: I would now ask you to look at **Chart VII-1**. I shall come back to the chart we have just been looking at, but for the moment I want you to focus your attention on "Business Gross Fixed Capital Formation". I shall take a moment to explain this chart. The chart contains two panels. Let me talk about the right-hand panel first: Gross National Expenditure. In the first place, these are index numbers. These lines are index numbers.

Chart VII CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE OVER THREE CYCLES



Indexes



Looking at the right-hand panel, you will note the faint line called 4Q48-2Q53. That line shows the course of the gross national expenditure from the fourth quarter of 1948 to the second quarter of 1953, with the figures expressed in index numbers based on the fourth quarter of 1948. The faint line shows the gross national expenditure over that cycle, beginning with the peak of activity in the fourth quarter of 1948 and going over to the second peak of activity in 1953.

The dashed line shows the course over the next cycle, based on the figures in the second quarter of 1953. They go back to 100 and start again. The heavy line gives the same sort of information for the most recent cycle.

I read that panel to tell me that the gross national product rose from the fourth quarter of 1948 to the second quarter in 1953 by something like 52 per cent above its fourth quarter 1948 figure. Whereas, in the second cycle gross national product rose only something like 25 per cent over the value it enjoyed at the beginning of that cycle, the second quarter of 1953. And in the most recent cycle the expansion of gross national expenditure above its value at the beginning of the cycle was very much less than either of the two previous figures. It is a little hard to read the numbers from the chart, but it is something like 14 per cent—it will be mentioned in the text. This panel of the chart illustrates the point I was making earlier about the percentage expansion being less in succeeding cycles, and it also illustrates the shortening of the duration of the cycles.

May I now direct your attention to the left-hand panel of the chart.

Senator CONNOLLY (*Ottawa West*): Before you go on to the other panel, Professor Hood, I note that you bring the reference back always to 100 for the three cycles.

Prof. HOOD: Yes.

Senator CONNOLLY (*Ottawa West*): I do not quite understand why.

Senator LEONARD: It measures the growth in each period.

Senator CONNOLLY (*Ottawa West*): Thank you.

Prof. HOOD: In the left-hand panel the same style of graphing has been used to represent "Business Gross Fixed Capital Formation". The main point of this panel is to show that throughout the last cycle, from the second quarter of 1957 to the second quarter of 1960, business expenditures on capital formation have declined from their peak obtained in the second quarter of 1957; whereas, the gross national expenditure has been rising, albeit not dramatically. Business capital formation has on the whole been falling throughout this most recent cycle. To my mind that is a very important point. There are other charts here which elaborate upon this point in relation to the components...

Senator LEONARD: Before you reach that matter, Professor Hood—on the other hand, business gross fixed capital formation rose much more rapidly than gross national expenditure in the other two cycles?

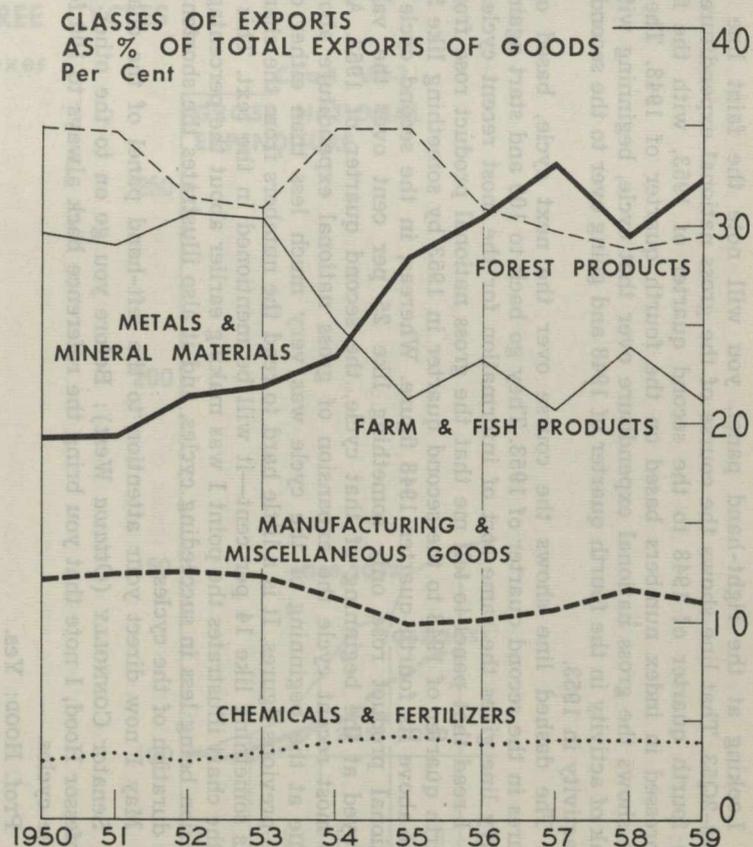
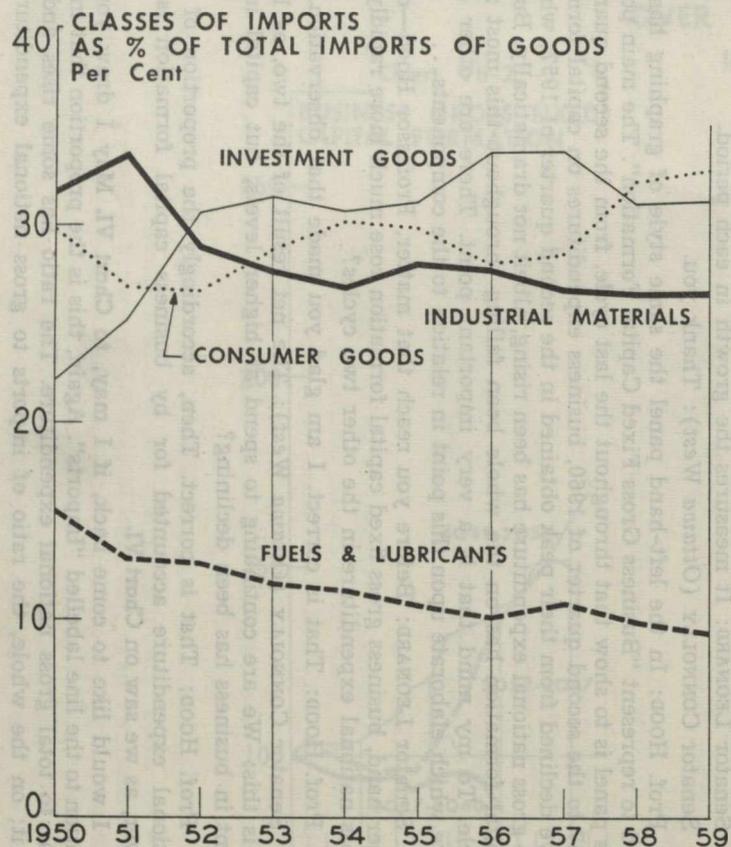
Prof. HOOD: That is correct. I am glad you made that observation.

Senator CONNOLLY (*Ottawa West*): The net result of the two, as I read it, is this: We are continuing to spend at higher levels, but capital investment in business has been declining?

Prof. HOOD: That is correct. Then, accordingly the proportion of gross national expenditure accounted for by business capital formation is now lower, as we saw on **Chart VI**.

I would like to come back, if I may, to **Chart VI**. May I draw your attention to the line labelled "Imports". Again, this is the proportion that imports bear to total gross national expenditure. The ratio has some rises and falls in it; on the whole, the ratio of imports to gross national expenditure has

Chart XI



fallen—it has fallen more because the peaks have become lower than because the bottoms become lower. But on the whole the ratio has declined modestly.

I would like to explain something about the components of imports, and to that end I would ask you to turn to **Chart XI**.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, would it be possible to have the chart references, as the witness makes his explanation, appear in the record in dark type so that we could follow the explanation more easily?

The CHAIRMAN: That will be done.

Prof. HOOD: I now refer you to **Chart XI** the left-hand panel which pertains to the composition of imports of goods.

The figures shown in the left panel of **Chart XI** show the proportion of the various categories of imports to the total importation of goods. The heaviest line on the chart pertains to industrial materials. You will note that industrial materials as a proportion of our imports have declined throughout the period from 1950-59.

Senator CONNOLLY (*Ottawa West*): What do they include, Professor?

Prof. HOOD: Industrial materials include textiles, leather, fur material, metal materials, chemical materials, and a miscellaneous group of industrial materials such as oils, fats and rubber, paper and paper products and other industrial raw materials. That is the category known as "industrial materials". We have been importing a smaller proportion in that category.

Senator ROEBUCK: You mention gasoline. That is an industrial material at times.

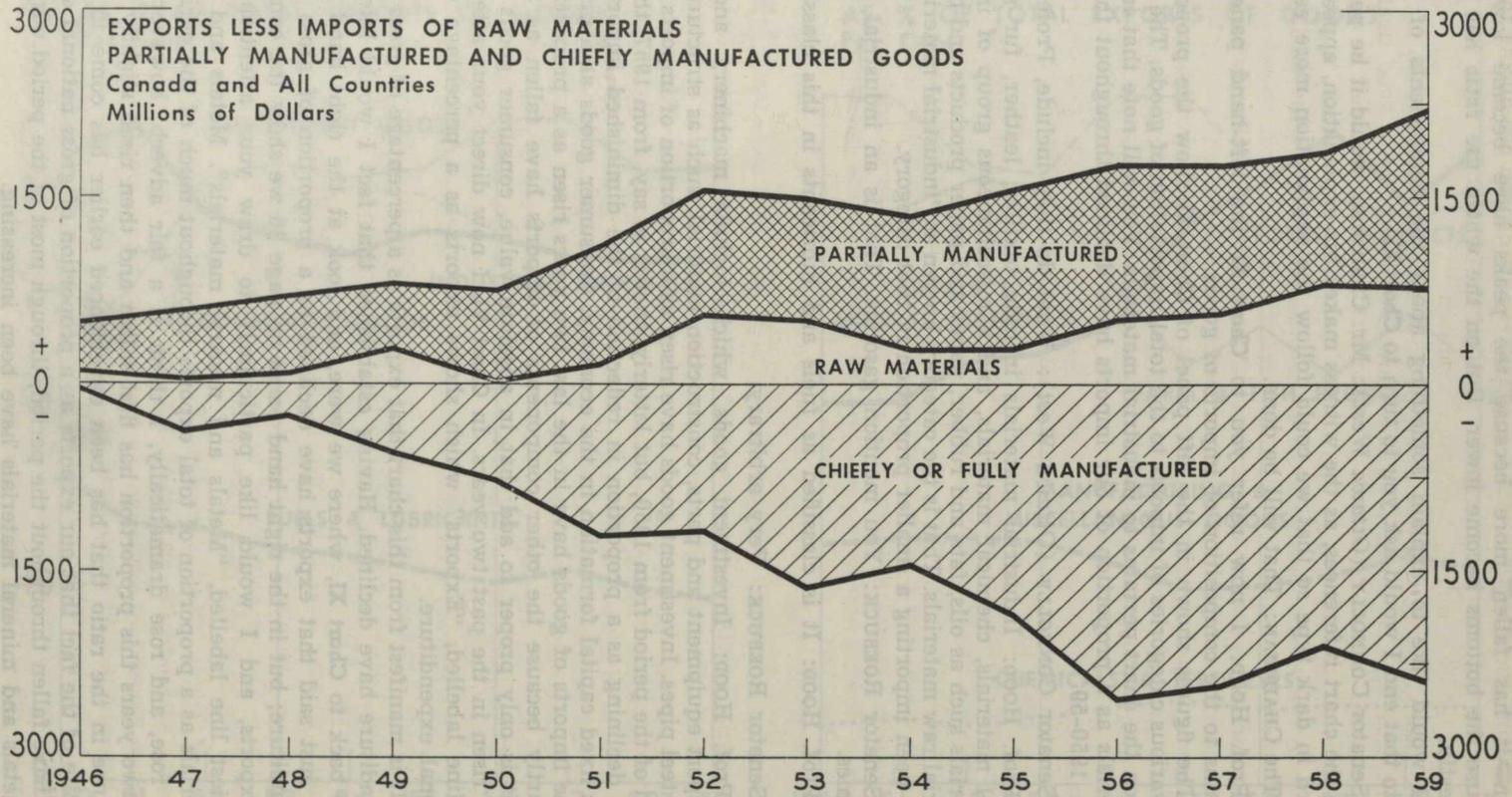
Prof. HOOD: It is classified as fuels and lubricants in this classification, sir.

Senator ROEBUCK: Very arbitrary.

Prof. HOOD: Investment goods, which include machinery and parts, transport equipment and parts, construction material, such as structural forms and steel pipes. Investment goods have risen as a proportion of imports through much of the period from 1950, but latterly, that is to say, from 1957, they have been declining as a proportion in reflection of the diminished importance of gross fixed capital formation in the economy. Consumer goods as a proportion of the imports of goods have in the last two years risen as a proportion; this is partly because the other components of imports have fallen as a share, but it is only proper to add that in absolute value, consumer goods imports have risen in the past two years. In **Chart VI**, I now direct your attention to the line labelled, "Exports" which shows exports as a percentage of gross national expenditure.

It is manifest from this chart that exports as a percentage of gross national expenditure have declined. Having established that fact I would like you to come back to **Chart XI**, where we were, and look at the right hand panel. I have just said that exports have declined as a proportion of gross national expenditure; but in the right hand panel on page 36 we show the components of exports, and I would like particularly to draw your attention to the heaviest line labelled, "Metals and mineral materials". Metals and mineral materials as a proportion of total exports throughout much of the period from 1950 rose, and rose dramatically, I think is a fair adverb; however, in the last two years this proportion has first fallen and then risen slightly, but the advance in the ratio that has been experienced earlier has come to an end. In spite of the fact that our exports as a proportion of gross national expenditure have fallen throughout the period, through most of the period our exports of metals and mineral materials have been increasing.

Chart XII



Senator BUCHANAN: Is that due to our export of iron ore during that time?

Prof. HOOD: It is owing to a number of things. Iron ore is one; aluminum, copper, nickel, petroleum, uranium.

Senator CONNOLLY (*Ottawa West*): Professor, perhaps you do not want to go into this kind of thing, I do not know, but I suppose a good deal of that dramatic rise, as you described it, is due ultimately to the need to rebuild the devastated parts of Europe.

Prof. HOOD: Yes, sir, in part that is so, especially in the earlier period. I would definitely agree.

Senator CONNOLLY (*Ottawa West*): Whether they go directly or indirectly there, that is probably where the materials wound up?

Prof. HOOD: Yes. The world demand for metals and mineral materials was very high at the end of the war, and remained high through most of the decade of the fifties, but there was a decline in the demand for many of those materials in the last two years.

Senator CROLL: Will you be covering that point later on?

Prof. HOOD: Yes.

Senator CAMERON: Could you say what is responsible for the dramatic rise from 1954 to 1957 in components?

Prof. HOOD: I think that was largely a United States demand.

Now would you turn to **Chart XII**. This chart shows for the period 1946 to 1959 our exports less our imports in three different categories of commodities, namely, raw materials, partially manufactured goods and chiefly or fully manufactured goods. I would like to repeat that, if I may. The chart shows exports less imports in three categories of goods, raw materials, partially manufactured goods and chiefly or fully manufactured goods. This is a classification used by the Bureau of Statistics. The first thing I draw to your attention is that our balance of trade, if you like, our exports less imports of raw materials, has grown over the post war period. That is shown by the fact that the exports less imports of raw materials, has grown over the post war period. That is shown by the fact that the block of the chart labelled, "Raw materials", has become wider as the years have progressed, not regularly so every year, but by and large become wider. The same is true of partially manufactured goods. Our exports in this category exceed our imports by more now than they did at the beginning of the period. On the other hand, in respect of chiefly or fully manufactured goods, while we started the period with our exports approximately equal to our imports, we have ended the period, in 1959, with our exports less than our imports by an amount which is over \$2 billion.

Senator CROLL: Professor Hood, will you define that in some way, or if you will cover it later it will be all right with me?

Prof. HOOD: I do not have it handy.

Senator CROLL: Is it covered in the text?

Prof. HOOD: No, it is not covered in the text, but I could get it.

Senator LEONARD: What about motor cars?

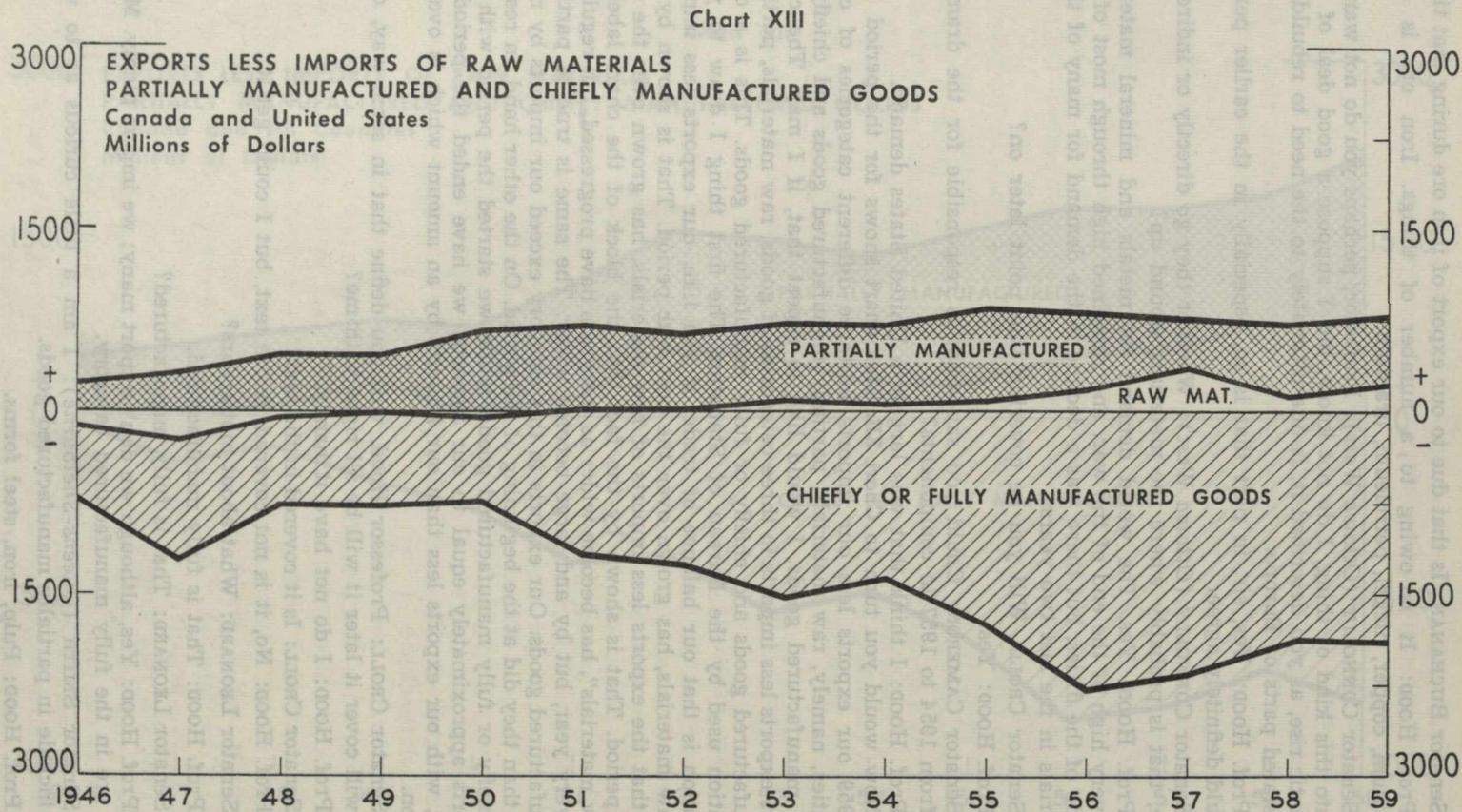
Prof. HOOD: That is fully manufactured.

Senator LEONARD: That is fully manufactured?

Prof. HOOD: Yes, although we don't export many; we import plenty. Motor cars are in the fully manufactured category.

Senator SMITH (*Queens-Shelburne*): I am a little curious as to what you include in partially manufactured goods.

Prof. HOOD: Pulp, iron, steel forms.



Dr. DEUTSCH: Steel concentrates. It is material that needs to be further processed but is partly manufactured.

Prof. HOOD: Now if you turn to **Chart XIII**, you will see a similar chart. This shows the same sort of thing in respect of our trade with the United States alone, rather than as before with all countries combined. I will not pause to make any comment on it. The story is much the same in its general pattern, although in respect of raw materials we started the post war period with a deficit, imports greater than exports, in our trade with the United States. We have now reversed that position.

Senator WALL: Professor Hood, if I am reading Charts XII and XIII correctly, we were had a considerable deficit in our trade in manufactured goods with the United States in 1946, but we were evidently exporting fully manufactured goods to other countries and, therefore, the margin on Chart XII is much narrower—am I correct?

Prof. HOOD: That is a correct interpretation, Senator Wall.

Chart XIV is the next one I would like to speak to.

A word of explanation about this chart, and may I direct this explanation to the righthand panel, headed "Goods and Services" and the same will apply to the other panels. There are three lines on this chart, one pertains to the labour force, that is the thin line at the bottom, and that is more properly labelled "Employment"—I mean that "Labour Force" is better called "Employment". The heaviest line shows gross domestic product. To all intents and purposes this is a measure of the output of the groups of industries. It is a measure of the output and is expressed in current dollars. The statistical system does not permit me to give you a physical measure there. The other line shows public and private investment, capital formation in the goods and services industries combined. These are annual figures. This is not a cycle on cycle chart. This shows annual figures of employment, output and capital investment in the goods and services industries.

In the middle panel the same sort of information is shown for goods, and the same sort of thing is shown for services. The point I would make is this, the increase in employment in the services industry, as shown on the lefthand panel, is significantly more than the increase in employment in the goods industry, which is virtually nothing, taking the period as a whole.

There are other points that stand out in the chart. Note that the decline in investment in the last two years has been greater in the goods industry than in the services industry. Mr. Denton referred to the fact of the difference between the goods and services industries and this will further elaborate the point.

I would now like to discuss **Chart XVII**.

This chart is a comparison of the goods and services industries in Canada and the United States in respect of output and employment, output being shown in the bottom and employment being shown in the top two graphs.

Let us look at employment. In Canada, on the left, in the goods industry, as we just saw, there was virtually no increase in employment, and a substantial increase in the services industries. In the United States in respect of employment, it shows that the increase in employment in the goods industries is higher and particularly because a decline in agricultural employment was not so intensive in the United States. The increase is nevertheless lower in the goods industry than the increase in employment in the services industries in the United States. In respect of output, output of the services industries has increased more in Canada than output of the goods industries, and to a lesser degree the same is true in the United States.

Chart XIV INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

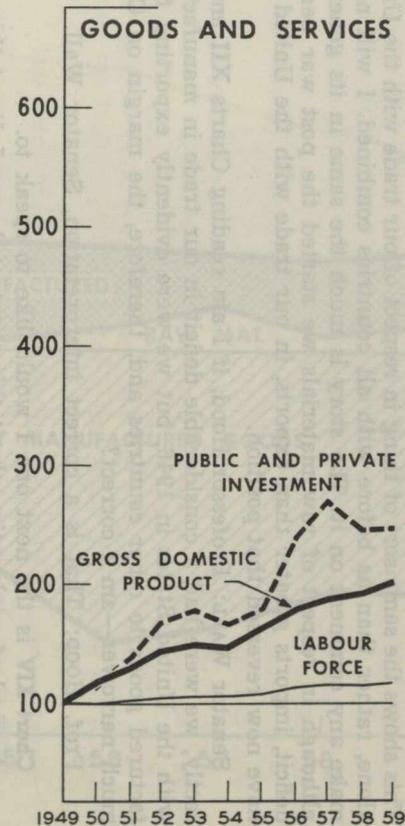
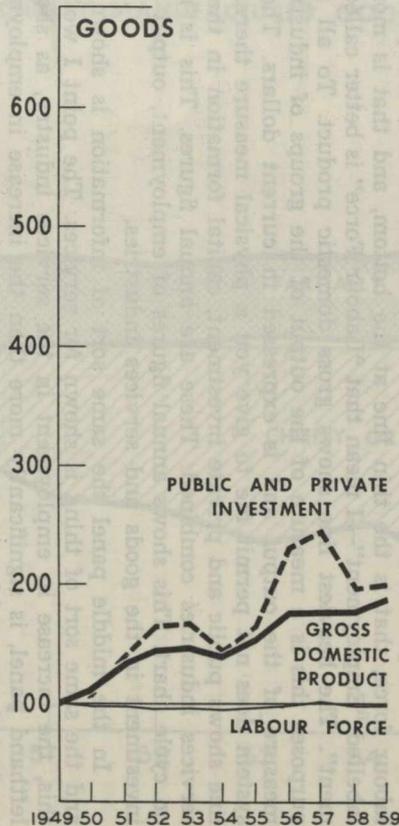
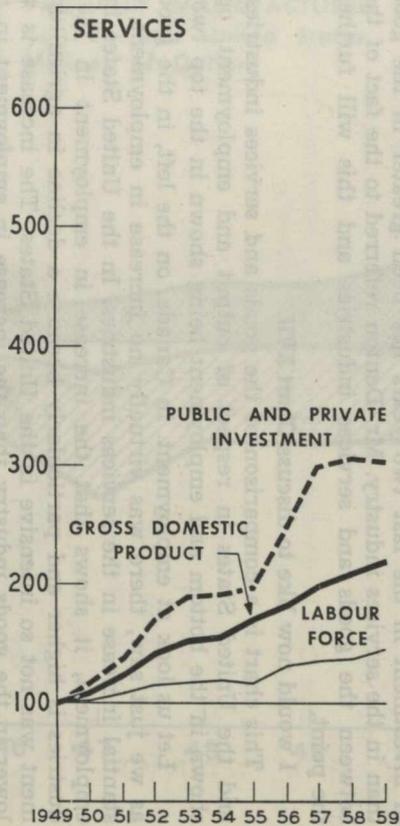


Chart XVII
CANADA AND UNITED STATES: INDEXES OF EMPLOYMENT AND OUTPUT
 Index 1949=100

EMPLOYMENT

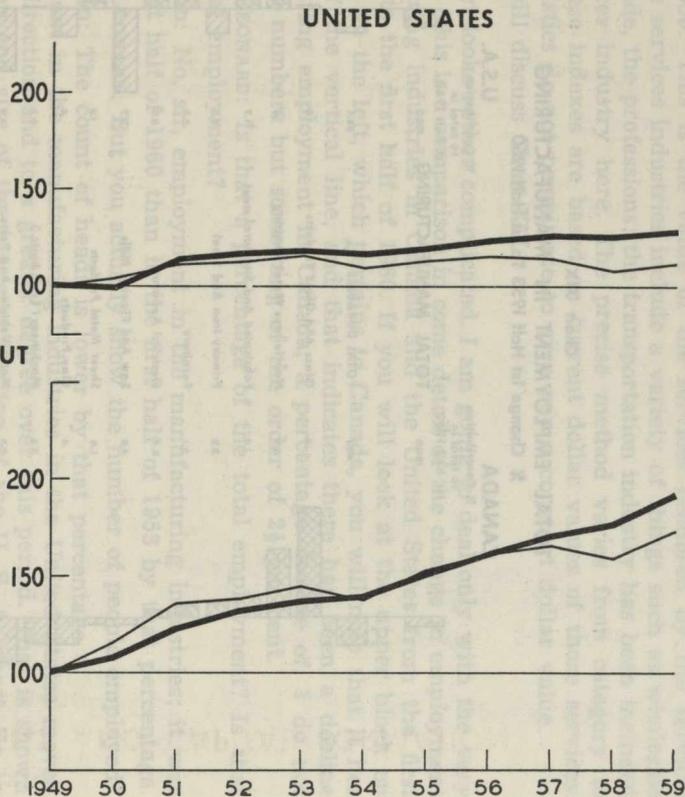
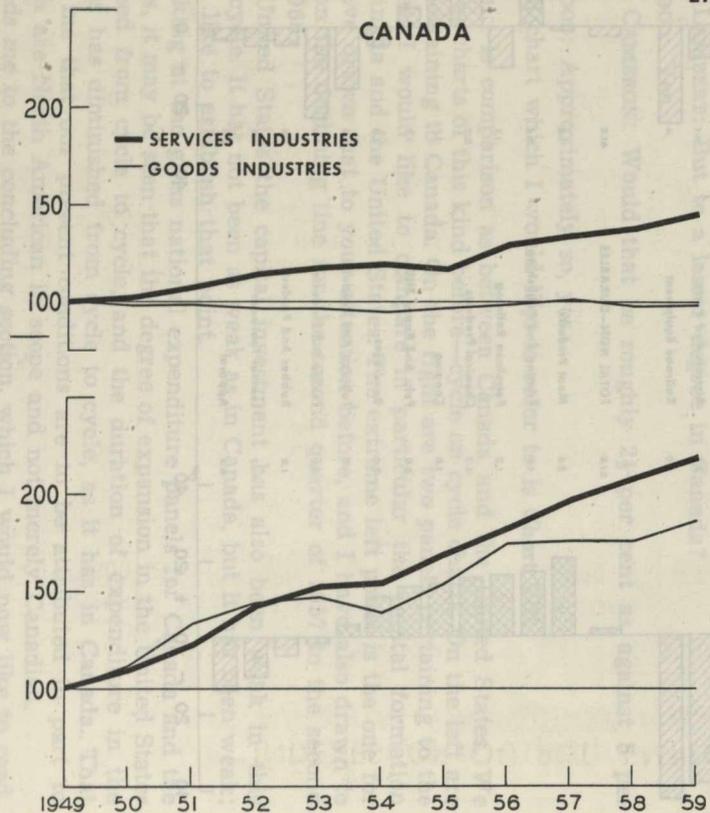


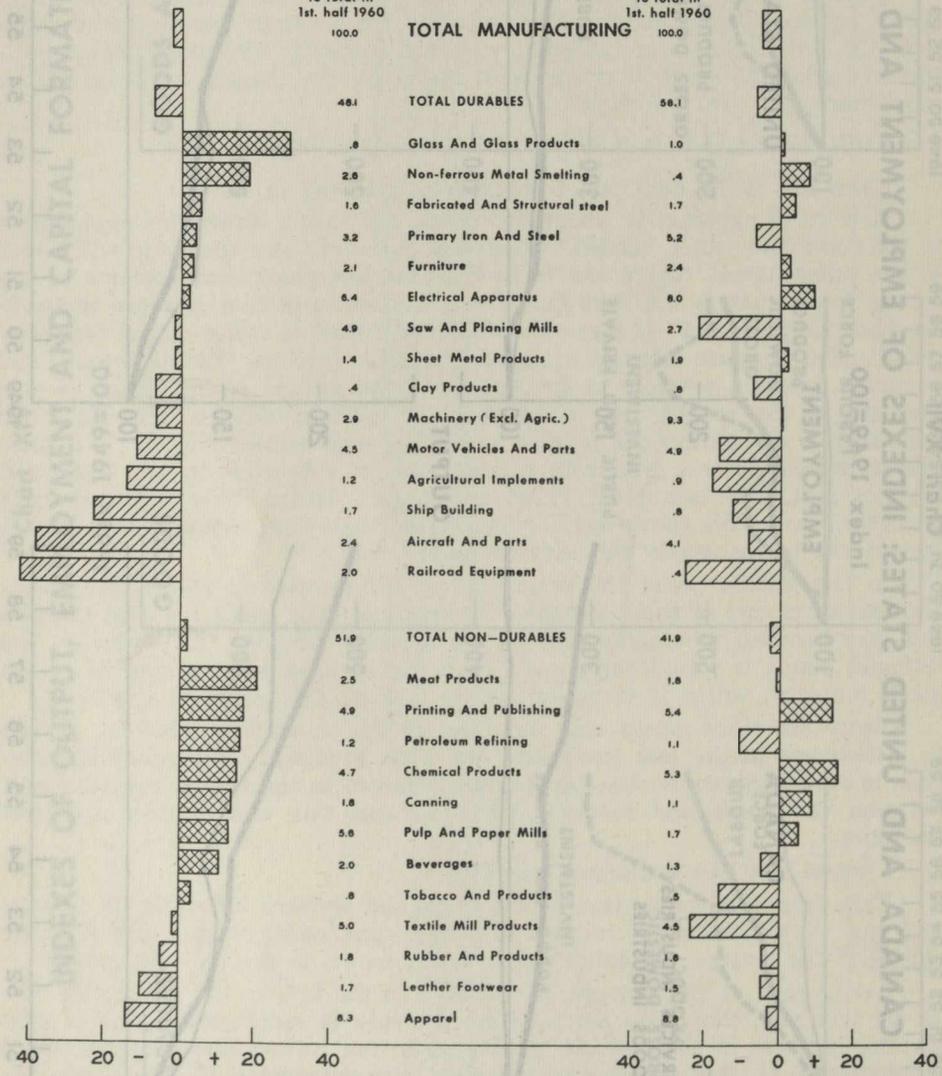
Chart XIX
TOTAL EMPLOYMENT IN MANUFACTURING
 % Change 1st Half 1953 To 1st Half 1960

CANADA

% Contribution
 to total in
 1st. half 1960
 100.0

U.S.A.

% Contribution
 to total in
 1st. half 1960
 100.0



Senator BURCHILL: How do you measure output of the services industries?

Prof. HOOD: This is the value of the services rendered by the services industry. The services industries include a variety of things such as wholesale and retail trade, the professions; the transportation industry has been included in the services industry here. The precise method varies from category to category. These indexes are based on current dollar values of those services. Existing statistics do not permit me to give you a constant dollar value.

Now I will discuss **Chart XIX**.

This chart looks rather complicated. I am going to deal only with the very top part of it. This is a comparison in some detail of the change in employment in manufacturing industries in Canada and the United States from the first half of 1953 to the first half of 1960. If you will look at the upper block on the bar chart on the left, which pertains to Canada, you will note that it lies to the left of the vertical line, and that indicates there has been a decline in manufacturing employment in Canada, a percentage decline of, I do not remember the numbers but something of the order of $2\frac{1}{2}$ per cent.

Senator LEONARD: Is that a percentage of the total employment? Is that a ratio of total employment?

Prof. HOOD: No, sir, employment in the manufacturing industries; it was less in the first half of 1960 than in the first half of 1953 by that percentage.

Senator LEONARD: But you actually show the number of people employed?

Prof. HOOD: The count of heads is lower by that percentage.

Employment in the manufacturing industries in the United States moved in the same direction and to a greater degree over this period. That is shown by the position and size of the block at the top of the U. S. A. chart. So in Canada and the United States the same thing occurred, that is to say a decline in employment in the manufacturing industries.

Senator LAMBERT: But to a lesser degree in Canada?

Prof. HOOD: Yes.

Senator CAMERON: Would that be roughly $2\frac{1}{2}$ per cent as against 5 per cent?

Prof. HOOD: Approximately so, yes.

The final chart which I would like to refer to is **Chart VIII**.

This again is comparison as between Canada and the United States. We have looked at charts of this kind before—cycle on cycle charts. On the left are two panels pertaining to Canada. On the right are two panels pertaining to the United States. I would like to compare in particular the capital formation charts for Canada and the United States. The extreme left panel is the one for Canada. I have drawn that to your attention before, and I have also drawn to your attention the declining line for the second quarter of 1957 to the second quarter of 1960.

In the United States the capital investment has also been weak in this most recent cycle. It has not been as weak as in Canada, but it has been weak; and I would like to establish that point.

Also looking at the gross national expenditure panels for Canada and the United States, it may be seen that the degree of expansion in the United States has diminished from cycle to cycle, and the duration of expenditure in the United States has diminished from cycle to cycle, as it has in Canada. That indicates to me that our present conditions are to be attributed in part to factors which are North American in scope and not merely Canadian.

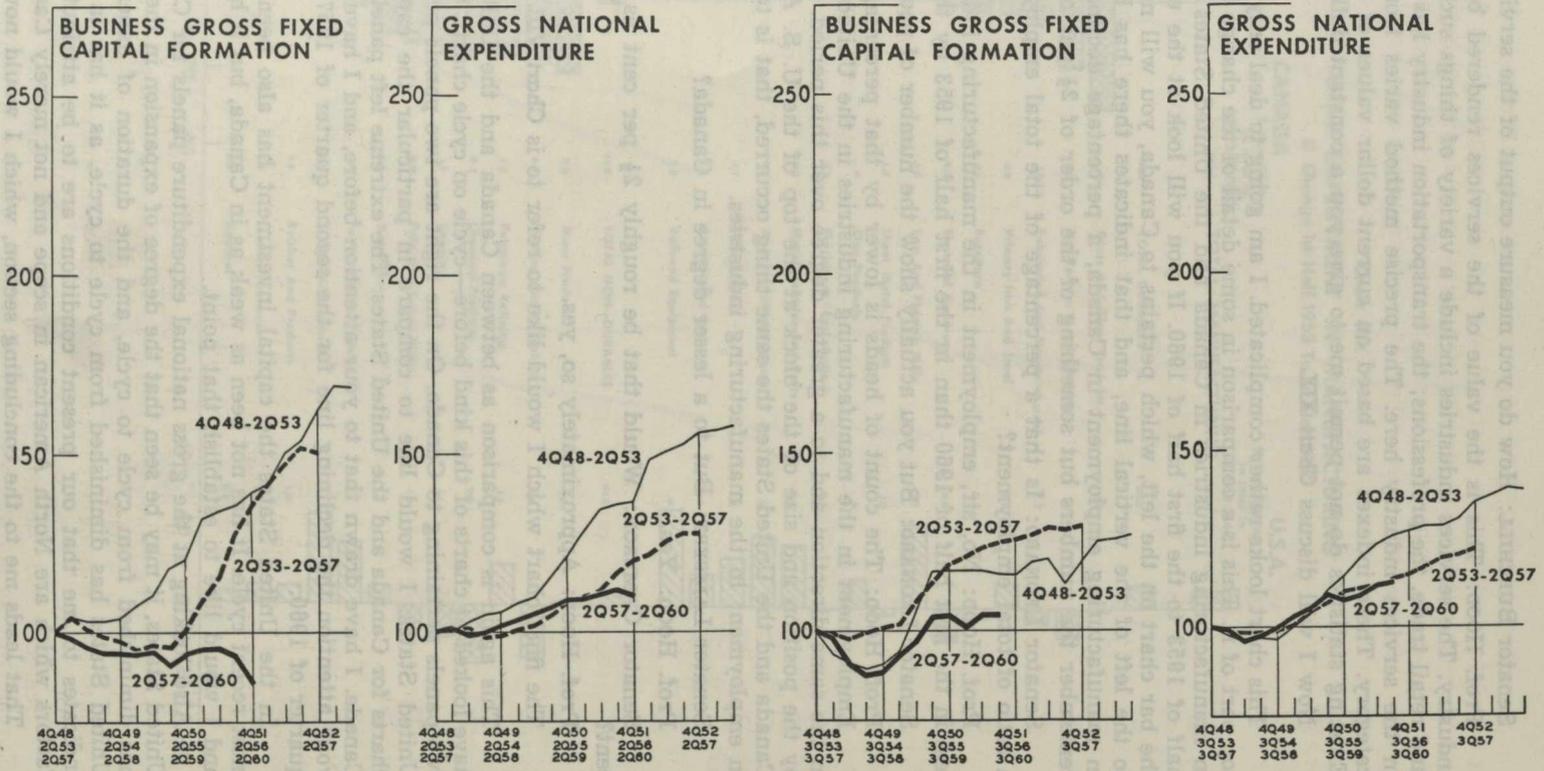
That leads me to the concluding section, which I would now like to read.

Chart VIII
**CANADA AND UNITED STATES : CURRENT DOLLAR
 GROSS NATIONAL EXPENDITURE AND BUSINESS GROSS FIXED CAPITAL FORMATION
 OVER THREE CYCLES**

Canada

Indexes

United States



Dr. DEUTSCH: Mr. Chairman and gentlemen, Professor Hood has summarized for you what is contained in the first 70 pages of this document which has been distributed. We thought it preferable to do it in this way, rather than read the whole 70 pages. Of course, at your leisure you can go back and follow this in greater detail, if you wish. It is all explained here very carefully.

However, we thought it useful that Professor Hood should read to you his concluding observations, which begin on page 70. He has drawn certain broad conclusions from this material which, I think, would be well worth reading to you now.

(—For full text of the report prepared by Professor W. C. Hood for the committee, see Appendix at end of proceedings.)

Prof. HOOD: This is the section headed "Summary and Interpretation of the Changes in the Demand for Labour."

From our review of the changing demand for labour, one fact of overriding importance emerges. This is the fact that the rate of growth of the demand for the output of the Canadian economy has receded from the very high levels achieved in the earlier years of the nineteen fifties. The decline in the rate of growth of demand for output implies a decline in the rate of growth of demand for labour which, coupled with a continuing increase in the rate of growth of the labour force, has made for a persistent rise in the level of unemployment.

The great expansion of the fifties has wrought many changes in the Canadian economy. It has changed the composition of output including exports, and the composition of imports; it has changed the relative importance of our various industries, and consequently the industrial composition of the working labour force. All of these changes have required adjustments. Labour and capital have had to be allocated and re-allocated in changing proportions. In the period of rapid growth these adjustments were made and made very effectively.

In the period of the declining rate of growth adjustments continue to be necessary. However, adjustments in the nature of re-allocations of resources are more easily made in periods of rising than in periods of falling growth rates. Accordingly the problems of adjustment receive more notice and discussion in periods of falling growth rates. It is important to remember however that the special difficulty of adjustment in a period of declining rates of growth arises not from the need to make *more* adjustments or *greater* adjustments—indeed the contrary may be true—but from the very fact of declining rates of growth. In my opinion this is a very important point and one with significant policy implications.

We entered the postwar period with many years of wear and tear on our capital assets to be made good and with many new ideas and needs for structures and machinery. Consumers and business alike were anxious to renew and expand their capital. Apprehension over a possible postwar recession receded when the effects of pent-up demand, fortified with pent-up liquidity, were felt in the marketplace. This first great wave of postwar expansion was further supported by contributions which Canada made to the recovery of European countries through government loans used in large measure to finance the export of our goods to them. The atmosphere of expansion was also enhanced by the rapid growth of population and of new families and by the shift of the population from rural to urban areas and from urban areas to suburbs. World demand for our raw materials though not as great as it was to become later was nevertheless strong and contributed to our rising rate of growth.

Scarcely had we recovered from our 1949 pause for breath when the Korean war broke out with its attendant increase in defence expenditure,

domestic speculative buying and world demand for raw materials, many of which we were in a position to supply. Exploration for further supplies of raw materials was intensified and capital expenditures for development of resources were expanded. At the same time, population continued to grow rapidly—immigration reached a new postwar high in 1951—and the internal shifts of the location of the population with their associated demands for housing and domestic capital continued apace.

Following the termination of the Korean war there was a reduction in defence expenditures, some slackening in the growth of capital formation and a period of inventory run-down. The recession of 1953-54 was not a severe one however. Expanded investments in resource development, especially in our newer export industries, led the way into the third great postwar advance. On this occasion, however, there was not the stimulus of long postponed demands as there was after the war, nor was there the added impetus of an increase in defence spending as there had been in the 1950-1952 period. The rate of growth of the population, which had receded from its high of 1951-52, again spurted in 1956-57, the years of maximum postwar immigration, but fell off again subsequently. The expansion in 1955 and 1956 while it carried the economy to unprecedented heights was shorter and involved lower percentage increases in the indicators than the previous expansion.

Senator WALL: Could I intervene with a question at this point?

Am I correct in assuming that one of the factors in any of the periods of expansion, and a significant factor, was immigration? Can I make that inference? You say: "The rate of growth of the population, which had receded from its high of 1951-52, again spurted in 1956-57, the years of maximum post-war immigration—" That would be one of the factors, would it?

Prof. HOOD: Yes. I think that immigration creates a demand for goods and services within Canada, and that in that sense it has contributed to the growth in the demand for goods and services.

After the recession of 1957-58, expansion again set in but this time none of the major stimulating forces that had predominated in one or other of the preceding periods of postwar expansion was operative. Certainly there was not a drive to renew assets wasted by war nor was there stimulus of defence spending. Capital investment in the resource industries actually declined, though the figures were still high. Finally, the rate of growth of the population fell to its lowest postwar level. Accordingly, this most recent period of expansion was short-lived and led only to modest increases in the indicators; indeed, as we saw earlier, business expenditures on fixed capital expenditure did not regain, in this fourth formation, the levels they had attained in the third expansion.

Increases in the demand for particular classes of output have sparked the three major expansions of the postwar period. Prominent among these primary sources of strength have been the foreign demand for certain of our raw materials and domestic demand for housing and other durables. Defence expenditures were prominent in one expansion as we have noted. The growth in demand for primary materials, especially metals and mineral products, led to very large capital expenditures in these resource industries and to a pronounced rise in the proportion of our exports made up of these materials. The increases in the demand for housing and household durables stemming from the rise in family formation and the shifts in population location led to substantial growth in the residential construction industry and in the sale of consumer durables.

Of course these primary changes, leading to increased capital investment and output also led to rising income and hence to secondary changes that permeated the economy and stimulated most branches of activity. Thus

non-residential capital formation was by no means confined to the resource industries nor were increases in domestic demand confined to homes and household goods. We expanded our productive capacity in a great variety of fields and increased our consumption of most classes of goods and services.

The rise in national income not only stimulated demand generally but it had the effect of stimulating some demands more than others. The responsiveness of demand to income changes is not the same for all classes of goods and services. We cannot go into detail here, but some examples will illustrate how the very rise in income serves to alter the composition of output. With a rise in income, an increasing proportion of income is apparently spent on services and a smaller proportion on goods. This is a broad generalization that hides important changes within the various categories. Thus while expenditures for food tend to rise at a lower rate than income, expenditures for consumer durables rise at a higher rate. Within the food category, expenditures on cereals tend to rise at a lower rate than expenditures on meats. Within the services category a rise in national income apparently induces a greater rate of increase in the use of private means of transportation than certain public means and this in turn generates a greater need for investment in highways for the motor car than railroads for passenger trains. These are but a few examples to illustrate the point. The point is that while it is sometimes possible to identify primary forces in an expansion and to associate some changes in the composition of output with those primary forces, the very increases in income which they induce generate further forces of expansion and further changes in the composition of output.

The increases in capital investment that we have made in the postwar years have brought with them improvements in productivity; that is in the rate of output per man-hour of input. We have noted that productivity has shown very satisfying gains in Canada throughout most of the postwar period. Capital investment may contribute to the advance in productivity in many ways. I shall cite two. New investment in machines and structures, of a design roughly similar to that already existing, may replace older machines with more efficient newer ones, or may, by adding to the existing assets, raise the ratio of capital to labour nearer to an optimum level. Investment in machines and structures of basically *new* design may be the necessary adjunct to the introduction of basic changes in technology. Improved productivity in any industry derives from a multitude of sources. New investment, increased skills of the labour force, and new ideas as to the materials to be used, the machines to work them and the processes to be used, as well as many other factors, all combine to increase the output of an hour's work. We may also note that an expanding economy provides the more suitable atmosphere for the introduction of technological changes, and the associated capital investment. This is one of the reasons why in periods of expansion the forces of growth gather strength as the expansion develops.

While changes in technology bring growth in productivity they also change the composition of demand and the structure of industry. The examples of this effect are myriad. The technological developments which gave us synthetic textiles have meant a partial substitution of chemical raw materials for natural fibres in the textile industry and have thereby affected the economics of location in the textile industry. The development of efficient means of converting oil into motive power and heat energy has resulted in an enormous swing in our demand for energy materials from coal to oil. These changes have been reflected in the great increase in our production of oil and decrease in production of coal. These changes have also affected the composition of our exports and imports and have meant the economic decline of our coal mining regions and enormous economic gains for our oil producing regions. Changing

technology affects not only the materials we use and the capital equipment we need but also the products we make. The perfection of the internal combustion engine—to go back in history—and metal working technology combined with the perfection of the art of mass production to give us the automobile. Thousands of other examples could be cited, from motion pictures and television to detergent soap and plastic-soled shoes. The changes in technology with their attendant growth in productivity, changing structure and location of industry, and composition of demand for raw materials, capital goods and consumer goods, are the stuff of which economic advance is made. Their introduction stimulates expansion and in turn is stimulated by expansion.

Changes in the composition of demand, whether deriving from changes in technology or from other sources, require the reallocation of resources in the economy. The principal mechanism through which this reallocation is accomplished is the price mechanism. An increase in the demand for our raw materials and semi-manufactured goods, for example, will inevitably lead to an increase in the expected level of earnings from the production and sale of these goods. This is the essential prerequisite to an expansion of their output. In order to accomplish an expansion in output, of course, it is necessary to attract labour and capital into their production. This may be done readily and with virtually no increase in the rates of return offered to labour and capital when these agents of production are not employed in other lines of activity. When they are so employed, however, it is necessary to attract them from these alternative employments and to attract the new entrants to the labour force by the offer of relatively higher rates of return. Insofar, however, as the expansion of these industries will create increases in income and new demands for the output of other industries, these other industries subsequently will seek to retain their agents of production and, indeed, to increase employment of them. Accordingly, increases in the returns of factors of production in the raw materials and semi-manufactured goods industries will spread through the economy as the expansion proceeds. The effects on costs *per unit* of output in any industry will depend upon the advances in productivity in that industry. Increases in costs per unit of output will be smaller the greater are the gains in productivity.¹ This is a broad generalization and in applying it to the analysis of any particular industry it requires qualification in several respects which we shall not enumerate here. As a broad generalization, however, it fits the facts of our Canadian experience rather well as we illustrated earlier by reference to the detail of the manufacturing industries in Canada in the post-war period.

Not only do changes in relative demand combine with changes in productivity to produce changes in relative costs; together they determine the changes in the relative demand for labour in the various industries of the economy. An increase in demand in any industry will occasion an increase in output. This increase in output will be limited by the extent of the price rise entailed in expanding output. Increases in productivity will operate to reduce the increase in price occasioned by increases in demand. Thus, the greater is the increase in productivity the greater will be the increase in output occasioned by a given increase in demand. In this sense, advances in productivity increase the employment of labour in the industry. On the

1. It follows that in principle, it is possible for expansion to proceed without an advance in the general level of prices of final goods and services. We shall not pause here to analyze the effects of expansion upon the general level of prices beyond remarking that they depend particularly upon the rate of advance of productivity in the economy and the rate of expansion of the money supply.

other hand, a *given* increase in output will entail a larger increase in the demand for labour, the smaller is the increase in productivity.⁽¹⁾

We have noted that there has been a greater increase in employment in the service industries in Canada than in the goods industries. Though the data necessary to test the hypothesis are inadequate, they appear to support the hypothesis that this divergence is to be attributed *both* to the greater relative increase in real output of the service industries and to the lesser relative increase of productivity in the service industries.⁽²⁾

Senator CONNOLLY (*Ottawa West*): Professor Hood, before you commence the next paragraph may I draw attention to the last paragraph which reads:

Though the data necessary to test the hypothesis are inadequate, they appear to support the hypothesis that this divergence is to be attributed both to the greater relative increase in real output of the service industries—

That I understand.

“—and to the lesser relative increase of productivity in the service industries.”

Prof. HOOD: Relative to the goods industries, yes.

Senator CONNOLLY (*Ottawa West*): When you talk about the lesser relative increase in the productivity in the service industries—

Senator LEONARD: On what do you base that hypothesis?

Senator CONNOLLY (*Ottawa West*): Yes.

Prof. HOOD: On what do I base that hypothesis?

Senator LEONARD: Yes, that there is a lesser relative increase of productivity?

Prof. HOOD: All I can say is that the data one can look at in this is inconclusive and it is a difficult problem to measure not only the productivity of the service industries but the output in the service industries. I am giving here an impression based upon scattered bits of data I have been able to look at, and I have presented it as an impression.

Senator CONNOLLY (*Ottawa West*): You would not argue, I suppose, that mechanization in the service industries has failed to increase productivity?

Prof. HOOD: I think it has increased productivity.

Senator CONNOLLY (*Ottawa West*): It has actually increased productivity but perhaps the rate of increase of productivity has not been as great as it has been in the goods industries due to technological changes.

Prof. HOOD: That is right. That is my impression but it is very difficult to document it.

Senator CONNOLLY (*Ottawa West*): These impressions are pretty important to the committee because you have given the matter intensive study. Sometimes the impressions are very valuable to us. That is why, if you don't mind, that we interrupt—

Prof. HOOD: That is fine. I am delighted.

1. Strictly, the argument should be that the rate of increase of demand for man *hours* of labour varies inversely with the rate of increase of productivity. The argument is as follows: If productivity is defined as output per man hour, then the rate of increase in productivity equals the rate of increase of output less the rate of increase in man hours. From this we conclude that the rate of increase in man hours equals the given rate of increase in output less the rate of increase in productivity.

2. By an argument similar to that used in the previous footnote it may be shown that the rate of growth of the ratio of employment in the service industries to employment in the goods industries is equal to the rate of growth of the ratio of their outputs less the rate of growth of the ratio of their productivities.

Senator LAMBERT: I would like to ask a more basic question. In the contrast and comparison between services and goods the demand for services exceeds the demand for goods. Is that not due to a human impulse as much as anything else, that people would rather have the services? To put it in the common, ordinary way, a person, if he could afford to do it and times are better, would prefer to use a chauffeur or taxi rather than drive his own car.

Senator CONNOLLY (*Ottawa West*): Or ride in a bus.

Senator LAMBERT: Or ride in a bus; or buy furniture for his house.

Prof. HOOD: I would not disagree with that observation.

Senator LAMBERT: It is purely a human trait of show as much as anything else.

Prof. HOOD: I have no reason to quarrel with that, Senator Lambert.

Senator LAMBERT: It is purely psychological.

Prof. HOOD: That is on the demand side. Translating that to a demand for labour in the service industries is another matter.

Senator LAMBERT: A statistical record cannot reflect that factor at all but it seems to me that it is a matter of ordinary observation.

The CHAIRMAN: What would you say would increase productivity in the service industries?

Prof. HOOD: One example has been offered of mechanization. I should think that the dieselization of the railroads would be one.

Senator CONNOLLY (*Ottawa West*): And front-lift trucks.

Prof. HOOD: That is a very exciting example, I should think. In the field of trade it seems to me that the supermarkets with their self-service have probably increased productivity. There are many reasons to suppose that productivity has increased in the services but the problem is: has it increased as much as in the other industries?

I have been speaking of the postwar expansion of the economy. I have argued that this expansion in each of its first three waves was stimulated by great increases in the demands—especially of foreigners—for our raw materials and partly manufactured goods and by demands for a variety of goods resulting from domestic population growth and shifts. We have recognized that other primary factors have been at work at various times such as the backlog of demand, domestic and foreign, at the end of the war and the defence spending associated with the Korean War. We have suggested that expansion resulting from these primary sources of strength generated increases in income and further, more widespread, increases in demand for output. We have indicated that the direct and induced changes in demand combined with changes in technology produced varying changes in productivity, costs, output and demand for labour in the various industries. Throughout the memorandum I have repeatedly referred to the great expansion of our physical assets—structures and equipment—that has taken place in the postwar period.

I began this concluding section by emphasizing the fact that the rate of growth of the economy has declined. I return to this point now. The rates of growth of the two prime sources of increased demand in the postwar period, namely, foreign demand for our raw and semi-finished materials and our own population, have declined. Our exports of forest products, through strong in 1959 by comparison with 1958, were approximately at their 1955 level in 1959. Our exports of metal and mineral materials, again though strong in 1959 by comparison with 1958, were very little above their 1957 level in 1959. The population, which grew by some 12.1 percent in the four year period 1951 to 1955, grow by only 10.7 percent in the four year period 1956 to 1960. That is measured at June 1st. Net family formation figures in 1958 and 1959 were lower than in any other postwar year.

The decline in the rates of growth of demand from these two prime sources with the consequent slowing down of the demands which they induce indirectly, has left us in the position of having large amounts of excess capacity in various sectors of the economy. We do not have official figures of output capacity in Canada, but the comparison of the capital investment figures with the output figures, (as in Chart XV for example) leaves little doubt that capacity has risen much more rapidly than output in many sectors of the economy. In the 1958 annual report of the Department of Trade and Commerce the following table appears:

APPROXIMATE PERCENTAGE INCREASE IN CAPACITY
IN TWO YEAR PERIOD 1957 and 1958

<i>Commodity</i>	<i>% Increase</i>	<i>Commodity</i>	<i>% Increase</i>
Newsprint	15	Iron Ore	26
Woodpulp	15	Petroleum Crude	60
Aluminum	16	Petroleum Refined	22
Nickel	9	Cement	25
Copper	15	Iron and Steel	15
Asbestos	13	Electric Power	25

There were of course increases in capacity both before and after the years 1957 and 1958. In the face of the decline in the rate of increase of output it is manifest that excess capacity exists. In the residential housing field which has been stimulated from time to time by government measures, the number of dwellings completed has exceeded the net number of new families formed in every year since 1953. It cannot immediately be concluded that the available houses, new and existing, were distributed across the nation in proportion to the distribution of the population, but this evidence, considered with the direct evidence from the housing market suggests that excess capacity has also developed in respect of certain types of housing. This is not to say that there is no need for urban renewal programs—this need must be judged on different grounds.

The emergence of excess capacity in the face of the decline in the rate of growth of our primary expansive factors must be held to be responsible for the great weakness in capital spending to which I have referred several times and which is the proximate cause of the decline in the rate of growth of our national output and employment.

I have referred repeatedly, throughout this memorandum to similarities between the developments in the United States economy and in the Canadian. The developments have not been identical of course but they have been similar. Both economies experienced the stimulus of post-war pent-up demands. Both economies contributed to the export of goods to Europe during the period of European recovery. The Korean war brought expansion in the United States as it did in Canada. In both countries there have been large increases and shifts of population in the post-war years. All of these changes have induced substantially capital expansion. Latterly, there has been a decline in population growth in the United States as in Canada. Both countries have been affected by the changed climate of international trade resulting from the flowering of the European economy, the stunning economic growth of Japan and the emergence of new sources of primary and semi-manufactured materials.

It is true that the forces of expansion and the subsequent weakening of these forces have affected the two economies in different degree and in different particular respects. For example, the Canadian economy grew more rapidly in the third post-war expansion than did the American, and her decline in growth rates was correspondingly more severe than the American in the en-

suings expansion. But in both countries the failure to demand to grow at as great a rate as capacity has meant the emergence of excess capacity and with it further curtailment of capital spending and the onset of economic recession.

In the face of the similarities of the Canadian and American experience, it is futile to argue that the present slackness in the demand for labour in Canada is due to peculiarly Canadian conditions. The problem is North American in scope, the rate of growth of demand for North American output has declined.

Having set forth what I believe to be the essential cause of such of our present malaise as is not to be attributed to a mere distortion of the relation of inventories to sales, I should like at this point to refer briefly to certain developments upon which our condition should not be blamed.

Associated with our post-war economic growth has been a very considerable increase in the ownership and control of enterprises in certain industries by non-residents especially in the United States. It is sometimes contended that this increase in non-resident ownership is in some way responsible for the present conditions of unemployment. Such a contention is, of course, nonsense. There is no evidence that the decline in the rate of growth of Canadian population is to be attributed to the rise in American ownership of Canadian mines, oil wells or manufacturing concerns. Nor can the decline in the rate of growth of foreign demand for our raw materials and semi-manufactured goods be attributed to the growth in foreign ownership of Canadian enterprises in these fields. Many of the manufacturing concerns in Canada that are subsidiaries of foreign enterprises have long been established in this country; indeed many came here with the establishment of empire preference tariffs. It may be that some of them are not oriented toward the development of export markets in non-empire countries but, be that as it may, their existence in Canada is not the fundamental explanation of the decline in the rate of growth of the Canadian economy.

As Canadians we may prefer a lower to a higher degree of non-resident control of our enterprises. However this preference cannot be supported on the ground that such non-resident control has contributed to the decline in our rate of growth. Any attempt to support such a preference with an argument of this kind beclouds issues and analysis of them.

It is sometimes argued that our present difficulties are to be attributed to the increase in our imports. This argument has two facets. On the one hand it has been contended that over the past several years Canadians have over-indulged themselves by importing too heavily and in so doing, by some unexplained mechanism have brought on the slowing down in the rate of economic advance which we are now experiencing. This argument, to my mind loses all significance when it is recalled that imports as a proportion of Gross National Expenditure have, on the average, shown a modest downward trend since 1951. This fact is illustrated in **Chart VI**. On the other hand, it is argued that recently there has been an increase in imports of goods and that this is a major cause of our difficulty. It is true that in 1959 imports of goods were higher than they were in 1958. It is also undoubtedly true that certain of our industries have been subjected to stronger competition from imports in the past year or so than they were prior to this. But standing against these facts are the further facts that imports in 1959 were only a minutely larger proportion of national income than in 1958, and that in 1960, to date, imports of goods are running at approximately the same level as in 1959. These opposing considerations lead me to the conclusion that while certain industries have been faced with problems of adjusting that have been rendered more difficult by the decline in the economy's rate of growth, the decline in the rate of growth itself cannot be explained by these examples of import competition.

Another line of argument that has been put with some force is that our present difficulties result from a prolonged period of extravagant living financed by others. Our present difficulties are attributed to capital imports by this line of argument in several ways. One version of the argument is that the capital import leads to non-resident control of industry and thence to economic malaise. I have already expressed a view on this argument. A second version of the argument is that the waves of expansion in the post-war years led to inflation and that the inevitable consequence of inflation is recession. I would not deny that we had inflation, nor would I deny that the business cycle exists, having not yet been conquered by the exercise of appropriate policies. Of course what in fact happened during the period following 1952 was that the United States undertook to transfer a portion of her real national income to Canada. By virtue of this, the inflation we experienced was less extreme than it would otherwise have been. Indeed with hindsight we can now see that an even more vigorous control of the domestic money supply in Canada in the periods of our great expansion might have induced an even greater transfer of resources to Canada from abroad and rendered the control of inflation more effective. A third version of the argument is that the rate of capital inflow within the last several months has been a major cause of our difficulty. I am not so inclined to resist this argument, though I should express it in quite this way. I have contended that a major cause of the decline in our rate of growth has been the decline in the rate of growth of our exports of certain classes of goods. The falling off of this growth rate has meant, given other prevailing economic conditions, that our import of capital has been larger than it would otherwise have been, but it is the falling off of these exports rather than the import of capital *per se* to which I should attach major significance. The excess of imports over exports is of course equal to the capital inflow, and I have already commented upon the recent changes in imports. While in my opinion the present rate of capital inflow is not a factor of primary significance in explaining the source of our present difficulty, certain policies which I would deem appropriate in the present circumstances would have the effect of reducing the capital inflow.

I shall comment on only one other of the explanations of our present retarded growth which I believe to be inappropriate. The argument is sometimes made that the decline in our present rate of growth is to be attributed to the fact that growth in the various geographical or industrial sectors of the economy has not proceeded at equal rates; that some sectors have grown more rapidly than others. It is of course true that if a decline in the growth rate in sector A is offset by an increase in the rate of growth in Sector B, then the overall rate of growth will not decline. It is quite another matter to argue that a decline in the rate of growth in sector A is caused by the fact that it has heretofore exceeded the rate of growth of sector B. To be more concrete, it is not obviously true by any means that the decline in export demand for our raw materials is to be attributed to the failure of secondary manufacturing to grow as rapidly as our mining industry. Nor is it obvious that if our secondary manufacturing industry had grown more rapidly that it would on that account be the better able to offset the effects of a decline in export demand for raw materials by increasing its rate of growth yet further. Indeed one may argue in quite the opposite vein and contend that to the extent that genuine imbalance arises from unequal rates of growth, this will be recognized in the market place by an increase in the demand for the output of the more slowly growing sectors and by an increase in investment and employment in those areas. The fact that such a development does not occur must be taken as *prima facie* evidence that no genuine imbalance existed.

If the above analysis is correct, and the present economic recession is to be attributed principally to a decline in our rate of economic growth reflecting

a decline in the demand for the output of the Canadian economy, then it follows that the primary emphasis in economic policy should be upon measures that will most readily and effectively stimulate the demand of residents and non-residents alike for Canadian output. This necessarily brings us to the consideration of policies pertaining to taxes, money supply, exchange rates, social capital and, for the longer term, our competitive position in the international economy. However, this is where prescription begins and diagnosis ends, and so I must conclude as it was intended that this study should be limited to a presentation and analysis of the facts.

Senator CROLL: At the top of page 81, you say:

Of course what in fact happened during the period following 1952 was that the United States undertook to transfer a portion of her real national income to Canada.

I did not quite catch the impact of that statement.

Prof. HOOD: What I mean by that is this, sir, that in that period our imports from the United States exceeded our exports to the United States and the balance, the financing of that, was largely by capital raised in the United States.

Senator CROLL: Was that the first time it exceeded?

Prof. HOOD: No, not the first time.

Senator CROLL: Why did you fix 1952?

Prof. HOOD: Well, in 1952 in our trade as a whole we had a slight surplus, and since 1952 we did not.

Senator CROLL: The triangle has not worked since 1952, is that what you mean?

Prof. HOOD: No, it is not the triangle I had in mind in particular. I am not too strong on that year of 1952, and I will be glad to go back further, because with respect to our trade with the United States what I say is true back of 1952, but I landed on 1952 because in our overall trade that year we had a modest surplus, not with respect to the United States, but with all countries.

Senator CONNOLLY (*Ottawa West*): In that whole period there has been a very substantial capital investment of American funds in Canada?

Prof. HOOD: Yes, sir.

Senator CONNOLLY (*Ottawa West*): But you say what, of course, in fact happened during the period following 1952 was that the United States undertook to transfer a portion of her real national income to Canada. Now, just for the record, that I take it does not mean that you think this was a matter of American policy?

Prof. HOOD: I am glad you asked that for the record, in order to have that observation made. I agree with you.

Senator CONNOLLY (*Ottawa West*): It was done because individual Americans saw opportunities here, and generally it was an optimistic time?

Prof. HOOD: This was not a matter of government policy.

Senator CONNOLLY (*Ottawa West*): Generally speaking, they looked for fertile fields for investment, and these people found fertile fields, at least in that period, in Canada?

Prof. HOOD: What they conceived to be fertile fields, yes.

Senator CROLL: And are they in fact fertile fields?

Prof. HOOD: And have in fact been fertile fields.

Senator LAMBERT: Mr. Chairman, is it fair to use as interchangeable terms the transfer of American income and the exportation of capital for investment in Canada? I suppose it is practically the same thing in a cumulative way, anyway. The phrase in your brief is that there has been a transfer of American income.

Senator CROLL: Real income.

Senator LAMBERT: Real income.

Prof. HOOD: Yes.

Senator LAMBERT: Well, that is the same as saying capital investment?

Prof. HOOD: Just the same thing.

Senator LEONARD: You mean real income goods, don't you?

Prof. HOOD: Goods and services.

Senator LEONARD: Not investment or money?

Dr. DEUTSCH: Capital imports into a country can only take the form of goods and services.

Senator LEONARD: That is the point.

Senator SMITH (*Queens-Shelburne*): May I ask the professor a question? He did not mention anything about the premium on the Canadian dollar. Would he care to say what changes would have to take place in the Canadian economy, or the present position with regard to the United States trade, and so on, that would reduce the Canadian dollar to par? What kind of changes are needed? I am a little confused on that subject, as I think many of us are.

Prof. HOOD: It would seem to me that a policy designed to reduce the value of the Canadian dollar with respect to the American dollar would be a policy pursued principally by the monetary authorities, and the way in which that would work out would be this: An expansion of the money supply greater than we have enjoyed or experienced in the last three months, say, would have had the effect of reducing interest rates in Canada relative to interest rates in the United States. This would have had the effect of reducing the import of capital into Canada, and lowered the exchange rate; this would have made the Canadian dollar less valuable in terms of the American dollar. Of course, the consequence of that would have been stimulation of our exports and a switching of demand for imports to demand for domestically produced goods, and I would think would have been wholly salutary under the circumstances. There is one difficulty in this policy that I have been stating, and that is whether in fact the increase in the money supply would have brought the requisite fall in the rate of interest. The reason it might not have brought the requisite fall in the rate of interest, if I may say so Mr. Chairman, was because the monetary authorities announced publicly that there was nothing that monetary policy could do in our present circumstances, and if the market chose to react in a certain way to that statement, then indeed the expansionary monetary policy would have been frustrated, and I would have supposed that in order to carry out such policy it would have been necessary for the monetary authorities to explain to the market that that statement was *not* what they meant.

Senator WALL: May I ask this attendant question? If we had an increase in the money supply, who would be paying if there was no increase in productivity or in the amount of goods and services?

Prof. HOOD: Who would be paying?

Senator WALL: Yes, who would be suffering from it? Somebody has to pay for it.

Dr. DEUTSCH: I am not quite sure that we know what you mean, Senator.

Senator WALL: I am talking about the price level, that if there was no increase in the sum total of goods and services, then the increase of the money supply as one side of the equation would bring a price change on the other side.

Prof. HOOD: Well, I am sure my feeling is that the increase in the money supply would have increased the demand for goods and services in this country and the output for them, and increased employment.

Senator SMITH (*Queens-Shelburne*): Without increasing the price level?

Prof. HOOD: Without putting very much pressure on the price level.

Senator CONNOLLY (*Ottawa West*): Would you care to make any further comment on the last sentence in the first paragraph of page 81, Professor?

Prof. HOOD: I have really made a comment now on that, Senator Connolly.

Senator LEONARD: Have you any other policies you wish to suggest?

Prof. HOOD: Well, Senator Leonard, I have referred to the style of monetary policy I thought would now be appropriate and which perhaps would have been appropriate over the past several months. In addition to that style of policy, however, I would myself be in favour of a reduction in income tax rates. I have taken the general position that it is a decline in the rate of growth of demand for goods in Canada that is the primary source of our difficulty, and a reduction in income tax, to be effective immediately—

Senator LEONARD: Both personal and corporation?

Prof. HOOD: Yes, but I would particularly be inclined to reduce the personal income tax.

Senator ROEBUCK: How would you then make up the money to finance all the activities of the Government, to replace the money that the Government would lose by reducing the income tax rates?

Prof. HOOD: I would finance the Government to the extent necessary by an expansion of the money supply.

Senator SMITH (*Queens-Shelburne*): Have you seen the document which was prepared by economists at McGill and other places?

Prof. HOOD: I have seen that document and since you have asked me I would like to make it a matter of record that I was not a signatory of that document. If you ask me, I will tell you why.

Senator SMITH (*Queens-Shelburne*): Why?

Prof. HOOD: I was not a signatory of that document for three reasons: In the first place signing such documents does not come naturally to me. More substantively that document did not undertake to explain to the Minister of Finance, to whom it was addressed, why the signatories do not approve the present policy, and I think it was incumbent upon them to explain why they do not approve and thirdly and finally I did not sign the document because it implied that if there were some desirable changes in the monetary policy of this country there was only one way in which to accomplish a change, and I do not believe there is only the one way that they suggested.

Senator LEONARD: Has there not been an increase in the money supply in the last few months?

Prof. HOOD: Yes, sir, there has been an increase in the money supply—I do not care to quote the figures from memory. There has been a decline in interest rates in Canada and the United States except that in the last, shall I say, four or five weeks the treasury bill rate for example in Canada has risen, and has risen substantially, and at last week's tender it was in the vicinity of 4 per cent. And it has risen sharply in relation to the American bill rates. So, there has been an increase in the money supply. There has been some decline in the yields. But there has not been enough increase in the money supply nor a sufficient decline in interest rates in Canada relative to the United States.

A decline in interest rates will have some effect in stimulating capital expenditures but that is not the main direct cause I am after, the main influence I am after is on the exchange rate.

Senator CONNOLLY (*Ottawa West*): All this of course is likely to change from day to day, depending upon the policy that is applied. I am particularly thinking about, Mr. Chairman, that some of the discussion we have had today relates to conditions as we find them on December 8, but when we come to make our report, which may be some time in the future, some of the observations that we have both had the witness make and have made ourselves may not be applicable at that time.

Dr. DEUTSCH: Economists are notably not good forecasters.

Senator CONNOLLY (*Ottawa West*): Prophecy is pretty perilous for any one of us.

Prof. HOOD: I was asked what policies I would like to suggest beyond the one about monetary policy, and I referred to taxes. I would like, if I may to make one other observation, and that is that it seems to me that now above all is the time to extend our social capital programs. I realize I speak personally when I speak in answer to the question. But now above all it seems to me to be the time to extend our social capital program when business capital spending is reacting to the excess capacity. But those are policy suggestions for our immediate problems. For the longer term, I would be inclined to commend to the attention of authorities that we should give earnest consideration to our programs of research in Canada. It seems to me that the world in which we are going to conduct our international trade is going to be a much more increasingly competitive world, and the return to successful research will be great and we should keep that in mind. I am sure that we shall not have a comparative advantage in all forms of research and accordingly I should think that free trade in ideas as well as in goods would be warranted.

Senator CONNOLLY (*Ottawa West*): Are you thinking particularly of free trade in ideas in these fields first on the North American continent and then with the European countries within the west?

Prof. HOOD: I do not know that I would care to limit it to North America.

Senator CONNOLLY (*Ottawa West*): I did not suggest that.

Prof. HOOD: As a matter of fact I don't think I would care to put any limitation on it. The problem that is bothering me is the free trade in ideas with the Iron Curtain countries, and I realize that ideas may have important defence implications,—I do not really feel that I would care to make a statement on that.

Senator CONNOLLY (*Ottawa West*): I was not thinking about that either. I was thinking more about the techniques that can be developed through research or economic growth and expansion primarily.

Prof. HOOD: Well, in that context, I do not care to put any limits.

The CHAIRMAN: Gentlemen, our intention now is to meet again on Wednesday next, December 14, when we will have as our witness, representatives from the Chamber of Commerce of Canada.

Senator LEONARD: Are they sending a brief ahead or bringing it with them?

The CHAIRMAN: I have no information about that yet.

Senator CONNOLLY (*Ottawa West*): Do you know who the witnesses will be?

The CHAIRMAN: No.

Senator CONNOLLY (*Ottawa West*): Will Dr. Deutsch be here for that meeting?

The CHAIRMAN: Yes, if we want him he is agreeable to be here.

Senator LEONARD: We would want Professor Hood to be available at some other time too, because this is a very important brief he gave us this morning and we will need some time to digest it.

Prof. HOOD: I am at your service, Mr. Chairman, I can be here next week.

Senator LEONARD: I do not mean necessarily next week.

Dr. DEUTSCH: Mr. Chairman, next week the Chamber of Commerce will probably take up the greater part of the sitting but Mr. Hood could come back at your convenience. Mr. Denton will also be available at some future date if you wish.

Senator SMITH (Queens-Shelburne): Mr. Chairman, on behalf of the committee, I wish to pay a very high compliment to Professor Hood. I think he has captured the attention of the whole committee. Of course he will realize others had appointments and had to leave before he completed his presentation. The information he has imparted this morning will be most valuable to us in our study.

The committee adjourned.

APPENDIX 1

THE DEMAND FOR LABOUR

REPORT PREPARED BY PROFESSOR WM. C. HOOD

A. Introduction

1. The Setting of the Problem

In this paper I shall be concerned with aspects of the demand for labour apart from those associated with the passing of the seasons. In particular, attention will be focused on changes in the demand for labour associated with the progression of the business cycle and with factors which exert their influence over an interval longer than the period of an ordinary business cycle.

Since the end of the war the Canadian economy has passed through three complete cycles and part of a fourth, in this instance counting a cycle from low point to low point. Inasmuch as the various indicators of economic activity do not reach their turning points simultaneously, the precise dating of the turning points in economic activity must of necessity be arbitrary in some degree. Without debating the matter here I shall take the turning points in economic activity to be those delineated in Table I.

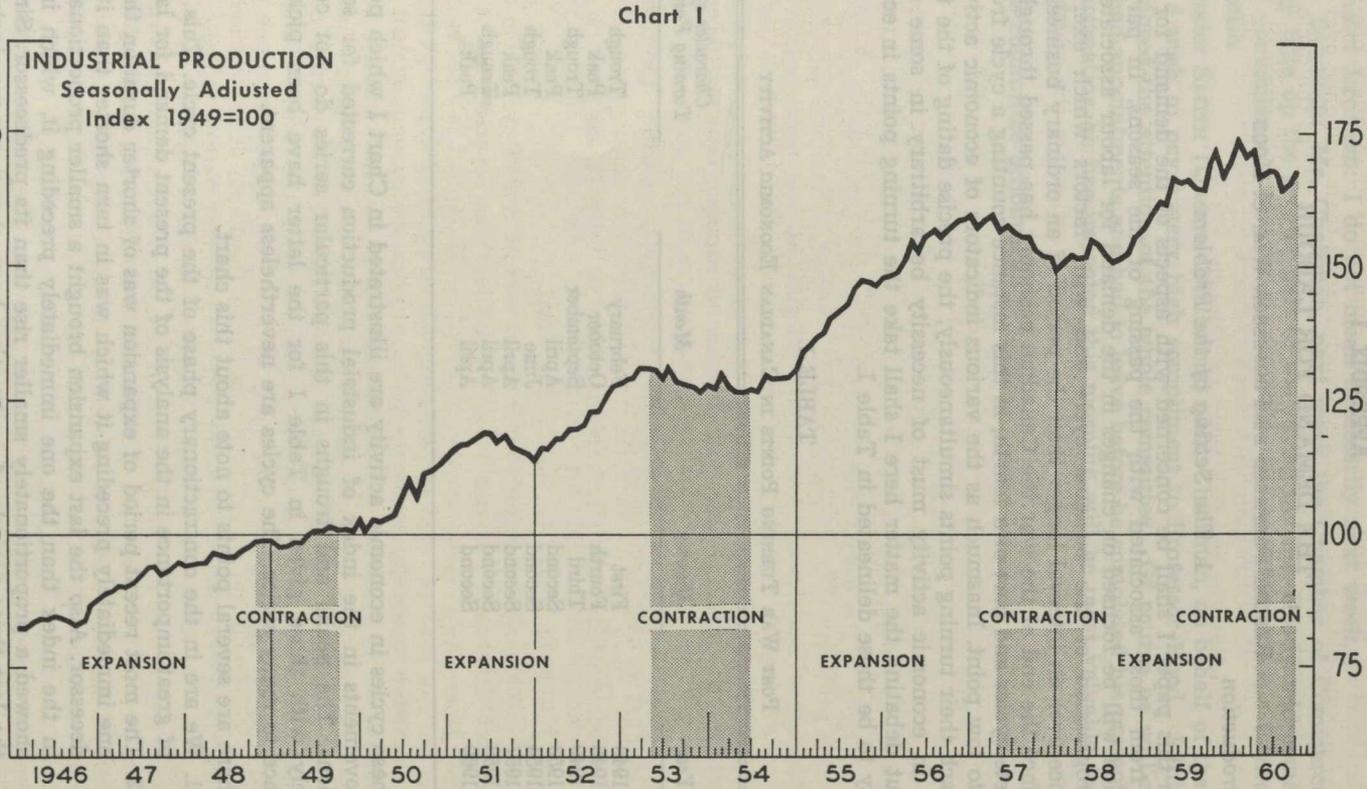
TABLE I.
POST WAR TURNING POINTS IN CANADIAN ECONOMIC ACTIVITY

<i>Year</i>	<i>Quarter</i>	<i>Month</i>	<i>Character of Turning Point</i>
1946	First	February	Trough
1948	Fourth	October	Peak
1949	Third	September	Trough
1953	Second	April	Peak
1954	Second	June	Trough
1957	Second	April	Peak
1958	Second	April	Trough
1960	Second	April	Peak

These cycles in economic activity are illustrated in Chart I which portrays the movements in the index of industrial production corrected for seasonal variations. The peaks and troughs in this particular series do not coincide precisely with those given in Table I for the latter have been picked by reference to many series. The cycles are nevertheless apparent.

There are several points to note about this chart.

1. We are in the contractionary phase of the present cycle. This fact is of great importance in the analysis of the present demand for labour.
2. The most recent period of expansion was of shorter duration than the one immediately preceding it which was in turn shorter than its predecessor. Also the last expansion brought a smaller proportionate rise in the index than the one immediately preceding it, which in turn showed a proportionately smaller rise than its predecessor. Similarly the last three periods of contraction have shown progressively more severe restrictions of industrial production. In the contraction beginning in October 1948 the index did not decline, considering the period as a whole; it merely showed a lower rate of increase. An actual decline was experienced over the contraction beginning in April 1953; there



was also a decline, proportionately slightly more severe in the contraction beginning in April 1957. Apparently then, there are changes taking place in the economy which extend their influence over periods longer than the period of one cycle. The character of the cycle itself is changing in reflection of these changes. They have reduced the rate of growth of the economy. These changes are also of great importance in the analysis of the present demand for labour.

It is the combination of these cyclical and longer term influences on the demand for labour which I have been asked to examine in this paper.

The importance of these longer term changes may be inferred from and illustrated with other material relating to national aggregates. I shall refer in this connection to (a) changes in the ratio of job seekers to the labour force; (b) changes in job holders; (c) changes in the total physical volume of output and the volume of output per job holder.

In Chart II the course of the ratio of job seekers¹ to the total labour force over the two recent cycles, is shown.

The figures are quarterly averages of ratios that have been corrected for the effects of seasonal variations. The lower line shows the ratio from the second quarter of 1953 to the second quarter of 1957, these being the dates I have taken to represent peak levels of economic activity. Of course the unemployment ratio is relatively low at these peaks of economic activity. The upper line shows the ratio from the second quarter of 1957 to the second quarter of 1960. The two points I would emphasize in this chart are:

- (a) the unemployment ratio was higher *throughout* the most recent cycle than it was in the previous cycle;
- (b) the period of expansion of economic activity in which the unemployment ratio was either comparatively steady or falling was very much shorter in the more recent cycle than in the previous one.

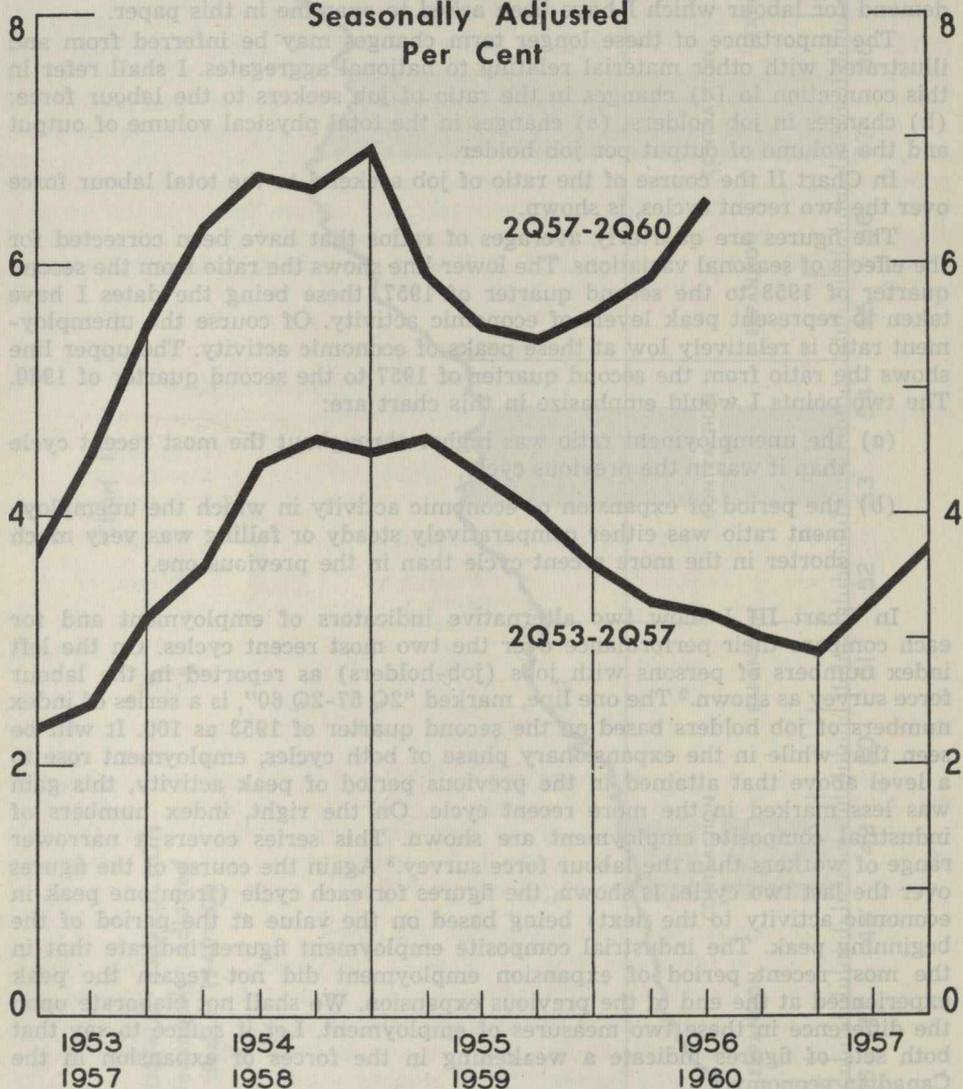
In Chart III I show two alternative indicators of employment and for each compare their performance over the two most recent cycles. On the left index numbers of persons with jobs (job-holders) as reported in the labour force survey as shown.² The one line, marked "2Q 57-2Q 60", is a series of index numbers of job holders based on the second quarter of 1953 as 100. It will be seen that while in the expansionary phase of both cycles, employment rose to a level above that attained in the previous period of peak activity, this gain was less marked in the more recent cycle. On the right, index numbers of industrial composite employment are shown. This series covers a narrower range of workers than the labour force survey.³ Again the course of the figures over the last two cycles is shown, the figures for each cycle (from one peak in economic activity to the next) being based on the value at the period of the beginning peak. The industrial composite employment figures indicate that in the most recent period of expansion employment did not regain the peak experienced at the end of the previous expansion. We shall not elaborate upon the difference in these two measures of employment. Let it suffice to say that both sets of figures indicate a weakening in the forces of expansion in the Canadian economy.

¹ Those persons without jobs and seeking work as measured by the Labour Force Survey, but excluding those on temporary lay-off.

² The figures are derived by making quarterly averages of the deseasonalized figures from the Labour Force Survey and then computing index numbers from these quarterly averages.

³ The figures are derived by making quarterly averages of the deseasonalized monthly indexes of "industrial composite employment" and then computing index numbers from these quarterly averages.

Chart II
JOB SEEKERS AS A % OF THE LABOUR FORCE
 Seasonally Adjusted
 Per Cent



The figures are derived by making quarterly averages of the seasonally adjusted indices of industrial composite employment, and then computing index numbers from these quarterly averages.

The figures are derived by making quarterly averages of the seasonally adjusted figures from the Labour Force Survey and then computing index numbers from these quarterly averages.

The figures are derived by making quarterly averages of the seasonally adjusted figures from the Labour Force Survey and then computing index numbers from these quarterly averages.

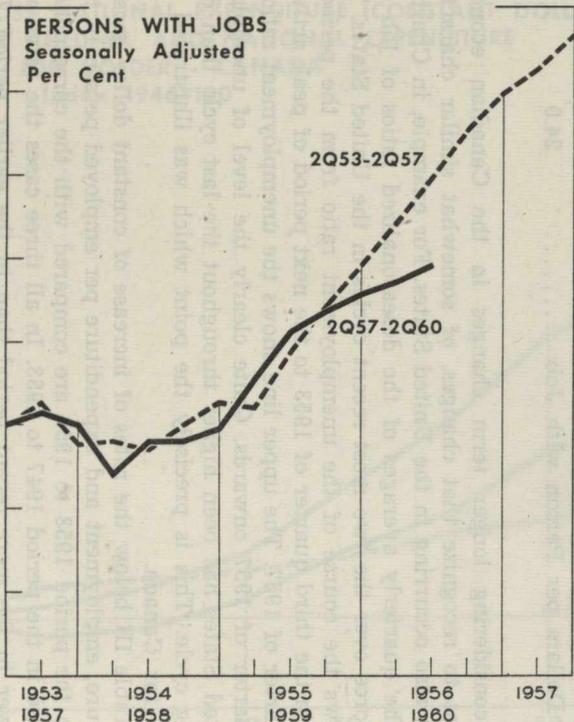
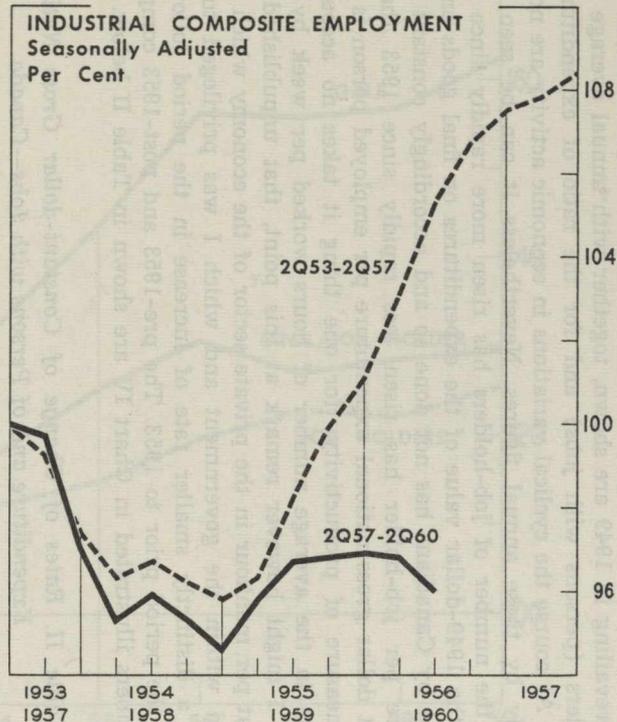


Chart III



In Chart IV annual figures for gross national expenditure, evaluated at prices prevailing in 1949 are shown, together with annual average figures for job-holders (persons with jobs) and for the ratio of expenditure to job-holders. Of course the cyclical variations in economic activity are not reflected faithfully by these annual figures. Nevertheless it can be seen that even though the number of job-holders has risen more rapidly since 1953 than before, the 1949-dollar value of the expenditures on final goods and services produced by Canadians has not done so and accordingly constant dollar expenditure per job-holder has risen less rapidly since 1953 than before. Constant dollar gross national expenditure per employed person is an inadequate measure of productivity; for one thing it takes no account of the reduction in the average number of hours worked per week by employed persons. I might however remark at this point, that unpublished estimates of output per manhour in the private sector of the economy which have been prepared within the government and which I was privileged to see, also showed a distinctly smaller rate of increase in the period following 1953 than in the period prior to 1953. The pre-1953 and post-1953 comparisons of the numbers illustrated in Chart IV are shown in Table II below.

Table II. Rates of Change of Constant-dollar Gross National Expenditure and of Persons with Jobs—Canada

	Percentage Change from	
	1947 to 1953	1953 to 1959
Gross National Expenditure (constant dollars)	34.6	19.1
Persons with Jobs	8.6	11.7
Gross National Expenditure in Constant Dollars per Person with Job	24.0	6.6

In considering longer term changes in the Canadian economy it is important to recognize that changes, of somewhat similar character to our own, are also occurring in the United States. For example, in Chart V I have shown the quarterly averages of the deseasonalized ratios of job seekers to labour force over the two most recent cycles in the United States. The lower line shows the course of the unemployment ratio from the period of peak activity in the third quarter of 1953 to the next period of peak activity in the third quarter of 1957. The upper line shows the unemployment ratio from the third quarter of 1957 onwards. Quite clearly the level of unemployment in the United States has been higher throughout the last cycle than during the preceding cycle. This is precisely the point which was illustrated earlier in Chart II for Canada.

In Table III below the rates of increase of constant dollar gross national expenditure, employment and expenditure per employed person in the United States in the period 1953 to 1959 are compared with the corresponding rates of increase in the period 1947 to 1953. In all three cases the rates of increase were lower in the more recent period than in the earlier period. In Canada as we have seen while expenditure (which is equal to output) and output per man increased less rapidly in the latter period as was the case in the United States, the employed labour force increased more rapidly in contrast with the United States.

Chart IV

GROSS NATIONAL EXPENDITURE (CONSTANT DOLLARS),
JOB HOLDERS, AND NATIONAL EXPENDITURE
PER JOB HOLDER - CANADA
Index 1946=100

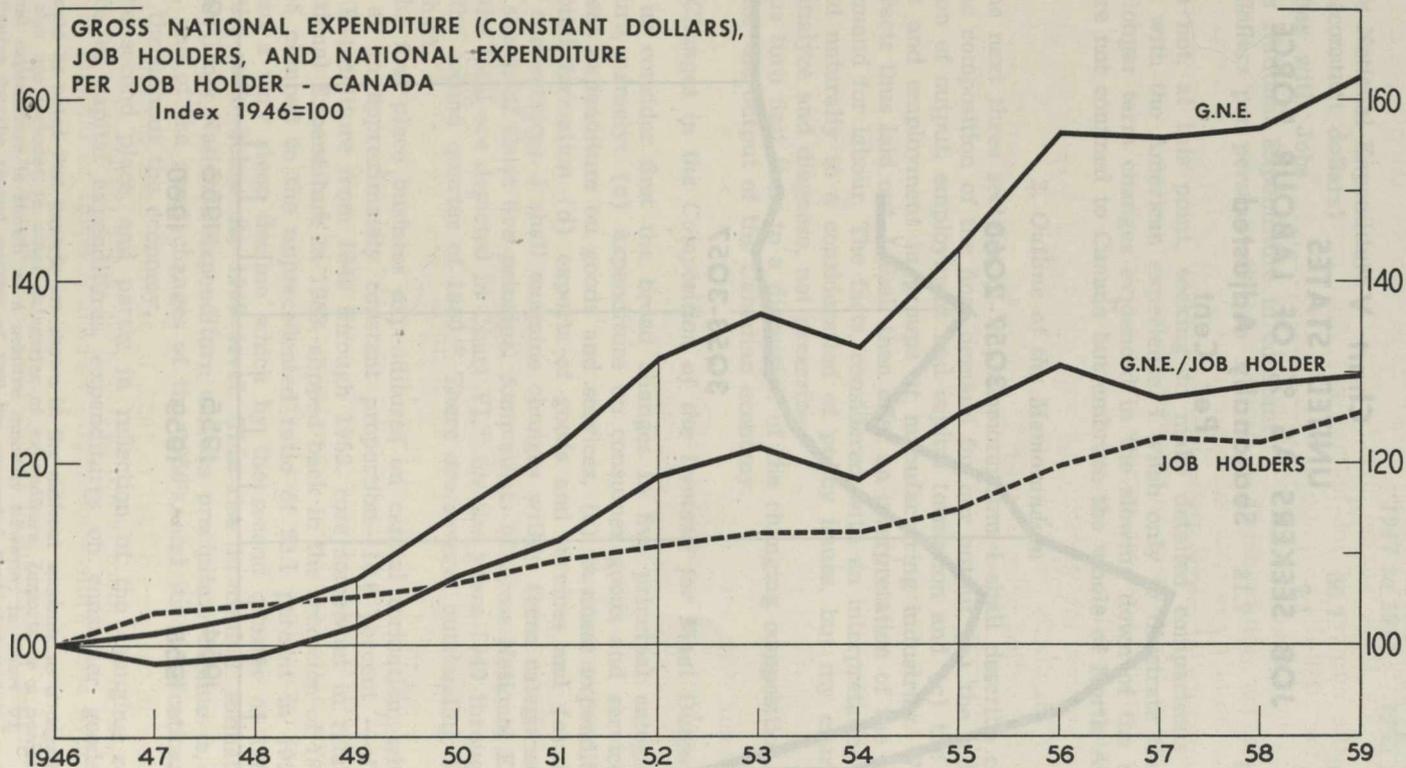


Chart V
UNITED STATES
JOB SEEKERS AS % OF LABOUR FORCE
Seasonally Adjusted
Per Cent

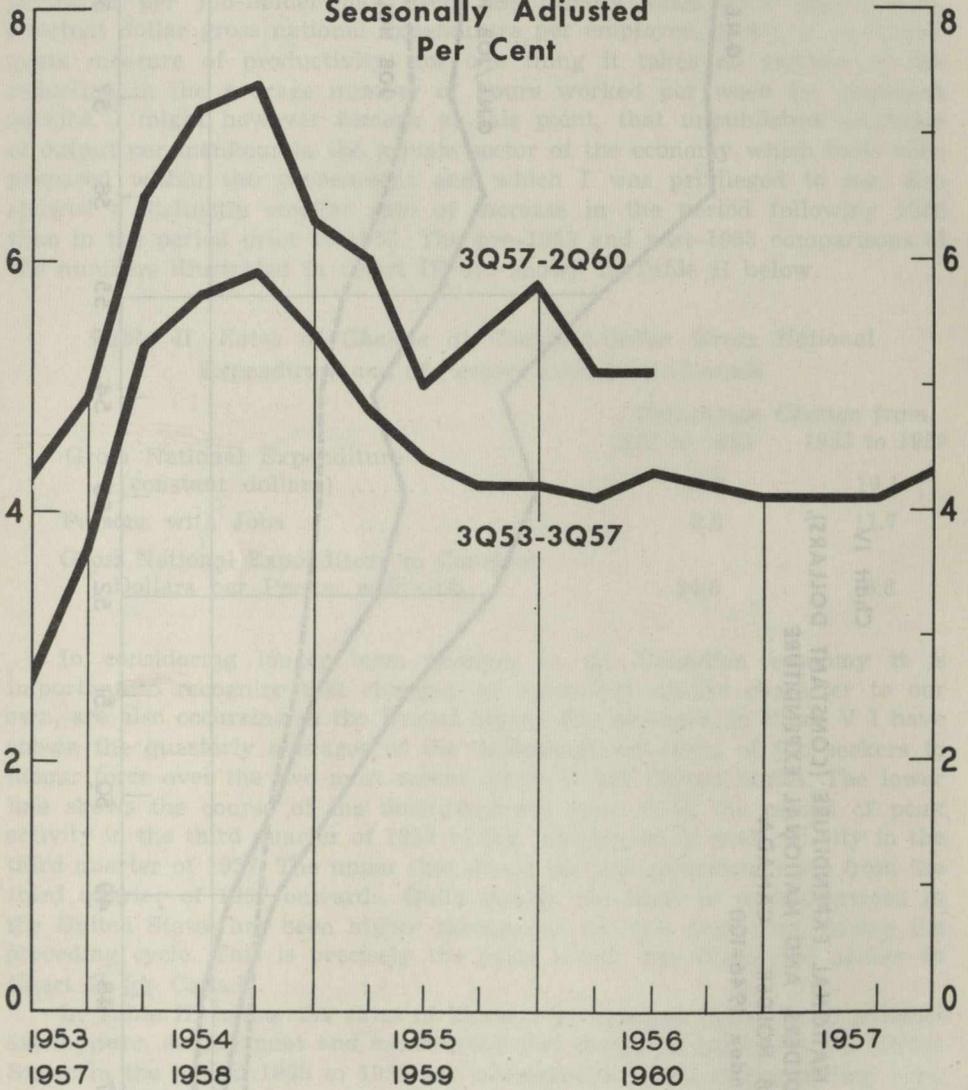


Table III. Rates of Change of Constant Dollar Gross National Expenditure and of Persons with Jobs—United States

	Percentage Change from	
	1947 to 1953	1953 to 1959
Gross National Expenditure (constant dollars)	30.7	16.0
Persons with Jobs	7.1	5.9
Gross National Expenditure in constant dollars per person with job	21.7	9.5

I am not, at this point, seeking to make detailed comparisons of the Canadian with the American experience. I wish only to illustrate the point that the longer term changes evidenced in the slowing down of the rate of growth are not confined to Canada but embrace the whole of North America at least.

2. Outline of the Memorandum

In the next three sections of this memorandum I shall describe changes in (a) the composition of the final demand for our output (b) the industrial distribution of output, employment and capital formation and (c) the course of output and employment in groups of manufacturing industries. With all of these facts thus laid out, I shall then offer an interpretation of the changes in the demand for labour. The facts, considered with an interpretation of the facts, lead naturally to a consideration of policy issues, but my charge has been to analyze and diagnose, not prescribe.

Let us turn first then to a discussion of the changing composition of the demand for the output of the Canadian economy.

B. Changes in the Composition of the Demand for Final Output.

Let us consider first the broad changes in five principal categories of expenditure, namely: (a) expenditure on consumer goods and services, (b) government expenditure on goods and services, (c) business expenditure on fixed capital formation (d) exports of goods and services and (e) imports of goods and services. I shall examine changes within these categories later.

The shares of these five principal components of Gross National Expenditure in the total are depicted in Chart VI,⁽¹⁾ for the years 1949 through 1959 and for the second quarter of 1960.⁽²⁾ There are several outstanding features of this chart.

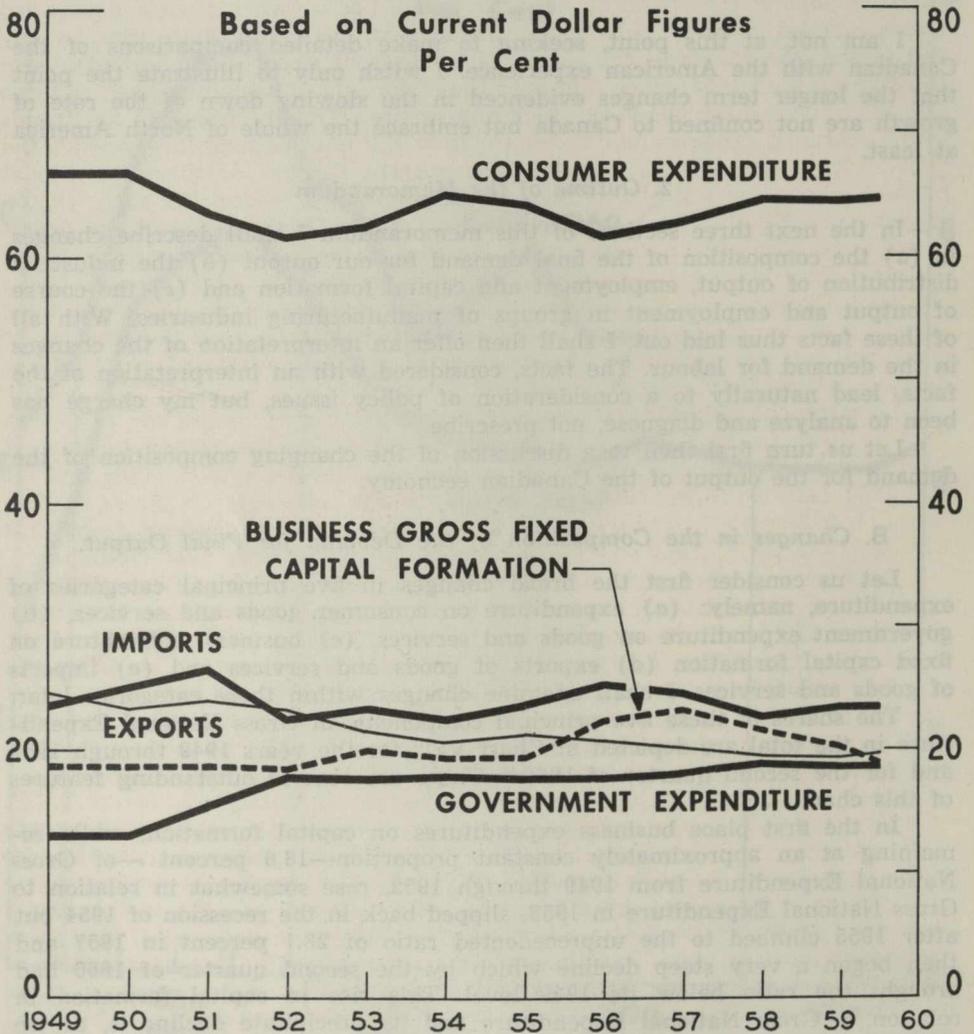
In the first place business expenditures on capital formation, while remaining at an approximately constant proportion—18.6 percent—of Gross National Expenditure from 1949 through 1952, rose somewhat in relation to Gross National Expenditure in 1953, slipped back in the recession of 1954 but after 1955 climbed to the unprecedented ratio of 23.1 percent in 1957 and then began a very steep decline which by the second quarter of 1960 had brought the ratio below its 1949 level. This rise in capital formation in relation to Gross National Expenditure and its precipitate decline is, as we all know, one of the great changes of the 1950's, and its ramifications have been felt throughout the economy.

In the second place, and partly in reflection of the changing relative importance of capital expenditures, expenditures on consumer goods have

1. It should be noted that imports are shown in the national accounts as a negative item since they also are included in other categories of expenditure. Imports as a percentage of gross national expenditure is shown as a positive quantity however, in Chart VI.

2. The figures for the second quarter of 1960 are computed from deseasonalized data.

Chart VI
COMPONENTS OF
GROSS NATIONAL EXPENDITURE AS % OF TOTAL



been a lower proportion of Gross National Expenditure throughout the fifties than they were in 1949 and 1950. The ratio of consumer expenditures to G.N.E. typically moves in countercyclical fashion, being high in periods of recession and low in periods of expansion. It is noteworthy that in 1959, a year of expansion, it did not fall very significantly. This fact is another indication of the comparative weakness of the last period of expansion.

A third significant feature of the chart is the difference in the behaviour of the shares of exports and imports. The share of exports in Gross National Expenditure has exhibited a marked downward trend throughout the fifties from 24.6 percent in 1949 to 19.1 percent in the second quarter of 1960. The share of imports in G.N.E., on the other hand, has shown a modest downward trend, marked more by a decline in the high values of the share than by any fall in the low values of the share. The shares of exports and imports were roughly equal in 1952; since that date the export share has never been as large and the import share has never been any smaller. This difference in the trends in the shares of exports and imports in Gross National Expenditure, reveals the well-known fact that the deficit in the current account of the international balance of payments is now very much larger than it was in the early 1950's. (Indeed in 1952 we experienced a small surplus). This increase of the deficit is not to be attributed however to an increase in the ratio of imports to Gross National Expenditure, but rather to a decline in the ratio of exports to Gross National Expenditure. To express this matter otherwise, we have not been spending an increasing proportion of our national income on the imports of goods and services, rather we have been earning a decreasing proportion of our national income from sales to foreigners.

Government expenditure is now a somewhat higher proportion of G.N.E. than in 1949. In 1949 it was 13 percent of G.N.E.; at the second quarter of 1960 it was 17.7 percent. The major advance in this share took place in 1951 and 1952 before the capital boom of this decade achieved full strength. The share of government expenditure in G.N.E. was virtually constant from 1952 through 1956, and in 1959 was one percentage point above its 1956 value.

Another way of viewing these trends of the components of Gross National Expenditure, in relation to the total of Gross National Expenditure, is to compare the performance of each component with that of the total over each of the cycles since the fourth quarter of 1948. These comparisons are made in the series of charts that make up Chart VII. In each of these charts an index number of G.N.E. or its component is plotted for each of the three post-war cycles starting with the peak in the fourth quarter of 1948. The indexes for each cycle are based on the peak value of the series at the beginning of the cycle.

Thus in Chart VIII-1 the course of the current dollar value of G.N.E. in each of the three cycles is shown. The upper line (the thin solid line) portrays the experience in the cycle from the peak in the fourth quarter of 1948 through to the next peak in the second quarter of 1953. The broken line shows the course of G.N.E. over the second cycle from the second quarter of 1953 to the second quarter of 1957 and the heavy solid line gives the performance of G.N.E. from the second quarter of 1957 to the second quarter of 1960. The other panels of Chart VII are constructed in an exactly analogous fashion.

From Chart VII-1 may be seen the facts that the expansion of Gross National Expenditure in each successive cycle has been smaller in degree and shorter in duration. These facts have been established earlier.

Turning now to Chart VII-2, pertaining to business gross fixed capital formation we note the same general relationship among the curves. But there are some additional comparisons that are of substantial importance for our analysis.

- (a) The amplitude of the swings in capital formation has generally been greater than the amplitude of the swings in G.N.E. This is true of the

recession and expansion phases of the first two cycles and the recession phase of the third cycle. This greater amplitude of the swings in capital formation is not a new phenomenon in Canadian economic history nor is it peculiar to Canada. It reflects the fact that capital formation is a particularly dynamic force in the economy.

- (b) We must note particularly, however, the striking fact that in the most recent expansion of economic activity in Canada, while Gross National Expenditure rose to a value some ten per cent above its previous peak by the second quarter of 1960, the recovery of capital formation from its recession low was exceedingly weak and short-lived—so much so that capital formation did not achieve its previous peak before turning down sharply.

In Chart VII-3 the cyclical indexes for consumer expenditure are shown. This chart reveals the facts emphasized earlier that consumer expenditure generally exhibits a lesser amplitude of cyclical fluctuation than G.N.E., but that in the most recent expansion consumer expenditures attained a *higher* value relative to their previous peak than did G.N.E.

Turning to the experience of exports in Chart VII-4, we note that in the first two cycles exports fell further than G.N.E. in the recession phase and rose to a lesser degree than G.N.E. in the expansion phase. In the last cycle exports showed a strength rather more equivalent to that of G.N.E. but the general impression to be derived from the chart is that exports, both in recession and expansion have been a declining share of G.N.E.

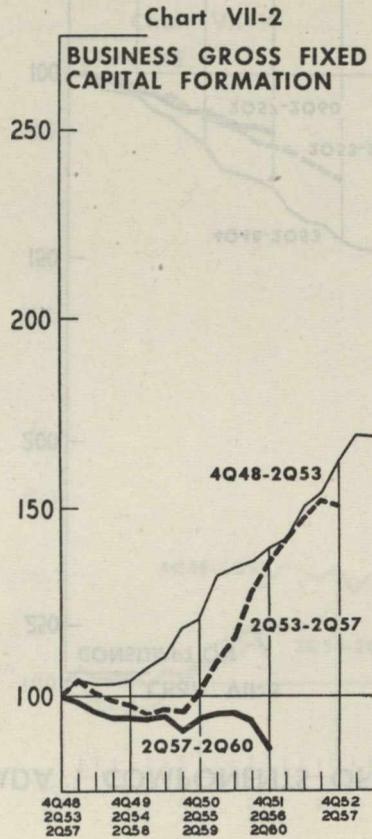
The cyclical sensitivity of imports is typically greater than that of G.N.E. as is shown in Chart VII-5. This was the case in the three recessions and the first two expansions since 1948. In the most recent expansion, however, imports have failed to rise above their previous peak to the same extent as G.N.E. In the first quarter of 1960, for example, imports were 5% above their peak value of the second quarter of 1957, while G.N.E. was 12% above its previous peak. This comparative weakness of imports reflects the importance of imports of machinery and other non-consumer goods in our bill of imports.

Government expenditures on goods and services as depicted in Chart VII-6 showed enormous increases relative to G.N.E. in the first cycle. The Korean War of course had much to do with this expansion. However the expansion led to a permanently higher proportion of government expenditures in total G.N.E. In the second cycle government expenditures rose above their previous peak by about the same ratio as did G.N.E.; and in the third cycle, the relative advance of government expenditures was somewhat greater than that of G.N.E.

We have drawn attention to the changes in capital formation in Canada in relation to the changes in gross national expenditure over the cycles since 1948. In Chart VIII these relative changes are compared with the similar changes in the United States. Looking first at the two panels of the chart relating to G.N.E. it is apparent that the three post war recessions have been more severe in the United States, than in Canada. It is also apparent that the first boom of the 1950's was considerably more intense in Canada than in the United States while in the subsequent two cycles, G.N.E. rose above the previous peak to about the same degree in both countries in each case though the most recent expansion has been the weakest of all three in both countries.

Turning to the capital formation figures it is apparent that in the first two cycles Canada had investment booms which, in relative magnitude substantially exceeded those in the United States. However, in the second cycle in the United States, capital formation rose to a greater degree than did G.N.E. so that capital formation as a proportion of G.N.E. rose. In the third of the cycles, investment fell proportionately more in the recession phase in *both* Canada and the United States than in the two previous cycles, and also showed far less strength in the ensuing expansion than in the two previous cycles. In the

Chart VII
**CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
 OVER THREE CYCLES**



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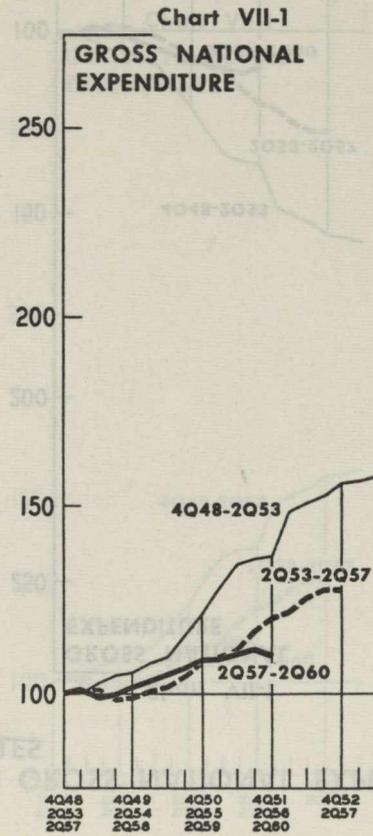
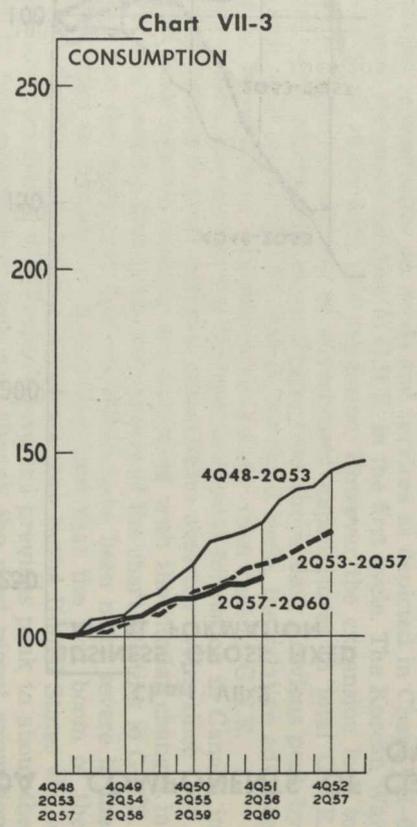
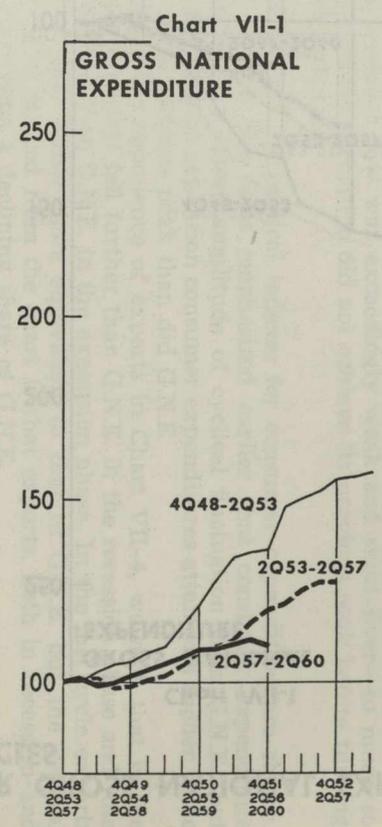


Chart VII CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE OVER THREE CYCLES



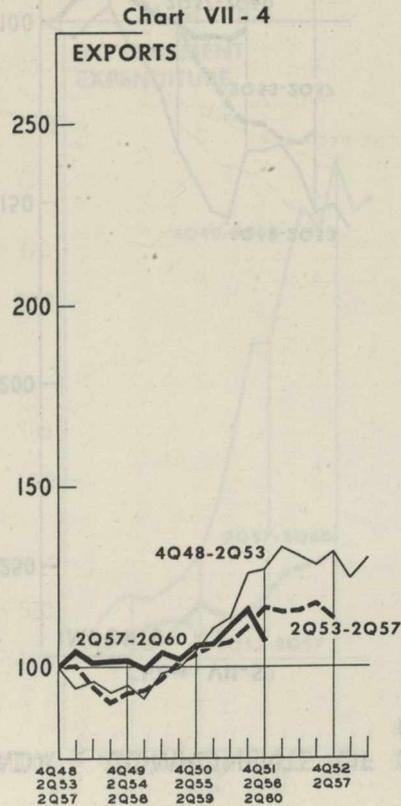
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2Q53 2Q54 2Q55 2Q56 2Q57
2Q57 2Q58 2Q59 2Q60

4Q48 4Q49 4Q50 4Q51 4Q52
2Q53 2Q54 2Q55 2Q56 2Q57
2Q57 2Q58 2Q59 2Q60

Chart VII
**CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
 OVER THREE CYLES**



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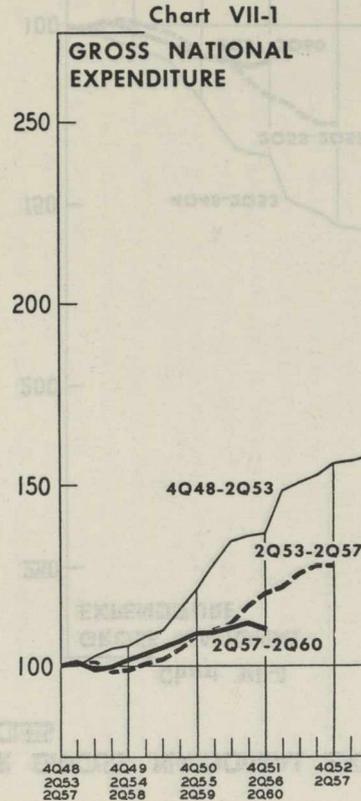


Chart VII
CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
OVER THREE CYCLES

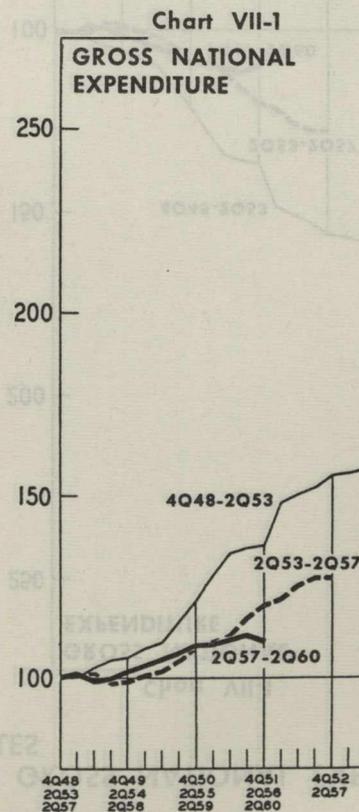
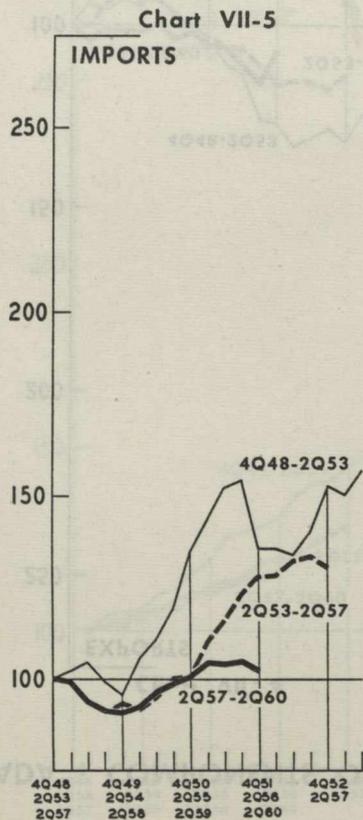
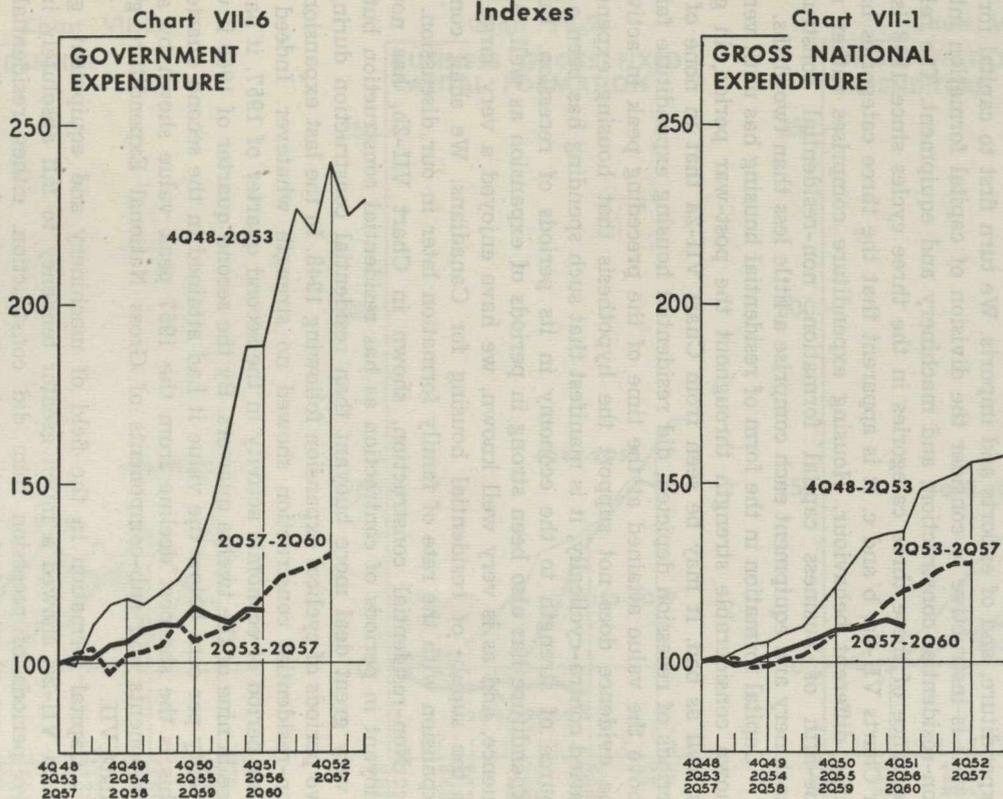


Chart VII

CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE OVER THREE CYLES



United States in the most recent cycle investment climbed to a figure some four percent above its previous peak, whereas in Canada investment failed to reach its previous peak before turning down decisively.

In summary, in the fifties, both the Canadian and United States economies experienced substantial booms in capital formation, though they were more intense in Canada. Both economies have, in the most recent expansions exhibited a reaction to these booms though again, the reaction has been more intense in Canada.

Let us now consider the subcomponents of capital formation, of consumer expenditure, and of exports and imports. We turn first to capital formation.

It is instructive to consider the division of capital formation into housing, non-residential construction, and machinery and equipment. The relative performance of these three categories in the three cycles since 1948 is exhibited in Charts VII-2a, b and c. It is apparent that the three categories have shown quite different behaviour. Housing expenditure comprises rather more than one-fifth of business capital formation, non-residential construction and machinery and equipment each comprise a little less than two-fifths.

Capital formation in the form of residential housing has until very recently shown considerable strength throughout the post-war period, in good times as well as bad. It may be seen from Chart VII-2a that in none of the three periods of recession depicted, did residential housing expenditure fail to climb above the value attained at the time of the preceding peak in activity. While the evidence does not support the hypothesis that housing expenditure has varied contra-cyclically, it is manifest that such spending has been a particular source of strength to the economy in its periods of recession. But housing expenditure has also been strong in periods of expansion as well. As a consequence, and as is very well known, we have enjoyed a very large expansion in the supply of residential housing for Canadians. We shall compare this expansion with the rate of family formation later in our discussion.

Non-residential construction, shown in Chart VII-2b, has not been so buoyant in periods of contraction as has residential construction but has been a very great deal more buoyant than residential construction during the first two periods of cyclical expansion following 1948. In the last expansion however, non-residential construction showed no strength whatever. Indeed since the peak period of economic activity in the second quarter of 1957, it has failed to rise in nine of the twelve quarters. By the second quarter of 1960 it was nearly twenty per cent below the value it had attained in the second quarter of 1957. This is the sharpest decline from the 1957 peak value shown by any of the components and sub-components of Gross National Expenditure graphed in Chart VII.

Capital formation in the field of machinery and equipment, graphed in Chart VII-2c, showed a much greater tendency to fall absolutely in the first two periods of recession than did construction, either residential or non-residential. In the first two periods of expansion however it rose above its previous peaks to a greater extent than residential construction, and to a somewhat lesser extent than non-residential construction. In the most recent expansion, its period of rise was short lived and the recovery from the trough of 1958 did not bring it back to the peak level of the second quarter of 1957.

To summarise this review of the behaviour of the components of capital formation in the first three cycles following 1948, we may say that residential construction gave the steadiest performance, never falling in a recession below the value attained at the previous peak of economic activity and rising in

Chart VII
**CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
 OVER THREE CYCLES**

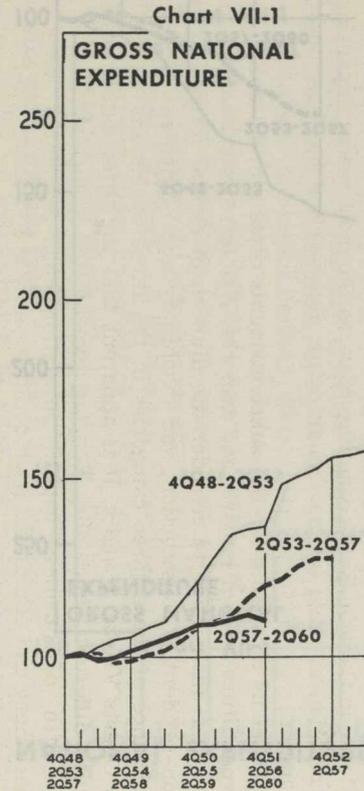
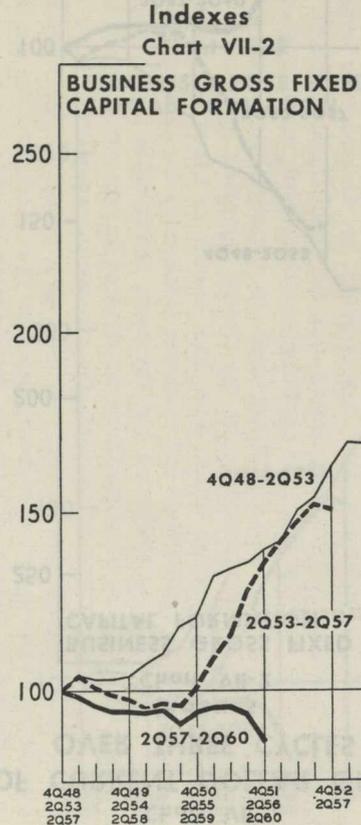
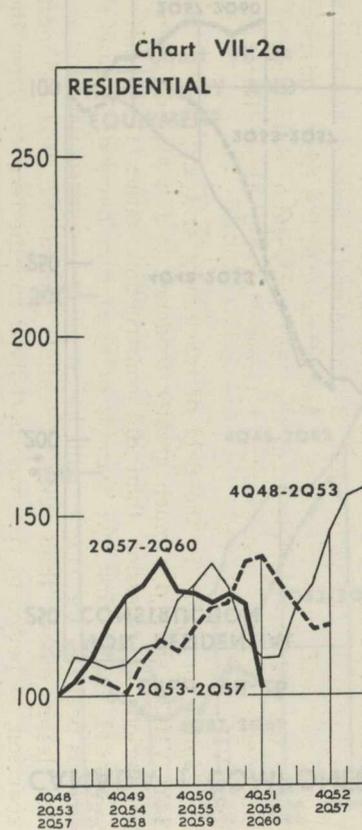


Chart VII
CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
OVER THREE CYCLES

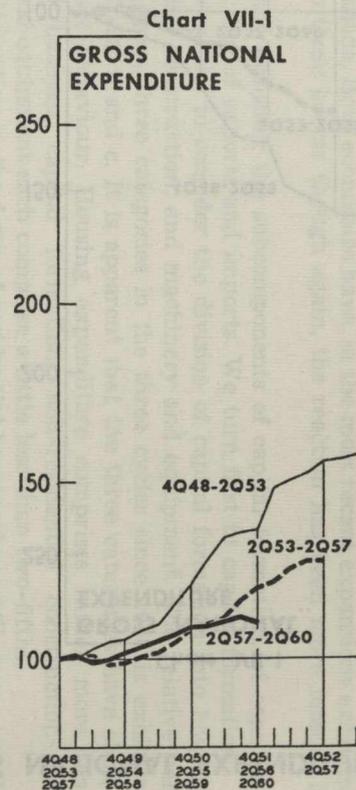
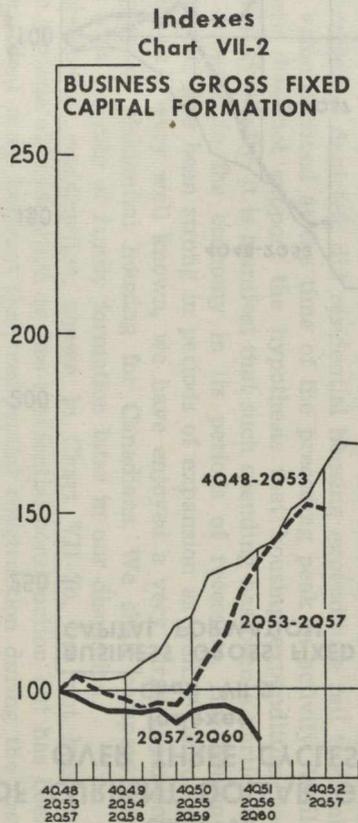
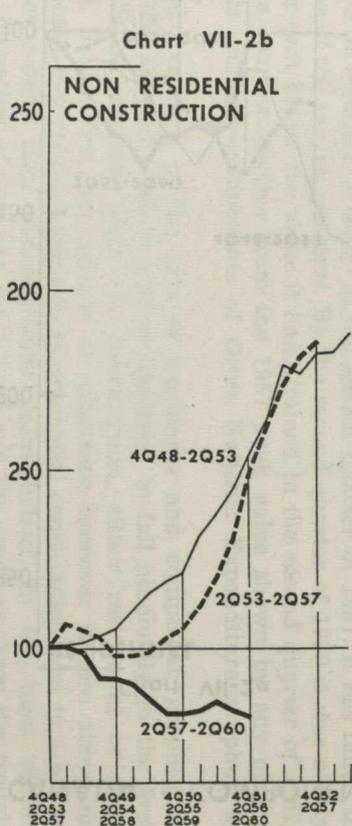


Chart VII CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE OVER THREE CYCLES

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Chart VII-2

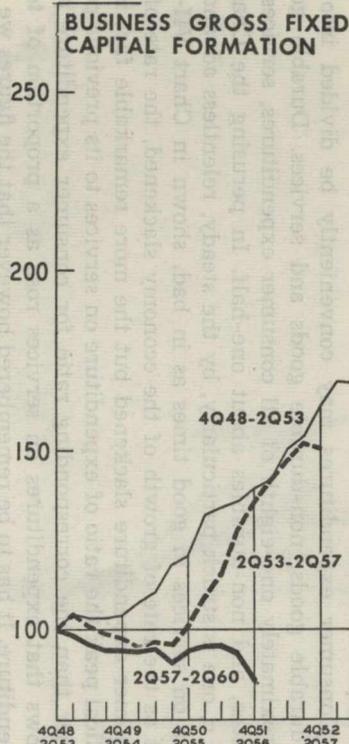
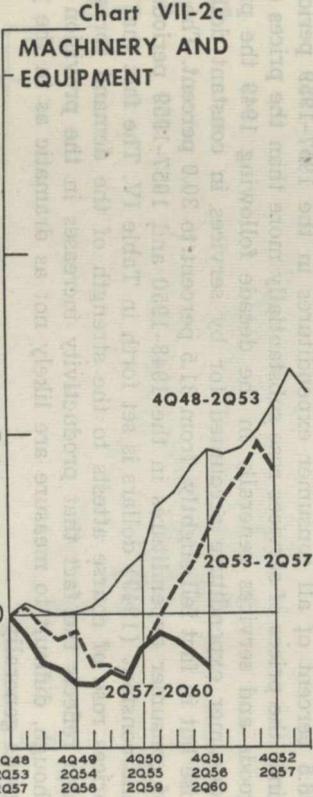
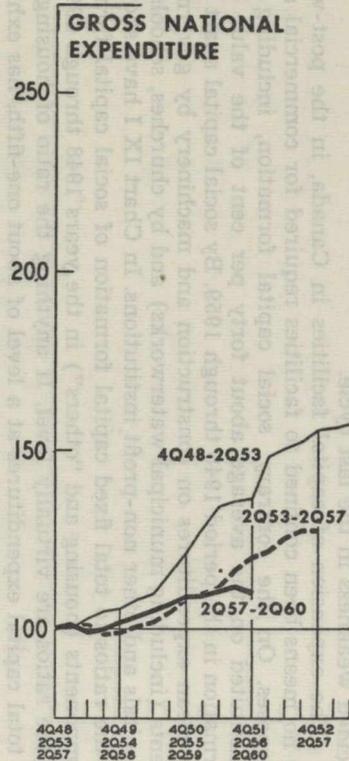


Chart VII-1



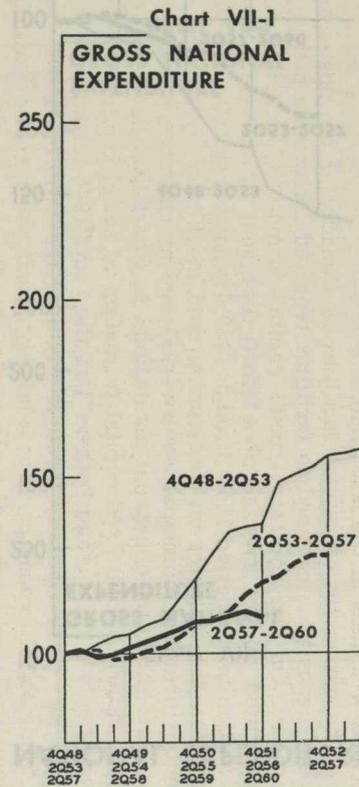
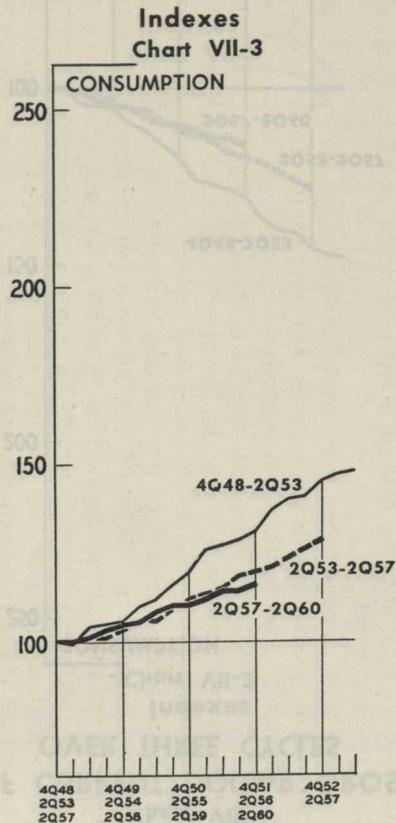
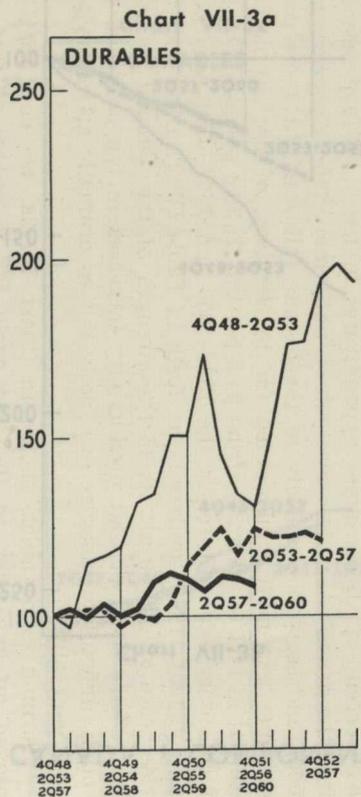
periods of expansion but not so much as the other categories of capital formation. Non-residential construction showed the greatest advances in the first two cycles and the greatest contraction in the cycle which terminated early in 1960. Machinery and equipment, which also exhibited very substantial gains over the first two cycles, almost entirely in their expansionary phases, showed decided weakness in the last cycle.

The expansion of capital facilities in Canada, in the post-war years has by no means been confined to facilities required for commercial and industrial purposes. On the contrary, social capital formation, including housing, has constituted on the average about forty per cent of the value of all capital formation in the period 1948 through 1959. By social capital apart from housing, we mean expenditures on construction and machinery by government departments (including municipal waterworks) and by churches, schools, universities, hospitals and other non-profit institutions. In Chart IX I have shown the trends in the ratios to total fixed capital formation of social capital formation and its components (housing and "others") in the years 1948 through 1949. The trends in the ratios are virtually level. If anything the ratio of housing expenditures to total capital expenditures at a level of about one-fifth, has exhibited a slight downward trend, while the ratio of expenditures on other social capital to total capital expenditures, also at a level of about one-fifth, has exhibited a slight upward trend.

Consumer expenditures may conveniently be divided into expenditures on durable goods, non-durable goods and services. Durable goods comprise approximately one-eighth of all consumer expenditures, services about three-eighths, and non-durables about one-half. In perusing the Charts VII-3a, b, and c, one is struck particularly, by the steady, relentless advance of expenditures on services in good times as in bad, shown in Chart VII-3b. It is true that as the rate of growth of the economy slackened, the rate of expansion of consumer expenditure slackened but the more remarkable fact is that at each cyclical peak the ratio of expenditure on services to its previous peak value was higher than the corresponding ratio for consumer expenditure as a whole. It follows that expenditures on services rose as a proportion of total consumer expenditure. It has to be remembered however that the figures we are discussing are expressed in current dollars. In these terms expenditure on services rose from 31.5 percent of all consumer expenditures in the 1948-1950 period to 36.5 percent of all consumer expenditures in the 1957-1959 period. However since the prices of services rose substantially more than the prices of consumer goods and services generally in the decade following 1949 the proportion of consumer expenditure accounted for by services in constant dollars did *not* rise but in fact fell slightly, from 31.5 percent to 30.0 percent. The distribution of consumer expenditures in the 1948-1950 and 1957-1959 periods in current and constant (1949) dollars is set forth in Table IV. The fact that the relative prices rose of course attests to the strength of the demand for services and also reflects the fact that productivity increases in the provision of services, though, difficult to measure are likely not as dramatic as in the provision of goods generally.

Turning to durables, shown in Chart VII-3a, we note that while they enjoyed an expansion in the first cycle far in excess of that enjoyed by consumer expenditures as a whole, in the more recent cycle they have not risen above their previous peak by as large a ratio as have consumer expenditures as a whole. This performance is consistent with the hypothesis that consumer durables, like durables generally, are a volatile component of expenditure in the economy.

Chart VII CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE OVER THREE CYCLES



**Chart VII
CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
OVER THREE CYCLES**

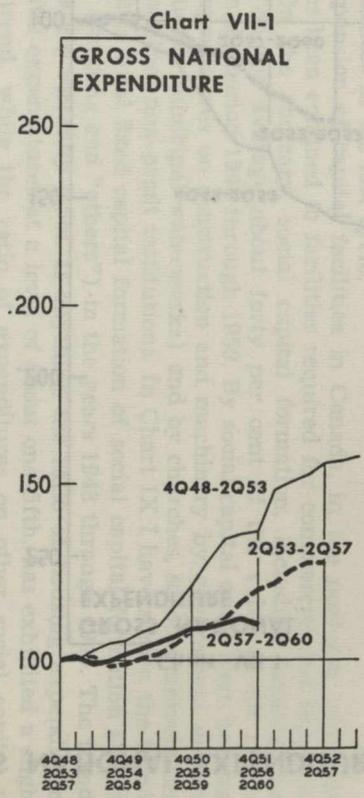
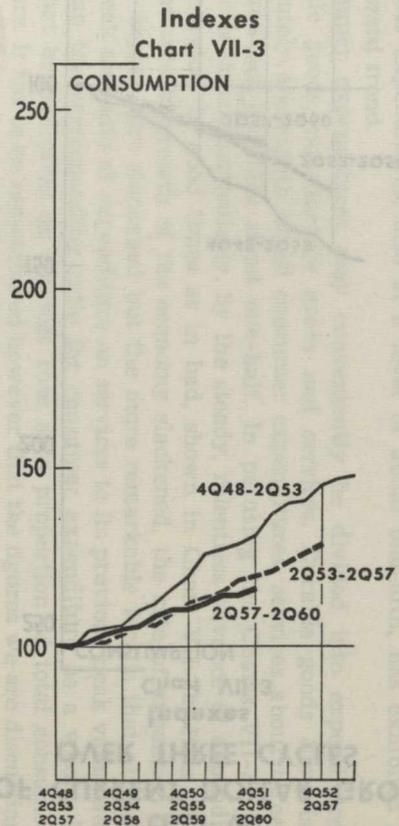
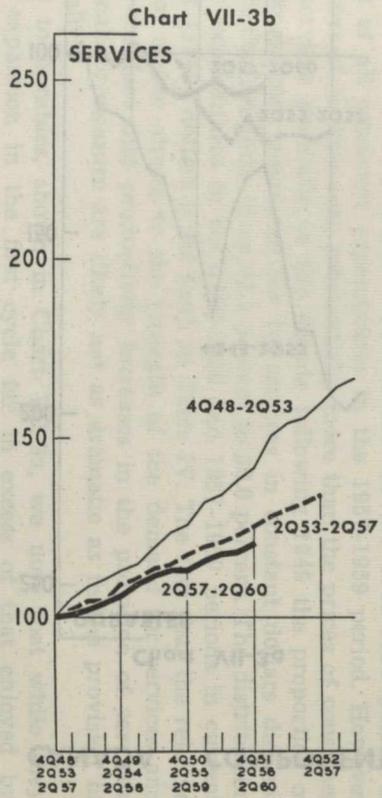


Chart VII
CANADA : COMPONENTS OF CURRENT DOLLAR GROSS NATIONAL EXPENDITURE
OVER THREE CYCLES

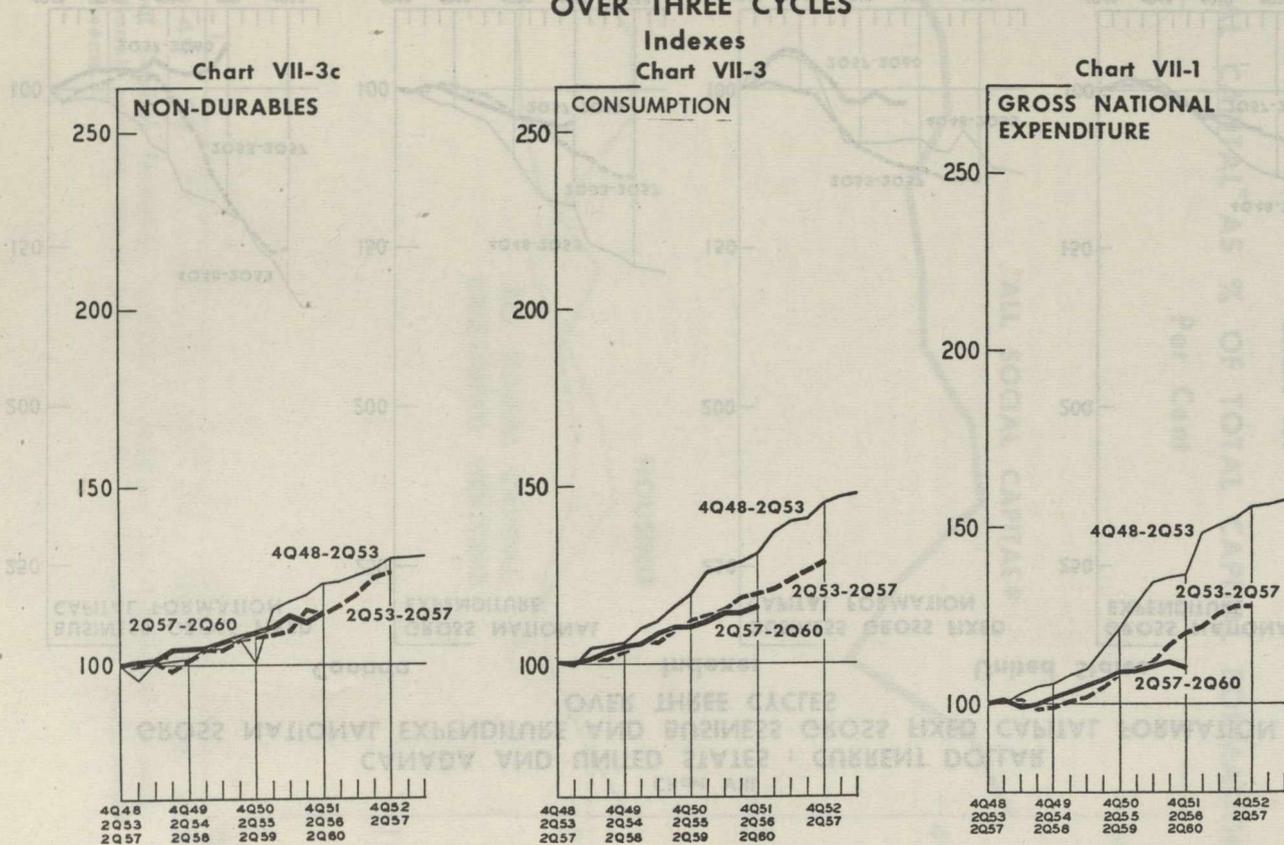


Chart VIII
**CANADA AND UNITED STATES : CURRENT DOLLAR
 GROSS NATIONAL EXPENDITURE AND BUSINESS GROSS FIXED CAPITAL FORMATION
 OVER THREE CYCLES**

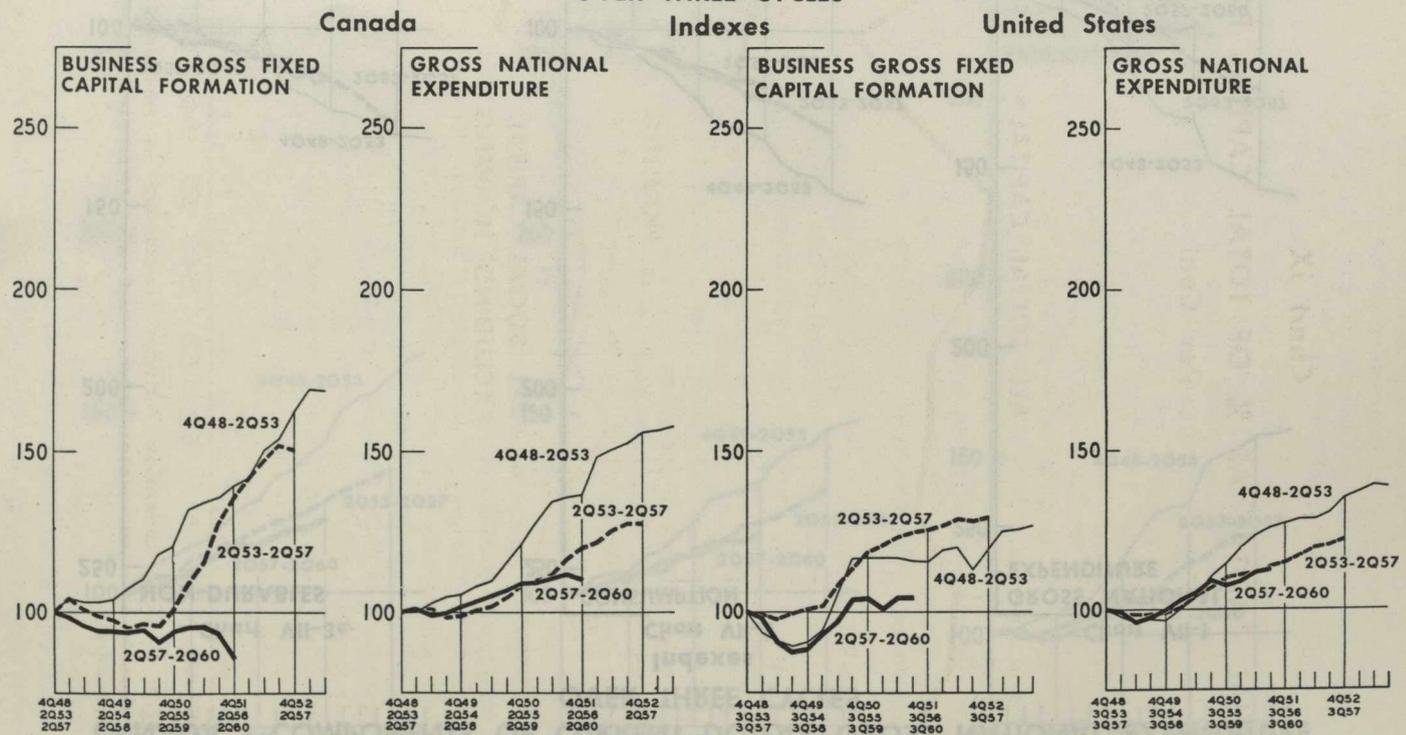
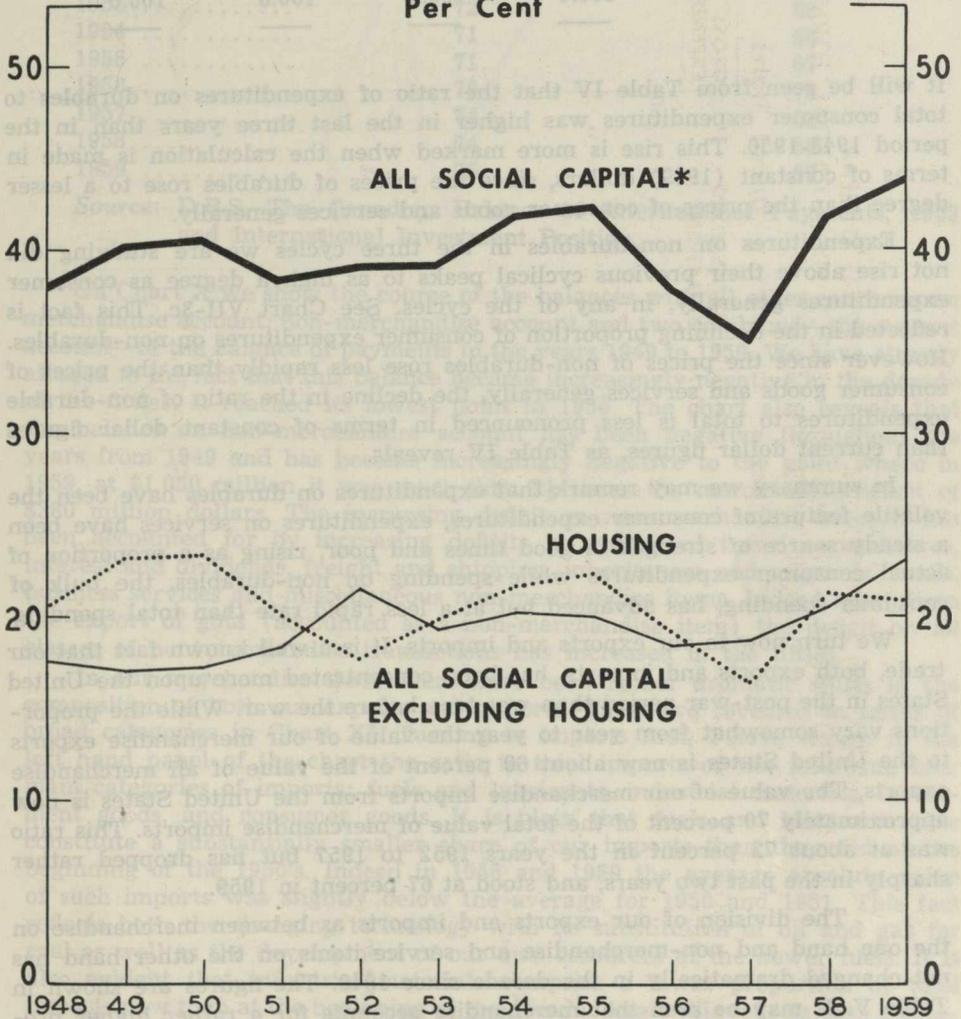


Chart IX

"SOCIAL CAPITAL" AS % OF TOTAL CAPITAL FORMATION

Per Cent



* Social Capital formation includes investment in residential housing, institutional services, water works and all investment by government departments.

Table IV. Percentage Distribution of Consumer Expenditures

	Current Dollars		1949 Dollars	
	1948-1950	1957-1959	1948-1950	1957-1959
Durables	10.7	11.9	10.7	13.2
Non-Durables . . .	57.8	51.6	57.8	56.5
Services	31.5	36.5	31.5	30.3
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

It will be seen from Table IV that the ratio of expenditures on durables to total consumer expenditures was higher in the last three years than in the period 1948-1950. This rise is more marked when the calculation is made in terms of constant (1949) dollars, since the prices of durables rose to a lesser degree than the prices of consumer goods and services generally.

Expenditures on non-durables in the three cycles we are studying did not rise above their previous cyclical peaks to as high a degree as consumer expenditures generally, in any of the cycles. See Chart VII-3c. This fact is reflected in the declining proportion of consumer expenditures on non-durables. However since the prices of non-durables rose less rapidly than the prices of consumer goods and services generally, the decline in the ratio of non-durable expenditures to total is less pronounced in terms of constant dollar figures than current dollar figures, as Table IV reveals.

In summary we may remark that expenditures on durables have been the volatile feature of consumer expenditures, expenditures on services have been a steady source of strength in good times and poor, rising as a proportion of actual consumer expenditures while spending on non-durables, the bulk of consumer spending, has advanced but at a less rapid rate than total spending.

We turn now to our exports and imports. It is a well known fact that our trade, both exports and imports, has been concentrated more upon the United States in the post-war period than was true before the war. While the proportions vary somewhat from year to year the value of our merchandise exports to the United States is now about 60 percent of the value of all merchandise exports. The value of our merchandise imports from the United States is now approximately 70 percent of the total value of merchandise imports. This ratio was at about 72 percent in the years 1952 to 1957 but has dropped rather sharply in the past two years, and stood at 67 percent in 1959.

The division of our exports and imports as between merchandise on the one hand and non-merchandise and service items on the other hand has not changed dramatically in the decade since 1949. The figures are shown in Table V. It may be seen that merchandise accounts for a rather higher proportion of our current account receipts than of our current account payments.

Table V. Trade in Merchandise as a Proportion of all Trade

	Exports of Merchandise as a percent of all current account receipts	Imports of Merchandise as a percent of all current account payments
1949	73	69
1950	73	68
1951	74	70
1952	74	68
1953	72	68
1954	71	66
1955	71	67
1956	73	70
1957	74	68
1958	74	66
1959	75	67

Source: D.B.S. The Canadian Balance of International Payments, 1959 and International Investment Position.

On Chart X we show the course of the balances with all other countries on merchandise account, non-merchandise account and two combined—the current account—of the balance of payments in the years 1949 to 1959. We have already alluded to the fact that this balance became increasingly negative in the decade of the fifties. It reached its lowest point in 1956. The chart also reveals that the balance on non-merchandise account has been negative throughout the years from 1949 and has become increasingly negative to the point where in 1959, at \$1,050 million it was more than $2\frac{1}{2}$ times the merchandise deficit of \$380 million dollars. The increasing deficit on non-merchandise account has been accounted for by increasing deficits in respect of travel expenditures, interest and dividends, freight and shipping, inheritances and migrants' funds, business services and miscellaneous non-merchandise items. Indeed apart from the export of gold (accounted as a non-merchandise item) the deficit on all classes of non-merchandise transactions has increased in the fifties.

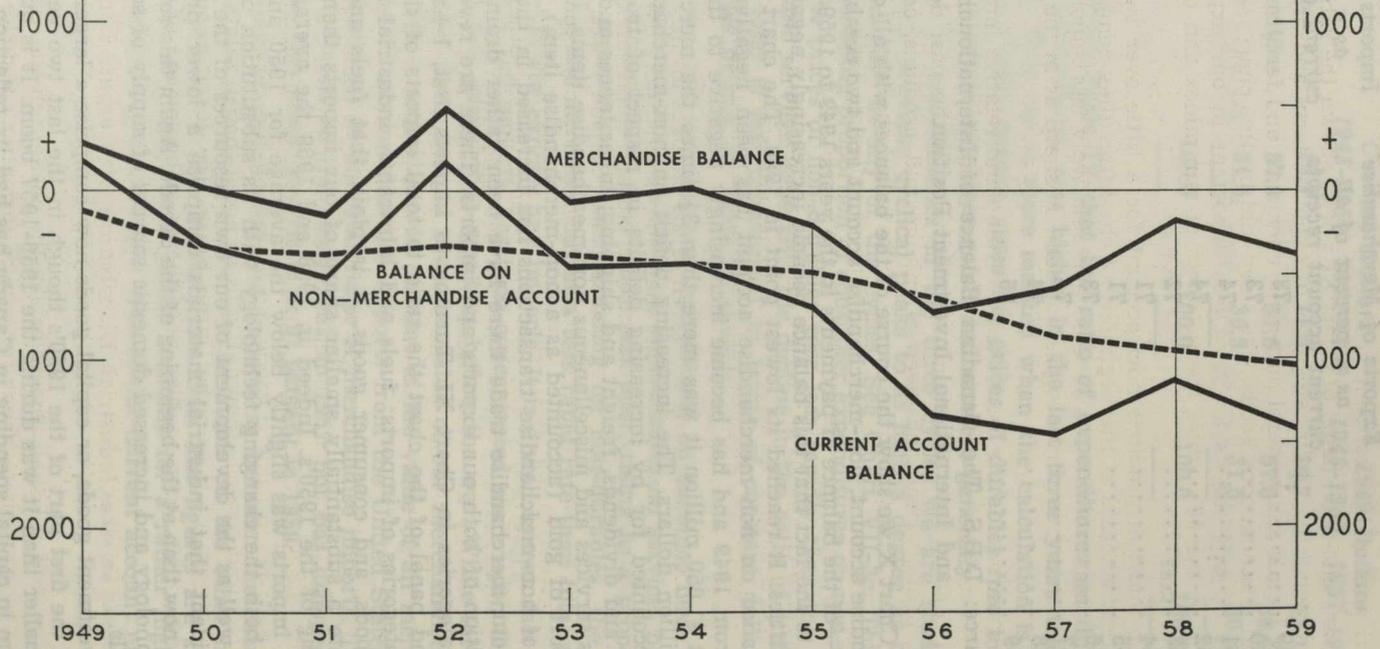
In our merchandise trade there have been rather dramatic shifts in the composition of both our exports and imports. These are revealed in terms of broad categories in Chart XI. Turning to imports first, I have shown in the left hand panel of the chart the ratio to total imports of the following four main categories of imports; fuels and lubricants, industrial materials, investment goods, and consumer goods. It is plain that fuels and lubricants now constitute a substantially smaller share of our imports than they did at the beginning of the 1950's. Indeed in 1958 and 1959 the average absolute value of such imports was slightly below the average for 1950 and 1951. This fact reflects both the changing technology with its substitution of oil and gas for coal as well as the development of our own resources of the newer fuels. It is also evident that industrial materials comprise a lower proportion of total imports now than at the beginning of the decade. Again this reflects both changing technology and increased domestic sources of supply of some of the newer materials.

Investment goods, or capital goods now comprise a larger share of imports than in the first part of the 1950's though in the last two years the share has been smaller than it was during the 1956-1957 boom. It is quite apparent that the boom in capital spending in Canada has had its reflection in very considerably increased imports of machinery and construction materials.

In the field of consumer goods the trend of the ratio to total imports has been much more level. Indeed only in the last two years has the ratio appeared

Chart X

BALANCES WITH ALL OTHER COUNTRIES IN THE CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS
Millions of Dollars



to rise. This reflects an absolute increase in the value of imports in this category, to be sure, but it also reflects the declining share in these years of fuels and lubricants and investment goods.

In the right-hand panel of Chart XI I have shown the ratio to total exports of the following five main categories of exports: farm and fish products, forest products, metals and mineral materials, chemicals and fertilizers, and manufactured and miscellaneous goods. The story told by this chart is that the products of our farms and forests are now less important in our exports than at the beginning of the 50's while the products of our mines and oil wells are now more important.

Farm and fish products now account for a little over twenty per cent of our exports, whereas at the beginning of the fifties they comprised some thirty per cent. Forest products too have become relatively less important though their decline in relative importance has not been so sharp as in the case of farm and fish products.

The great increase in both absolute value and relative importance has been shown by our exports of metals and mineral products, following upon the surge of investment in our mining and oil industries in the past decade. Exports of iron ore, primary iron and steel, aluminum and products, copper, nickel and products, crude petroleum and uranium have led the way. Lead and zinc and their products, and other metal and mineral materials (apart from those mentioned above) have not increased in relative importance.

Exports of chemicals and fertilizers, though not constituting a large proportion of exports have tended to increase in absolute value and in relative importance over the decade. Manufactured and miscellaneous goods have declined in relative value.

In Chart XII another view is given of the changes in the composition of our trade over the post-war years. This chart shows separately exports less imports, of raw materials, partially manufactured goods and chiefly or fully manufactured goods. On this net basis, it may be seen that Canada is self sufficient in raw materials and has developed an increasingly favourable export balance in the post-war period. In partially manufactured goods also we show an export balance that has grown in the post-war period. On the other hand, in chiefly or fully manufactured goods, we have a net deficit that has gone from nearly zero at the end of the war to \$2.4 billion in 1959. This increasing deficit in manufactured goods is one of the several evidences we shall see of the fact that our manufacturing industries have not grown at as a rapid rate as has the economy.

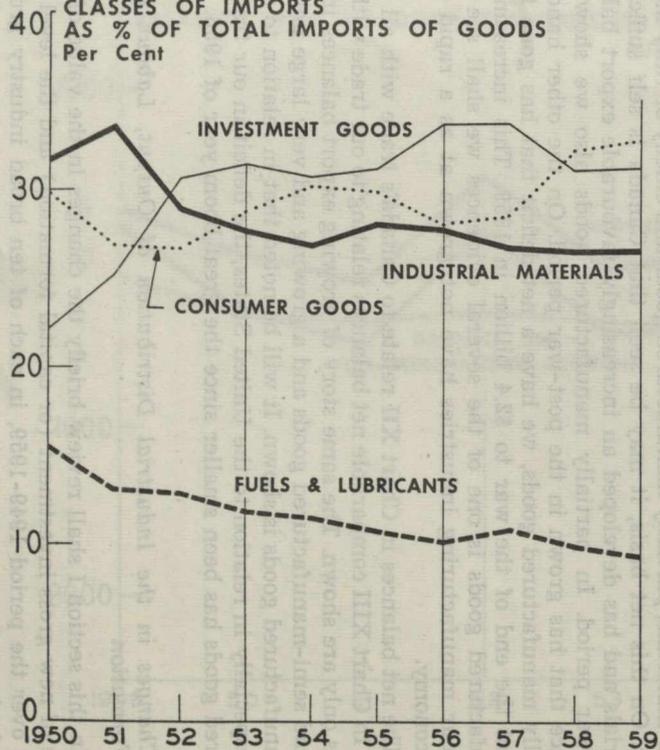
The net balances in Chart XII relate to Canada's trade with all other countries. In Chart XIII comparable net balances relating to our trade with the United States only are shown. The same story of growing export balances in raw material and semi-manufactured goods and a growing and very large import balance in manufactured goods is shown. It will be noted that in relation to all countries and especially in relation to the United States, the deficit in our trade in manufactured goods has been smaller since the great boom year of 1956.

C. *Changes in the Industrial Distribution of Output, Labour and Capital Formation*

In this section I shall review briefly the changes in the value of output, the value of new gross investment (or capital formation) and the level of employment over the period 1949-1959, in each of ten broad industry groupings. We shall look at the manufacturing group of industries in greater detail in the next section.

Chart XI

**CLASSES OF IMPORTS
AS % OF TOTAL IMPORTS OF GOODS
Per Cent**



**CLASSES OF EXPORTS
AS % OF TOTAL EXPORTS OF GOODS
Per Cent**

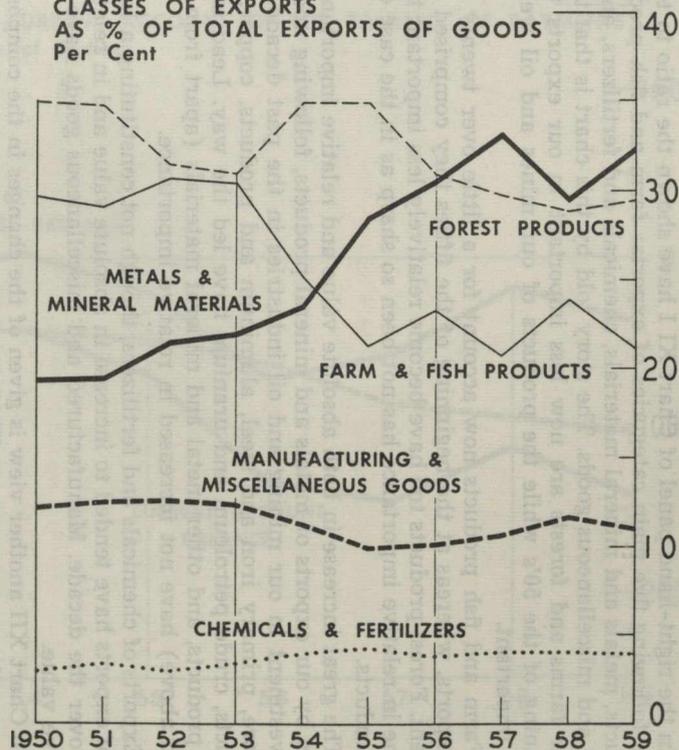


Chart XII

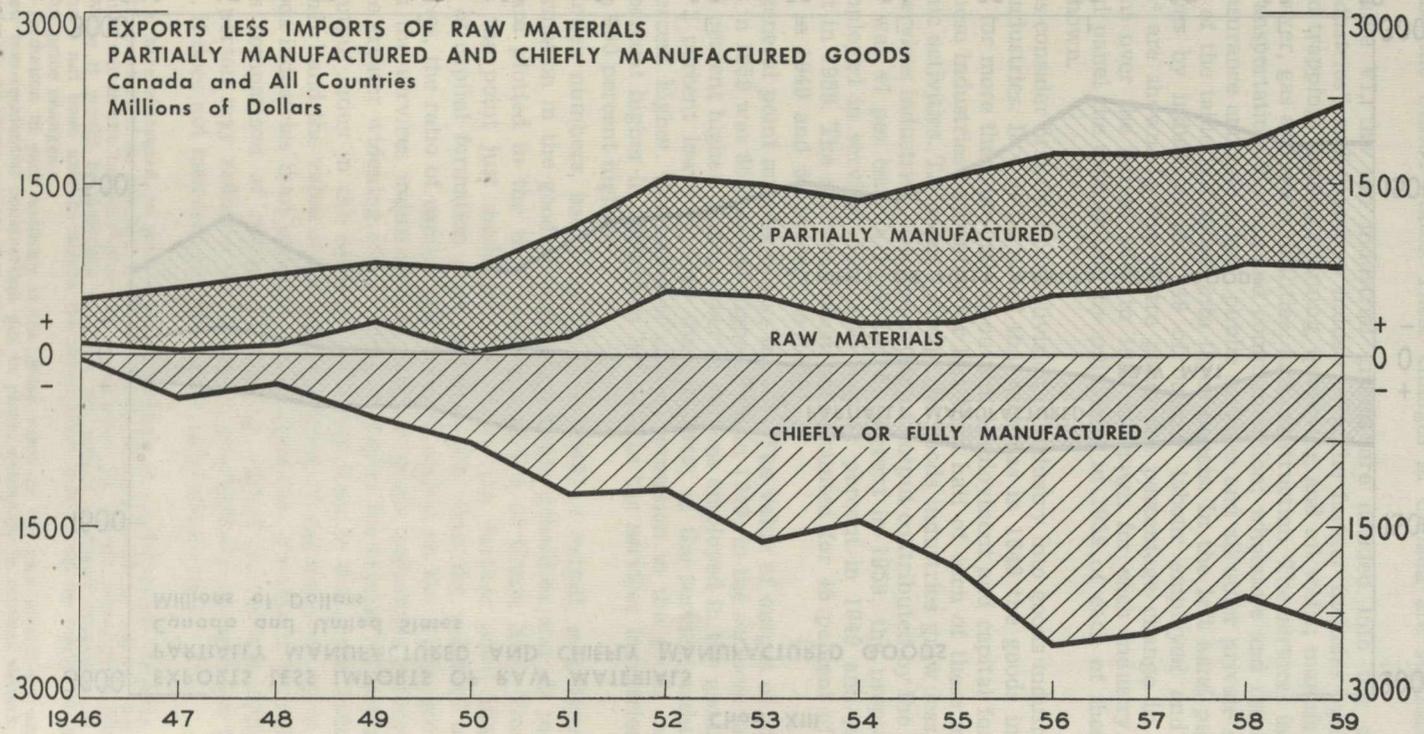
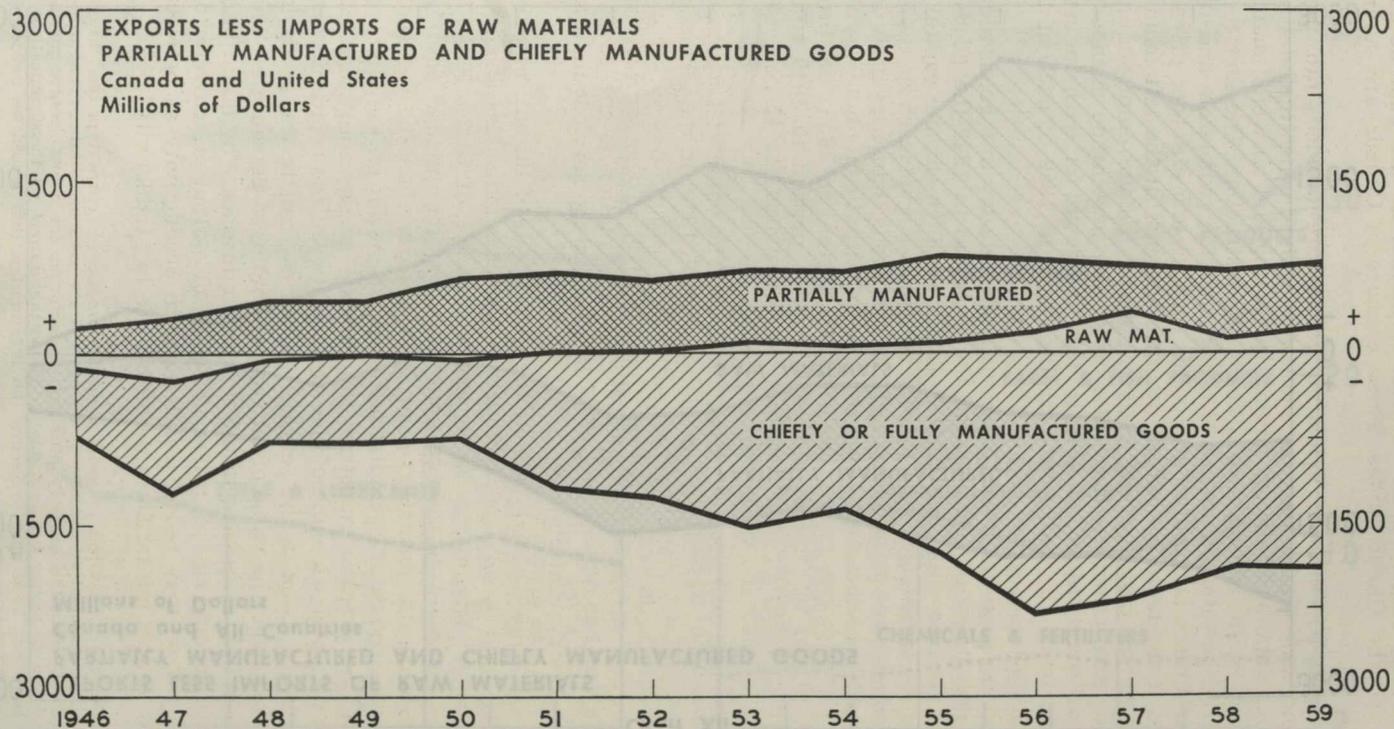


Chart XIII



There have been rather dramatic changes in the industrial composition of output, labour employed and capital formation in the past decade in both Canada and the United States. These changes in Canada are summarized in Table VI.

In Table VI, the ten industrial groups are divided into the so-called "goods industries" and "services industries". The former includes agriculture, fishing and trapping; forestry; mining, quarrying and oil wells; manufacturing; electric power, gas and water utilities; and construction. The services industries include transportation, storage and communication; wholesale and retail trade; finance, insurance and real estate; public services and all other private services. The body of the table is divided into three panels. In the left hand panel, the distributions by industries in 1949 of output¹ labour employed and capital formation² are shown. In the centre panel the percentage change in each of these items over the period 1949 to 1959 is shown for each industry. In the right hand panel the distribution by industries in 1959 of each of these three items is shown.

Let us consider first the broad division of industry into goods industries and services industries. It will be noted that whereas in 1949 the goods industries accounted for more than one-half of output, employment and capital formation, in 1959 these industries accounted for less than half of each of these measures of economic activities. Taken as a group, the goods industries grew less rapidly than the services industries. The proportion of output contributed by the services industries was 47 per cent in 1949 and 51 percent in 1959; the proportion of labour employed in services industries was 41 percent in 1949 and just over 50 percent in 1959. The services industries accounted for 45 percent of capital formation in 1949 and 55 percent in 1959.

The general point may be put as follows. The value of output of the goods industries in 1959 was 86 per cent higher than in 1949; in the services industries it was 119 percent higher. The number of persons employed in the goods industries was 2 percent lower in 1959 than in 1949; in the services industries it was 45 percent higher. The value of capital formation in the goods industries was 100 percent higher in 1959 than in 1949; in the services industries it was more than 200 percent higher.

The index numbers, based on the year 1949, of output, employment and capital formation in the goods industries, services industries and all industries together are plotted in the three separate panels of Chart XIV. This graph illustrates the point just made and illustrates the further point that while the value of capital formation grew more rapidly than the value of output in all industries, the ratio of capital formation to output on the whole grew more rapidly in the services industries than in the goods industries. (This fact is seen in the greater widening of the spread between the capital formation index and the output index in the services industries than in the goods industries). On the other hand the value of output per employed person grew more rapidly in the goods industries than in the services industries. (It should be noted that while this comparison of ratios of value of output in current dollars per employed person may reflect a difference in productivity as between the two industries, it does not measure the difference in productivity).

¹ Output is here measured as gross domestic product in current prices. Roughly put, the gross domestic product of an industry is the sum of the returns to labour, capital and management generated within the industry plus the depreciation (or capital consumption allowances) generated. While it would be desirable to show the output of these industries in constant dollars we have not been able to secure the information that would be needed to make the corrections for price changes.

² Capital formation in each industry is the gross value of the new machinery and equipment and new non-residential construction put in place, expressed in current dollars. Again it would be desirable to show capital formation in constant dollars but we have not been able to secure the information needed to make the corrections for price changes.

TABLE VI.

CANADA—CHANGES IN THE INDUSTRIAL COMPOSITION OF OUTPUT, LABOUR EMPLOYED AND CAPITAL FORMATION 1949-1959.

	Percentage Composition 1949 ^[1]			Percentage Change 1949-1959			Percentage Composition 1959 ^[1]		
	Output	Labour Employed	Capital Formation	Output	Labour Employed	Capital Formation	Output	Labour Employed	Capital Formation
Agriculture, fishing and trapping.....	11.3	22.3	16.3	+ 6.1	-36.8	+ 25.3	6.0	12.0	8.3
Forestry.....	1.7	1.5	1.0	+ 42.5	+25.0	+142.3	1.2	1.6	0.9
Mining, quarrying and oil wells.....	3.7	1.7	3.5	+137.4	+ 3.4	+258.3	4.3	1.5	5.2
Manufacturing.....	28.9	26.3	19.7	+ 90.0	+13.8	+100.4	27.2	25.6	16.1
Electric power, gas and water utilities.....	2.3	0.9	12.9	+194.7	+63.0	+127.4	3.4	1.3	12.0
Construction.....	5.3	6.5	2.0	+165.4	+37.0	+232.7	7.0	7.6	2.7
Goods (excluding agr. fishing & trapping).....	41.9	36.9	39.1	+107.4	+19.0	+131.4	43.1	37.6	36.9
Goods industries.....	53.2	59.2	55.4	+ 85.9	- 2.0	+100.2	49.1	49.6	45.2
Transportation, storage and communication.....	8.6	7.4	12.4	+126.0	+19.8	+210.7	9.6	7.6	15.7
Wholesale and retail trade.....	14.6	13.2	7.1	+100.0	+43.1	+ 72.5	14.5	16.1	5.0
Finance, insurance and real estate.....	7.7	2.9	1.2	+151.2	+49.0	+662.5	9.6	3.7	3.6
Public and other private services.....	16.0	17.1	23.8	+116.1	+57.2	+213.0	17.2	23.0	30.4
Services industries.....	46.8	40.6	44.5	+118.7	+45.2	+201.8	50.9	50.4	54.7
All industries.....	100.0	100.0	100.0	+101.3	+17.2	+145.4	100.0	100.0	100.0

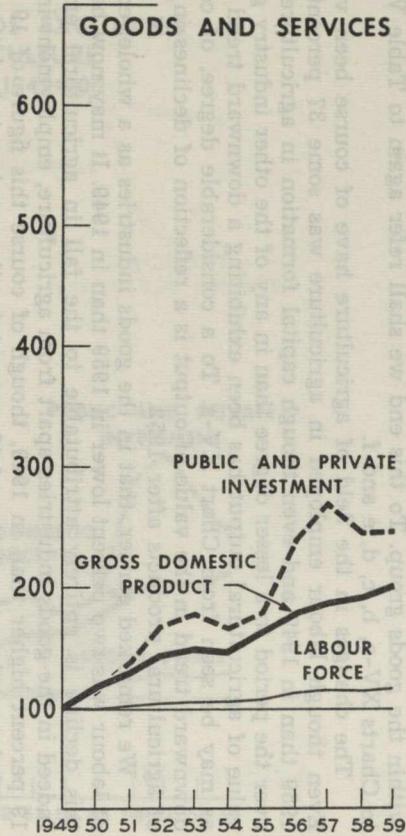
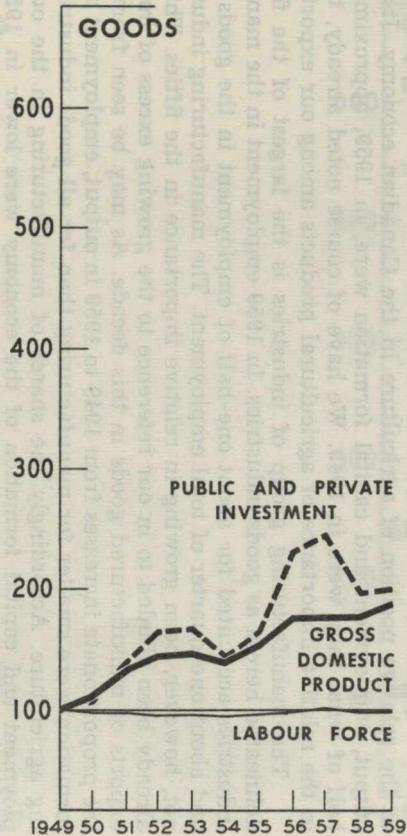
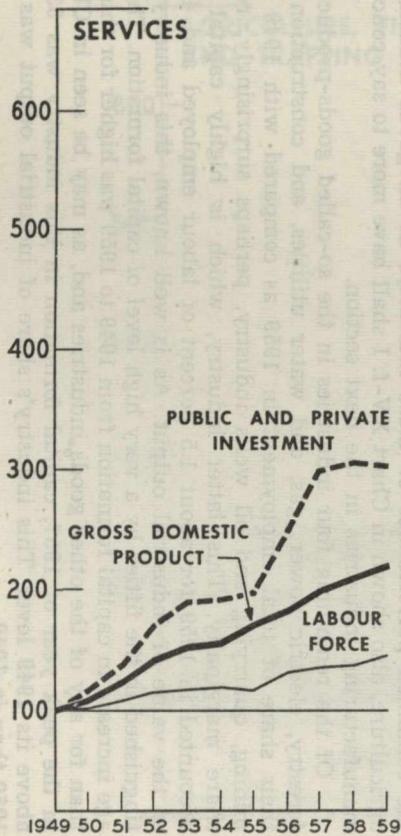
[1]Detail may not add to total because of rounding.

SOURCES: Output: *National Accounts, Income and Expenditure*, various issues published by D.B.S.

Labour Employed: The figures are averages of monthly estimates of persons with jobs taken from releases pertaining to the Labour Force Survey published by D.B.S.

Capital Formation: The figures are taken from *Public & Private Investment in Canada*, various issues published by D.B.S.
The figures relate to fixed capital only; inventory accumulation is excluded.

Chart XIV
INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION
 Index 1949=100



There were of course differences in the performance of industries within the goods group and within the services group. Let us consider first the industries within the goods group. To this end we shall refer again to Table VI and also to Charts XV-a, b, c, d, e and f.

The changes in the field of agriculture have of course been very sharp. Even though labour employed in agriculture was some 37 percent lower in 1959 than in 1949 and even though capital formation in agriculture increased over the period to a lesser degree than in any of the other industry groups, the value of agricultural output has been exhibiting a downward trend since 1952 as may be seen from Chart XV-a. To a considerable degree, of course, this downward trend in the value of output is a reflection of declines in the prices of agricultural products after 1952.

We remarked earlier, that in the goods industries as a whole, employment of labour was two percent lower in 1959 than in 1949. It may now be seen that this decline is entirely attributable to the fall in agricultural employment. Indeed in the goods industries apart from agriculture, employment in 1959 was 19 percent higher than in 1949, though of course this figure of 19 percent is much lower than the figure of 45 percent for the services industries which was cited earlier. There is no gainsaying the fact that one of the predominant trends that has persisted throughout the decade of the fifties has been the decline in the relative position of agriculture in the Canadian economy. Its shares of output, employment and capital formation were, in 1959, approximately one-half of what they were in 1949. We have of course noted already, the decline in the relative importance of agricultural products among our exports.

The manufacturing group of industries is the largest of the five groups delineated herein as goods industries. In 1959 employment in the manufacturing industries accounted for about one-half of employment in the goods industries and about one-quarter of total employment. The manufacturing industries have not, however, been growing in relative importance in the fifties. This fact has already been alluded to in our reference to the growing excess of imports over exports of manufactured goods in this decade. As may be seen from Table VI the proportionate increases from 1949 to 1959 in output, employment and capital formation were smaller for manufacturing than for all goods industries excluding agriculture. Accordingly the shares of manufacturing in the output, employment and capital formation of the economy were lower in 1959 than in 1949. The performance over the decade of the three indicators of activity in the manufacturing industries is charted in Chart XV-f and may be compared with the combined performance of these indicators in all goods industries except agriculture, also shown in Chart XV-f. I shall have more to say concerning the manufacturing industries in the next section.

Of the remaining four industries in the so-called goods-producing sector, forestry, electric power, gas, and water utilities, and construction increased their share of total employment in 1959 as compared with 1949 while the mining, quarrying and oil wells industry, perhaps surprisingly, reduced its share marginally. This latter industry, which is highly capital intensive, accounted in 1959 for about 1.5 percent of labour employed and 4.3 percent of the value of industrial output. As is well known, this industry was distinguished in the fifties by a very high level of capital formation. The percentage increase in capital formation from 1949 to 1959 was higher for this industry, than for any of the other goods industries and, as may be seen in Chart XV-e in the peak year of 1957, capital formation in this industry was 531 percent above its 1949 level. This industry's share of industrial output was higher in 1959 than in 1949.

The electric power, gas and water utilities industry showed the largest percentage increase in employment from 1949 to 1959 of all the goods producing industries. This represented an increase in employment of approximately 30.

Chart XV-a

INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

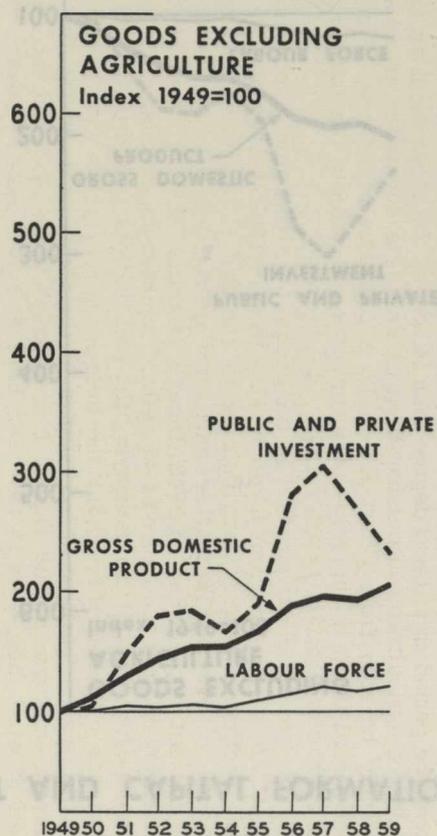
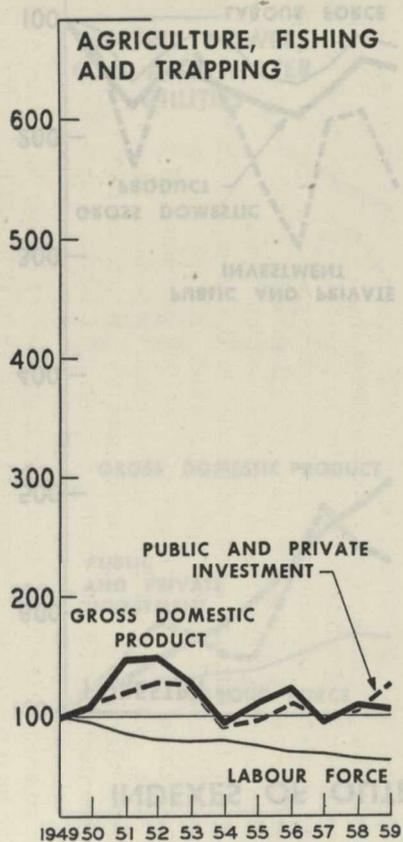


Chart XV-b

INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

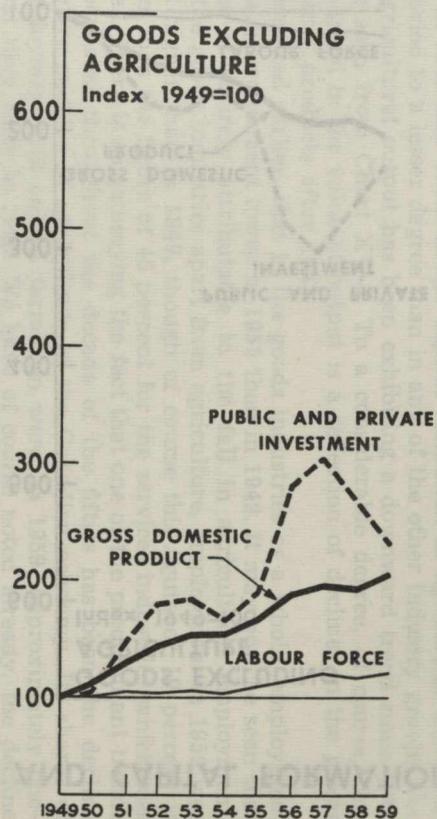
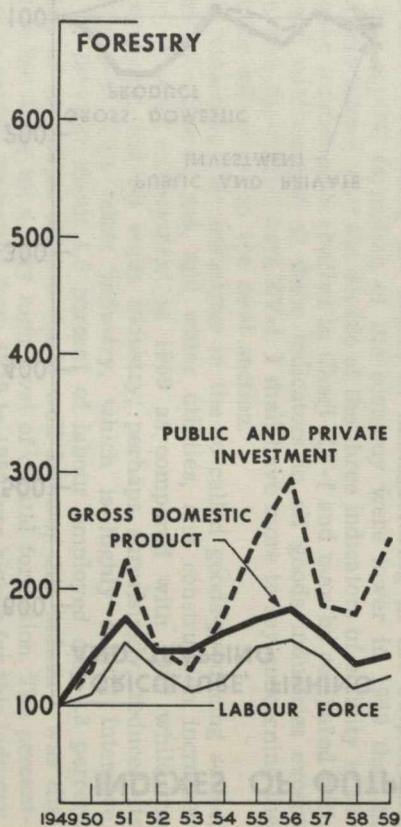


Chart XV-c

INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

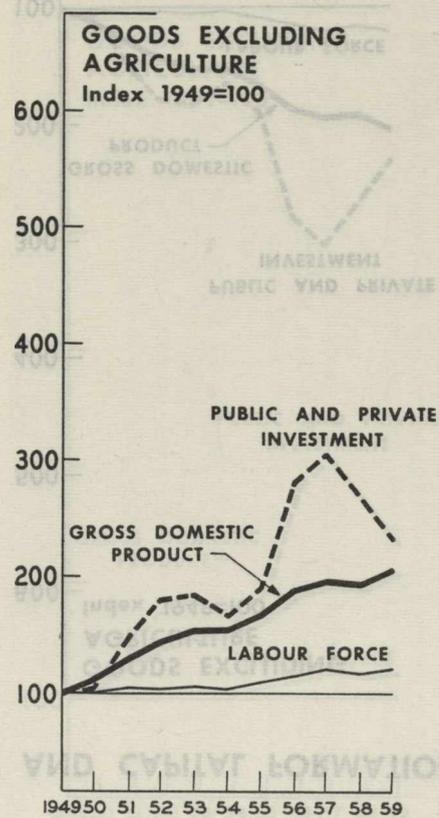
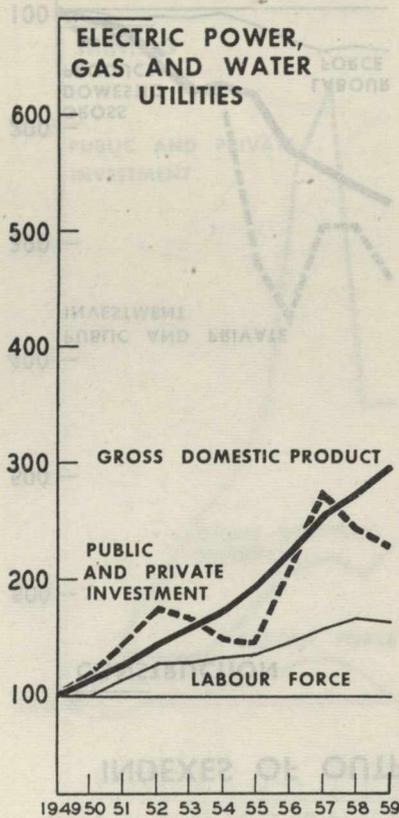


Chart XV-d

INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

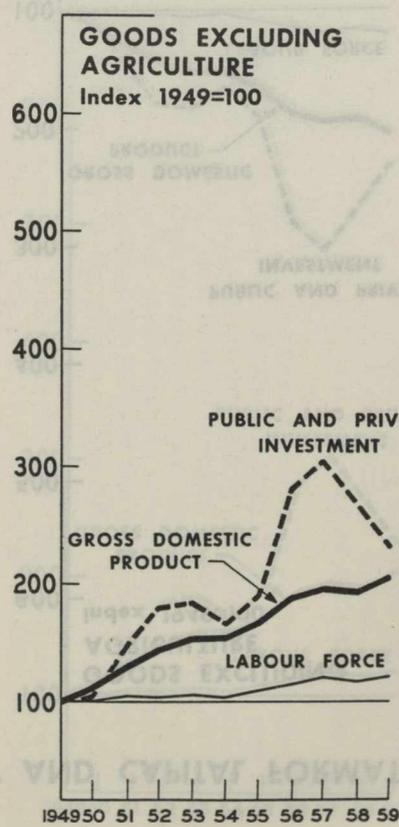
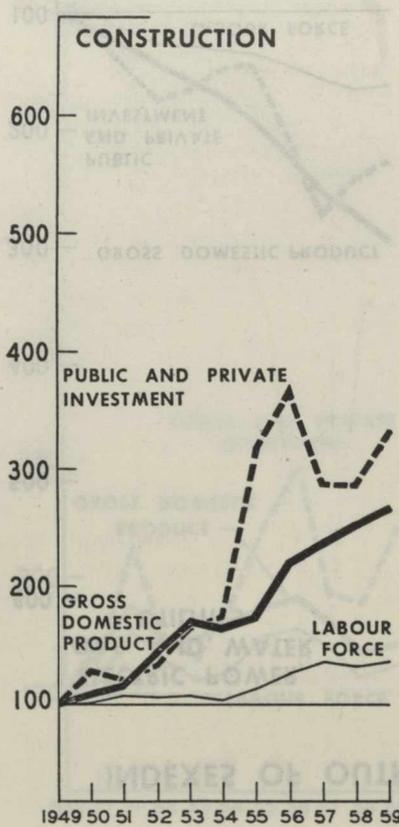


Chart XV-e

INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

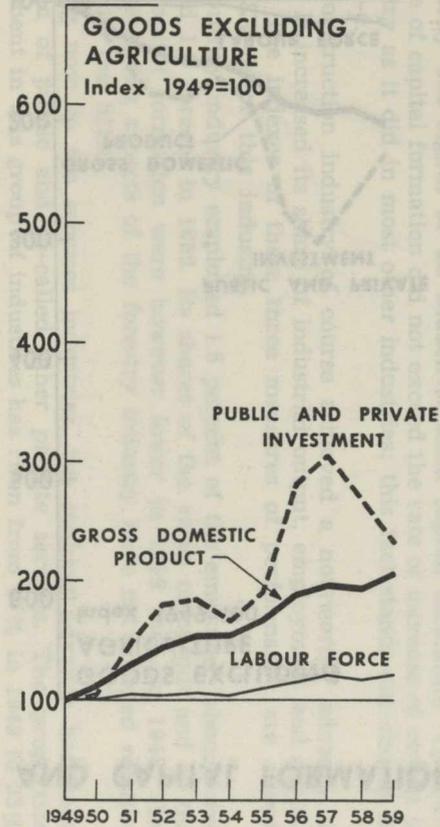
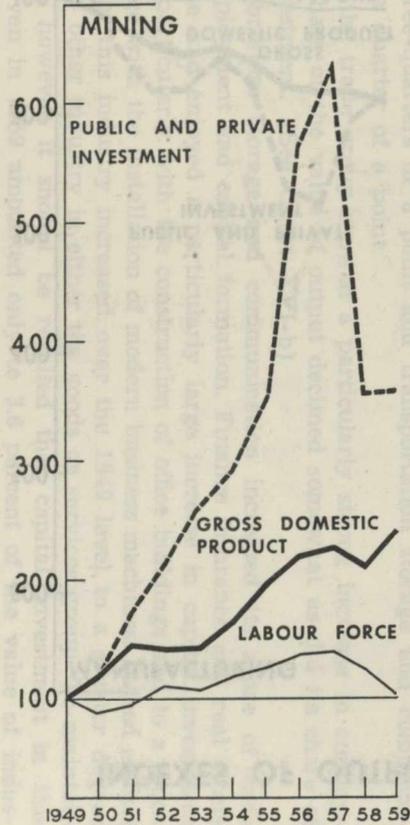
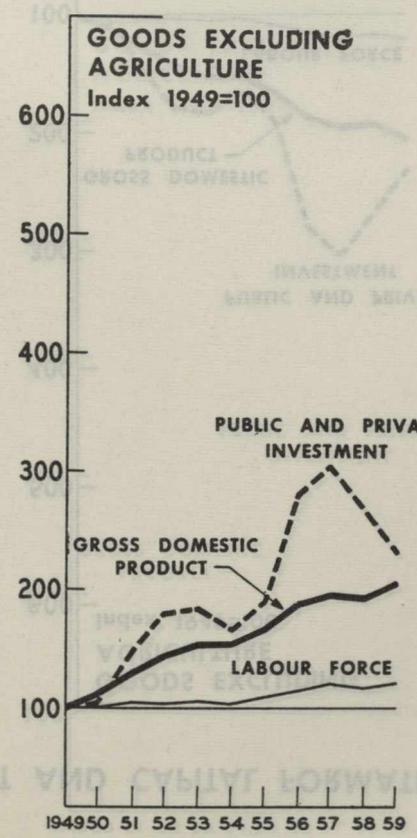
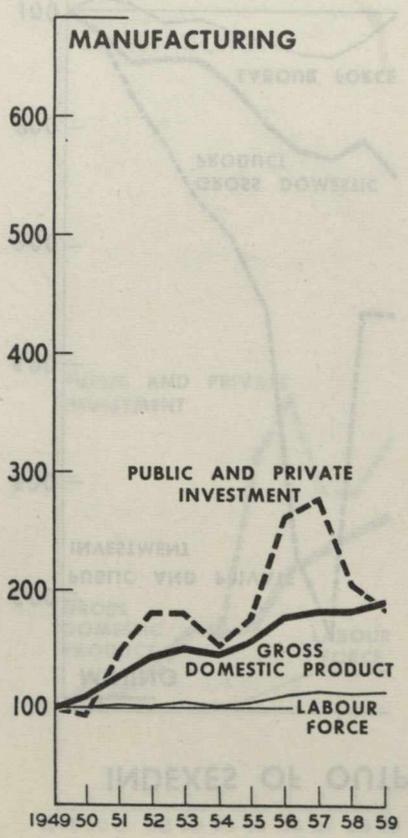


Chart XV-f
INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION
Index 1949=100



thousand persons and raised the industry's share of total industrial employment from 0.9 percent to 1.3 percent. This industry also showed the largest percentage increase in value of output from 1949 to 1959 of all industries delineated in Table VI including the services industries. Capital investment in this industry did not grow as rapidly as in the other goods industries. It is nevertheless a capital intensive industry, indeed in 1959 it accounted for approximately one-eighth of all industrial fixed capital formation. The rate of increase of capital formation did not exceed the rate of increase of output in this industry as it did in most other industries; this fact stands out clearly in Chart XV-c.

The construction industry of course achieved a noteworthy advance in the fifties. It increased its share of industrial output, employment and capital formation. The indexes of these three measures of performance are shown in Chart XV-d for this industry.

The forestry industry employed 1.5 percent of the employed labour force in 1949 and 1.6 percent in 1959. Its shares of the value of output and of the value of capital formation were however lower in 1959 than in 1949. The non-manufacturing aspects of the forestry industry have not enjoyed *relative* expansion in the fifties.

Turning now to the services industries, the striking advance has been in the field of public and so-called other private services. The proportion of employment in this group of industries has risen from 17% in 1949 to 23% in 1959. Their proportion of the value of output rose considerably less than this while their proportion of the value of capital formation rose considerably more. Being a large part of the total services group the public and other services' indicators moved fairly closely with the indicators for the entire services group as may be seen from Chart XVI-d.

All of the services industries improved their proportion of total employment in the fifties. As we have mentioned the public and other services group raised its proportion by six points. The trade group raised its proportion by three points; finance insurance and real estate improved its proportion by three-quarters of a point and transportation storage and communication by a quarter of a point.

While the trade group showed a particularly strong increase in employment, its share of the value of output declined somewhat as did its share of capital investment. (See Chart XVI-b)

Transportation storage and communication increased its share of each output, employment and capital formation. Finance insurance and real estate did likewise and enjoyed a particularly large increase in capital investment associated particularly with the construction of office buildings and to a much lesser degree with the installation of modern business machines. Indeed capital formation in this industry increased over the 1949 level to a greater degree than in any other industry in either the goods or services group. To maintain perspective however it should be recalled that capital investment in this industry, even in 1959 amounted only to 3.6 percent of the value of industrial capital formation.

In this review of the industrial composition of output, employment and capital formation I have emphasized the growth of the services industries relative to the goods industries, the relative decline of agriculture and failure of manufacturing to maintain its relative position. It is of considerable importance to recognize that these important trends have been exhibited in the United States economy in the past decade, though somewhat less sharply than

Chart XVI-a INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

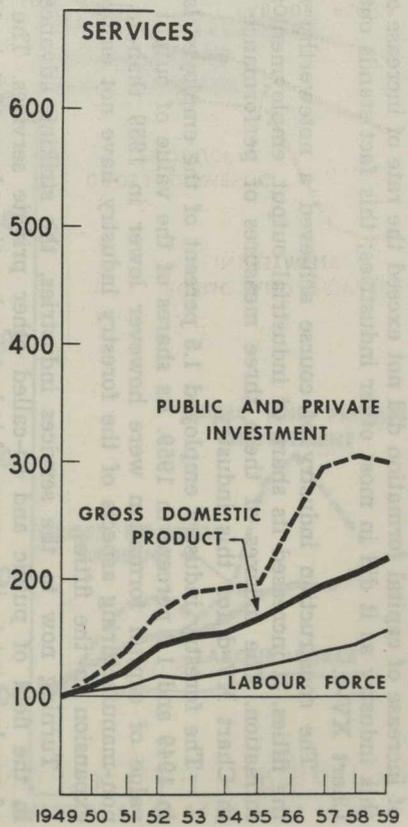
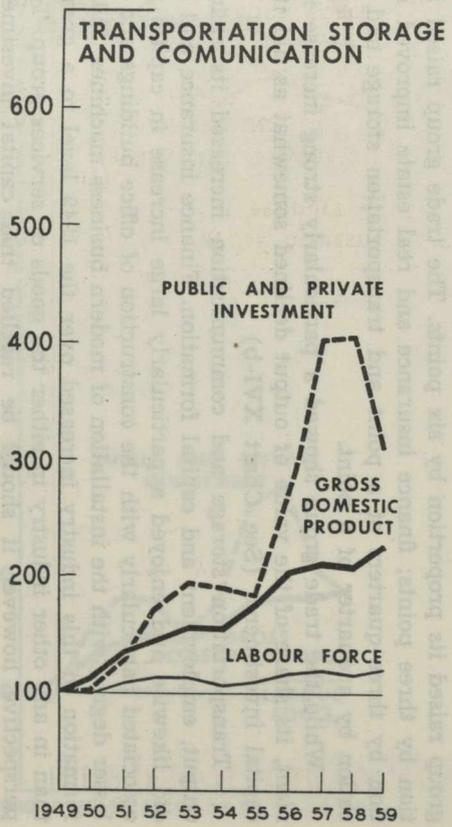


Chart XVI-b
INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

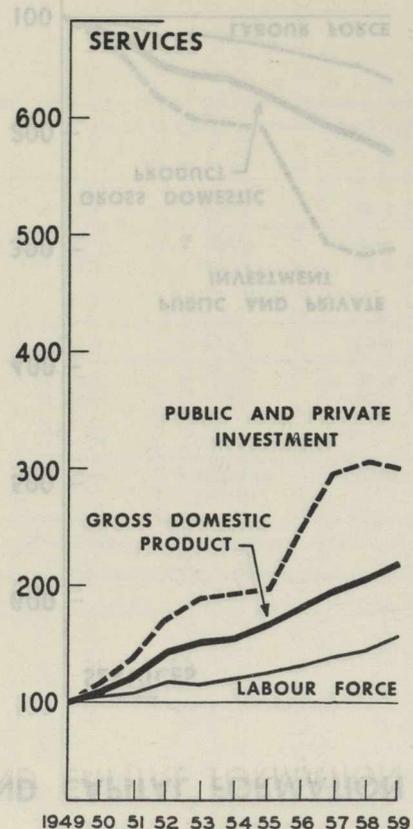
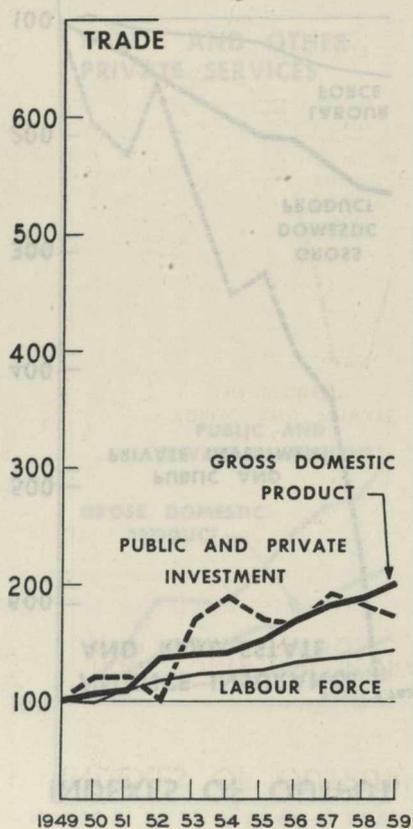


Chart XVI-c INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

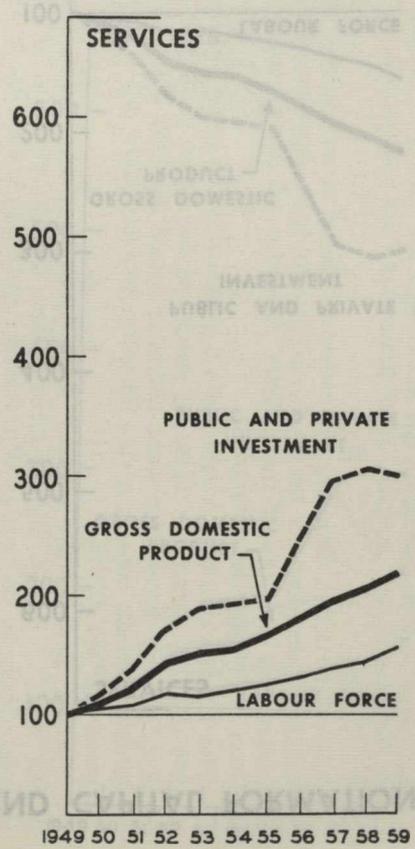
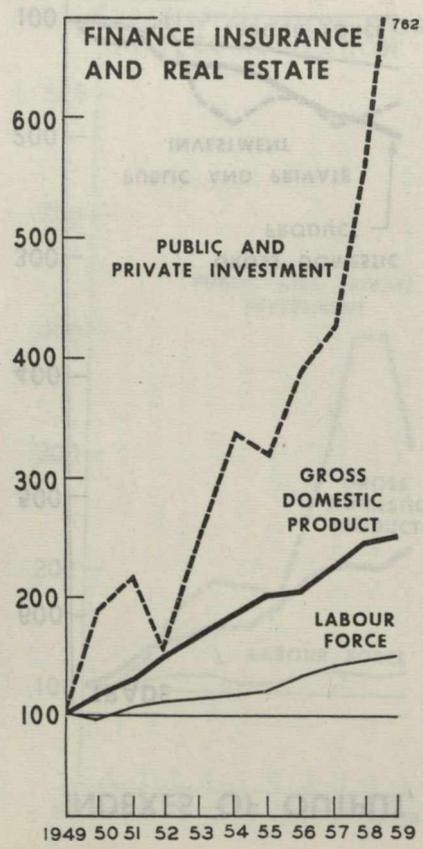


Chart XVI-d
INDEXES OF OUTPUT, EMPLOYMENT AND CAPITAL FORMATION

Index 1949=100

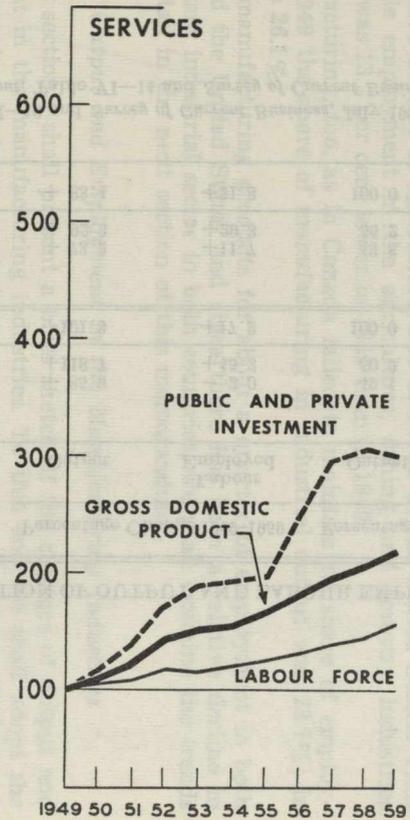
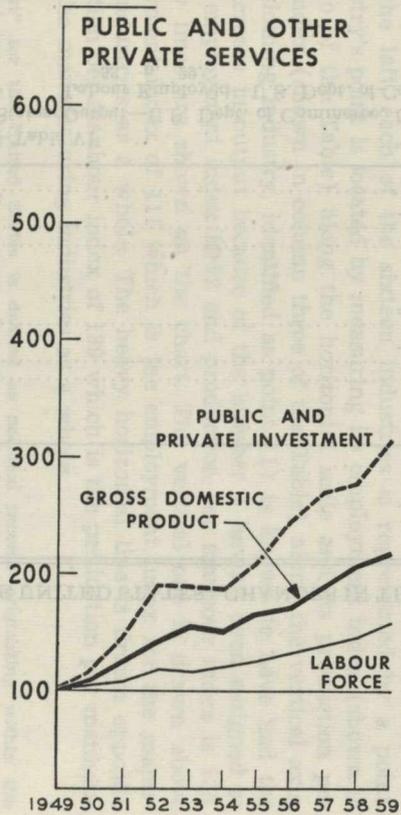


TABLE VII.

CANADA AND THE UNITED STATES—CHANGES IN THE INDUSTRIAL COMPOSITION OF OUTPUT AND LABOUR EMPLOYED, 1949-1959.

	Percentage Composition 1949		Percentage Change 1949-1959		Percentage Composition 1959	
	Output	Labour Employed	Output	Labour Employed	Output	Labour Employed
Canada						
Goods industries.....	53.2	59.2	+ 85.9	- 2.0	49.1	49.6
Services industries.....	46.8	40.6	+118.7	+45.2	50.9	50.4
Total.....	100.0	100.0	+101.3	+17.2	100.0	100.0
United States						
Goods industries.....	46.4	42.5	+ 73.2	+11.7	43.8	39.0
Services industries.....	53.6	57.5	+ 92.3	+29.3	56.2	61.0
Total.....	100.0	100.0	+ 83.4	+21.8	100.0	100.0

SOURCES: Canada—Table VI

United States: Output—U.S. Dept. of Commerce, *U.S. Income and Output*, Table I—10 and *Survey of Current Business*, July 1960, Table VIII, p. 13Labour Employed—U.S. Dept. of Commerce, *U.S. Income and Output*, Table VI—14 and *Survey of Current Business*, July 1960, Table 53, p. 29.

in Canada. In Table VII and Chart XVII we compare the changes since 1949 in output and employment in Canada and the United States in the goods and services industries.¹

It will be seen that the share of the goods industries in both output and employment was less in 1959 than in 1949 in the United States, though the declines in share were smaller than in Canada.

A relative decline of agriculture also occurred in the United States. Thus for example employment in the agriculture, fishing and forestry industries combined, was 13.2 per cent lower in 1959 than in 1949.

Manufacturing, too, as in Canada failed to maintain its share of employment. In 1949 the share of manufacturing in industrial output was 28.7%; in 1959 it was 26.1%.

Since manufacturing accounts for about a quarter of employment in both Canada and the United States and since there has been a relative decline in this important industrial sector in both countries, we shall examine the trends in some detail in the next section of this memorandum.

D. Output and Employment in the Manufacturing Industries

In this section I shall present a brief sketch of the changes of output and employment in the manufacturing industries. To this end we shall adopt the classification of manufacturing industries used by the Dominion Bureau of Statistics and refer to sixteen major groupings of industries.²

The material is presented in detail in the Appendix Table. For purposes of this summary discussion I shall refer to Chart XVIII. Let me first describe this chart which is designed to summarize a rather considerable amount of information. In the table at the right of the chart the industries are numbered and listed in the order of increasing ratio of 1959 production to 1949 production. These ratios are shown in the first column of the Table. Thus for the clothing industry the ratio of 1959 output to 1949 output is 115, which means that the 1959 output of this industry was 15 per cent above its 1949 level. In the chart itself, on the left, each of the sixteen industries is represented by a point. Each industry's point is located by measuring its employment index (shown in column two of the Table) along the horizontal scale and its production per manhour index (shown in column three of the Table) along the vertical axis. Thus the clothing industry, identified as point (1) is known to have had the smallest increase in output because of the number 1 having been assigned to it, and its employment index is 92 and production per manhour index is 125. Two heavy lines are shown on the chart. The vertical one is drawn above the employment index of 111 which is the employment index for the manufacturing industries as a whole. The heavy horizontal line is drawn opposite the production per manhour index of 139 which is the production per manhour index for the manufacturing industries as a whole.

1. "Output" for the United States is defined as national income originating within the designated industry. It differs from gross domestic product of the industry mainly because depreciation allowances are not included in this national income concept.

² The measure of production that is used is the appropriate index of net industrial production published by D.B.S. in the *Canadian Statistical Review*.

The measure of employment that is used is the appropriate index based upon monthly surveys of establishments having fifteen or more employees and published by D.B.S. in the *Review of Employment and Payrolls*.

The index of production per manhour to which reference will be made is computed by multiplying the index of employment referred to above by an index of average hours worked per week (based on the figures published by D.B.S. in *Review of Man-Hours and Hourly Earnings*) and dividing the resulting product into the index of industrial production also referred to above.

Chart XVII
CANADA AND UNITED STATES: INDEXES OF EMPLOYMENT AND OUTPUT
 Index 1949=100

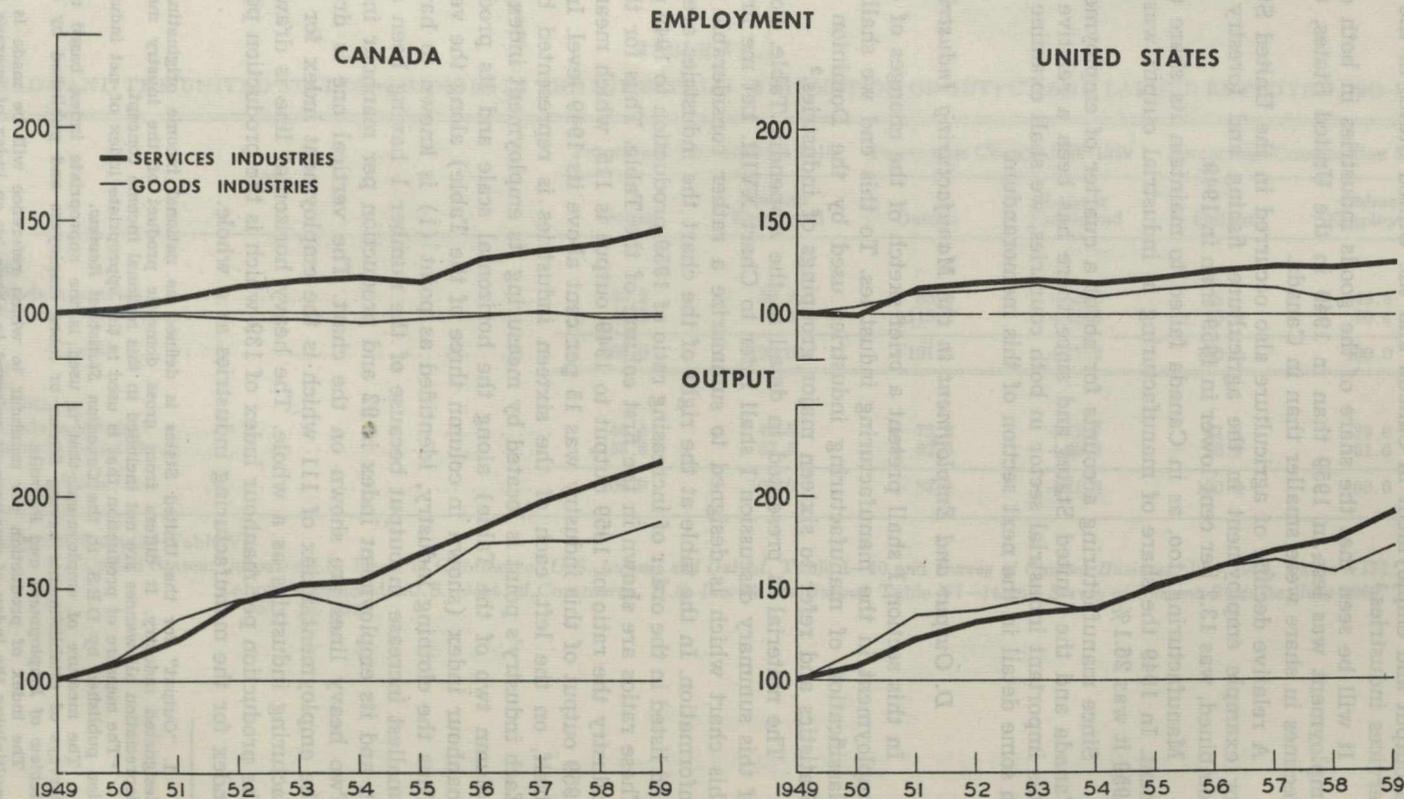
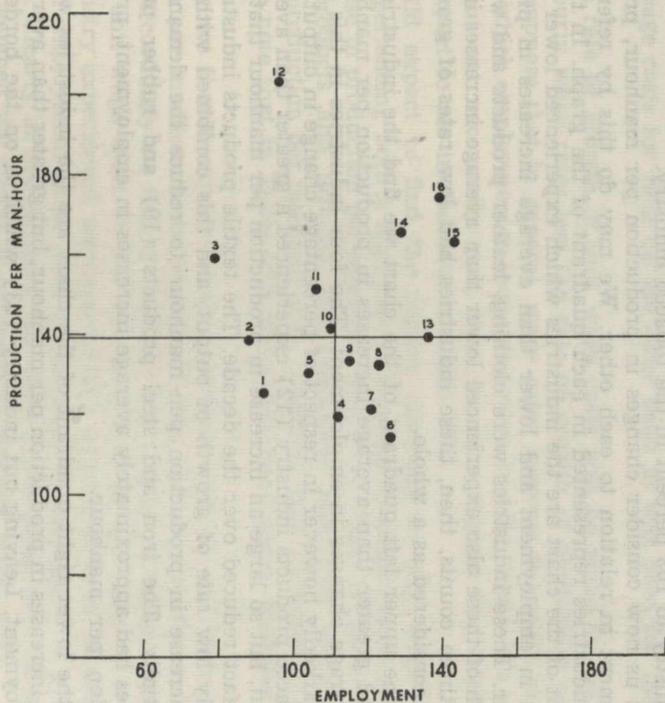


Chart XVIII

INDEXES OF EMPLOYMENT AND PRODUCTION PER MANHOUR, CANADIAN MANUFACTURING INDUSTRIES, 1959



INDUSTRIES

1959 INDEXES (1949=100)

INDUSTRIES	1959 INDEXES (1949=100)		
	PRODUCTION	EMPLOYMENT	PRODUCTION PER MAN-HOUR
1. Clothing	115	92	125
2. Leather Products	120	88	138
3. Textile Products	124	79	159
4. Transportation Equipment	129	112	119
5. Wood Products	135	104	130
6. Non-ferrous Metal Products	135	126	114
7. Printing & Publishing	143	121	121
8. Paper Products	144	123	132
9. Foods & Beverages	146	115	133
10. Iron & Steel Products	148	110	141
11. Rubber Products	161	106	151
12. Tobacco & Tobacco Products	180	96	203
13. Electrical Apparatus & Supplies	186	136	139
14. Chemicals & Allied Products	200	129	165
15. Non-metallic Mineral Products	224	143	163
16. Products of Petroleum & Coal	242	139	174
TOTAL MANUFACTURING	149	111	139

Let us now discuss the patterns revealed by these data. Looking first at the column of production indexes in the table, one may readily perceive which industries have enjoyed the largest increases in output. Rubber products, tobacco and tobacco products, electrical apparatus, chemicals, non-metallic mineral products and products of petroleum and coal all had 1959 production levels that were further above their 1949 levels than was the average level of production for manufacturing as a whole. On the other hand, the clothing, leather products, textile products, transportation equipment, wood products, non-ferrous metal products, printing and publishing, paper products, foods and beverages and iron and steel products industries all had 1959 production levels that were above their 1949 levels by a smaller percentage than was the case for manufacturing as a whole. In no one of the sixteen industries was production in 1959 below the 1949 level.

Mr. Denton last week discussed the changes in employment in the manufacturing industries with you. From the chart, one may readily discover which industries had a lower level of employment than in 1959. These are the industries whose points in the graph lie to the left of the vertical line above 100 on the employment scale. Specifically, they are the clothing, leather products, textile products and tobacco industries. In addition to these industries there are the wood products, iron and steel products and rubber products industries, which, though having a higher level of employment in 1959 than in 1949, nevertheless did not have as large a percentage increase in employment in this period as did the manufacturing industries as a whole. The highest percentage increases in employment were experienced in the chemical and allied products, non-metallic mineral products and products of petroleum and coal industries.

No industry in the group of sixteen was operating in 1959 at a lower level of production per manhour than in 1949. The range of increases in production per manhour is wide; it spreads from 14 percent in the non-ferrous metals products industry to 103 percent in the tobacco industry.

Let us now consider changes in production per manhour, production and employment in relation to each other. We may do this by referring in turn to the industries represented in each quadrant of the graph. In the lower left quadrant of the chart are the industries which experienced lower than average changes in employment and lower than average increases in production per manhour. These industries were clothing, leather products and wood products and each of these also experienced lower than average increases in production. On all three counts, then, these industries had low rates of growth over the decade, considered as a whole.

In the upper left quadrant of the chart we find the industries which experienced greater than average increases in production per manhour, but less than average changes in employment. The four industries in this category differed markedly however in respect of percentage change in output. The tobacco and tobacco products industry (12) experienced a greater than average increase in output, but so large an increase in production per manhour that employment was in fact reduced over the decade. The textile products industry (3) had a relatively low rate of growth of output, and this combined with a relatively large increase in production per manhour to reduce the demand for labour substantially. The iron and steel products (10) and rubber products (11) industries had approximately average increases in employment, production and production per manhour.

In the lower right quadrant of the chart are the industries with less than average increases in production per manhour, but greater than average increases in employment. Leaving out industry (13) which is on the border line, these industries included transportation equipment, non-ferrous metal products, printing and publishing, paper products and foods and beverages. In all cases, save one, these industries had larger increases in output than the industries in the

lower left quadrant which experienced roughly the same increases in production per manhour. Accordingly the industries in the lower right hand panel experienced larger gains in employment than did the industries in the lower left panel.

In the upper right quadrant of the chart are congregated industries which had average or greater than average increases in production per manhour and greater than average increases in employment. These industries are also those with the greatest increases in production or output. They are the electrical apparatus and supplies, chemicals, non-metallic mineral products and products of petroleum and coal industries. These are the industries in which growth in output was so great, that in spite of the increase in production per manhour, there was nevertheless a very considerable increase in employment. On all counts then, these industries had high rates of growth over the decade considered as a whole.

Mr. Denton discussed with you last week the changes in employment within these industries over the decade of the fifties and emphasized the recent declines in employment in certain of the durable goods industries. I have provided these data along with data on production and production per manhour in the Appendix Table. Accordingly I shall not go into this matter further here.

In Table VIII indexes of unit wage costs in Canadian manufacturing industries are shown together with indexes of employment and production per manhour. The indexes are based on the year 1949 and are calculated as the ratio of an index of payrolls¹ to the index of production. Thus if an index of unit wage costs is 144, as it was in the non-ferrous metal products industry in 1958, this means that the ratio of payrolls in 1948 divided by payrolls in 1949 to production in 1948 divided by production in 1949 is 144, or that payrolls per unit of output have increased by 44 percent from 1949 to 1958. We have shown all indexes for 1958 since data are not yet available to permit calculation of the unit wage costs for 1959 on the same basis as was used for the earlier years.

Now the rate of growth of unit wage costs will be equal to the rate of growth of hourly wage rates less the rate of growth of production per manhour. If we suppose that in general, wage rates increase the more rapidly in industries in which employment is increasing more rapidly, which is a plausible hypothesis, but not necessarily true, then we may suggest the relationships we should expect to see in the data of Table VIII.

We should expect to find the highest increases in unit wage costs in industries experiencing both a high rate of increase in employment and a low rate of increase in production per manhour. Now from Chart XVIII we see that the woods products and printing and publishing industries combined low increases in production per manhour with relatively high increases in employment and we note that in Table VIII they show the highest increases in unit wage costs.

Similarly we should expect low employment increases and high increases in production per manhour to be associated with low or even decreasing unit wage costs. Accordingly we find the tobacco and textile industries experienced decreases in unit wage costs. It will be noted that the products of petroleum and coal industry experienced decreases in unit wage costs even though in this industry high employment gains were associated with high gains in production per manhour. Clearly in this industry the effect of the gains in production per manhour outweighed the effects of increases in average wage rates.

¹ The index of payrolls used was computed from the annual payroll data covering production workers as published in the annual D.B.S. publication *General Review of the Manufacturing Industries of Canada*.

Table VIII. 1958 Indexes of Unit Wage Costs, Employment and Production per Manhour in Canadian Manufacturing Industries. (1949=100)

	Unit Wage		Production per Manhour
	Costs	Employment	
Products of Petroleum and coal	94	140	156
Tobacco and tobacco products	97	99	93
Textiles	98	78	146
Electrical apparatus and supplies . .	104	136	133
Rubber products	110	100	141
Clothing	113	91	128
Non-metallic mineral products	114	133	161
Leather products	114	86	135
Chemicals and allied products	118	131	152
Wood products	121	103	129
Iron and steel products	131	103	131
Transportation equipment	132	124	112
Food and beverages	132	112	131
Paper products	140	121	127
Non-ferrous metal products	144	122	112
Printing and publishing	146	119	117

In a similar way we should expect the gains in unit wage costs to vary directly with employment for given increases in production per manhour from industry to industry and to vary inversely with production per manhour for given employment.

These relationships are not borne out in every instance but as generalizations they are supported by the data in Table VIII.

To conclude this brief survey of changes in production and employment in the manufacturing industries, I should like to offer a few comparisons of the changes in employment in manufacturing industries in Canada and in the United States over the period from the first half of 1953 to the last half of 1960. These comparisons are made in my last chart, Chart XIX.¹ In this chart, comparisons are drawn for the total of manufacturing, the durable goods group, the non-durables group, and such components of each of these as are sufficiently similarly defined in the two countries as to warrant comparison.

In summary, the Canadian employment record, in manufacturing, from 1953 to 1960 has in most cases been better than in the United States. Industries which have fared markedly better in Canada include food and most other consumer non-durables (except footwear and apparel), petroleum refining, pulp and paper, primary iron and steel, fabricated steel, saw milling and glass. Even employment in motor vehicles and parts shows a slightly smaller decline over the period in Canada than in the United States. Among the exceptions, that is industries which have fared worse in Canada, two are closely related to defence procurement patterns—aircraft and shipbuilding—and a third, railroad rolling stock is probably affected by timing differences in the dieselization program in the two countries. There remain two other important sectors of manufacturing where employment trends in Canada have been markedly softer—machinery and electrical goods. These two industries also show a substantial difference in their relative importance in the two countries. This is particularly true in the case of machinery (excluding agricultural) which in Canada accounts for only 2.9 per cent of manufacturing employment whereas in the United States it amounts to 9.3 per cent of the total. While the basic data for a more detailed comparison

¹ The Canadian data in this chart are based on statistics published by D.B.S. in the annual *Review of Employment and Payrolls*, and *Canadian Statistical Review*. The United States data pertain to "production and related workers" and are taken from the *Survey of Current Business* published by the United States Department of Commerce.

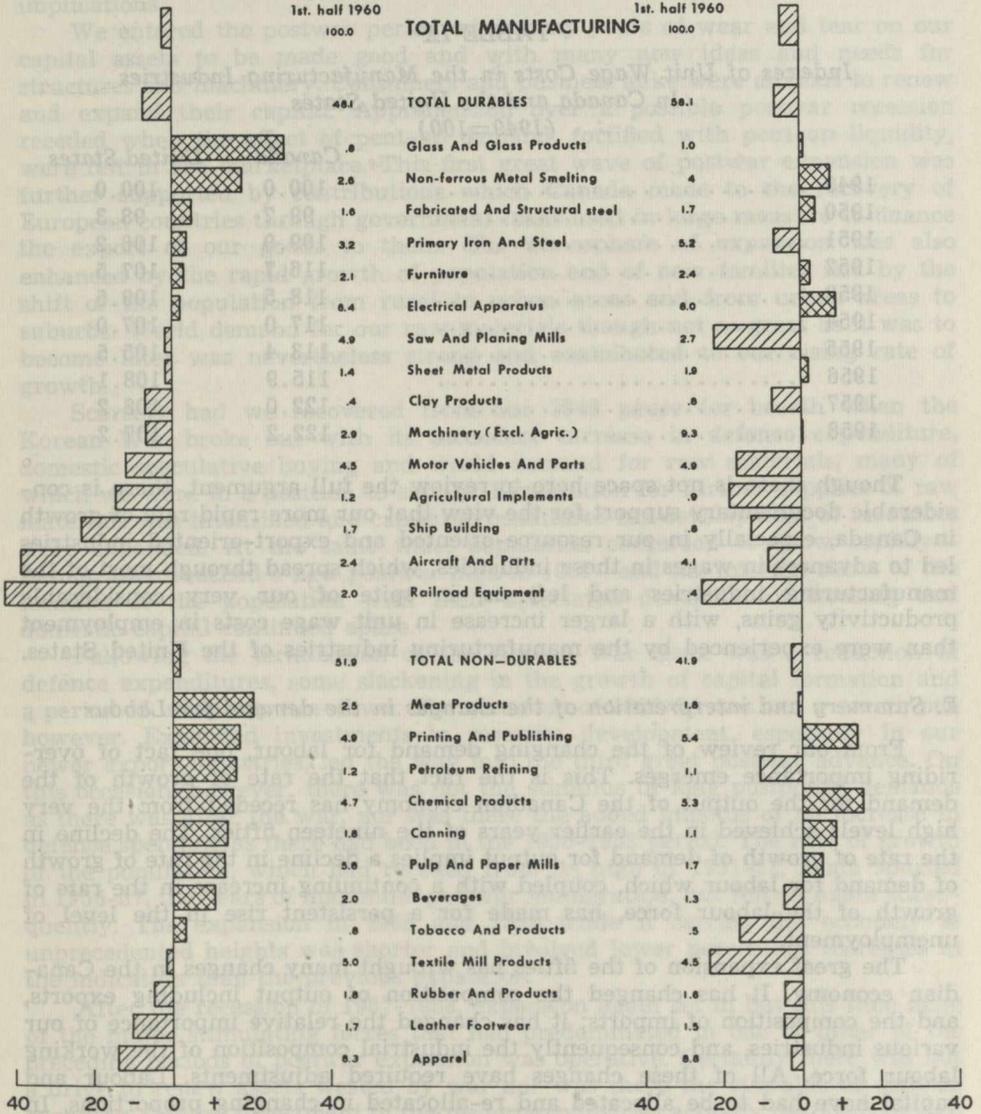
Chart XIX
TOTAL EMPLOYMENT IN MANUFACTURING
 % Change 1st Half 1953 To 1st Half 1960

CANADA

% Contribution
 to total in
 1st. half 1960
 100.0

U.S.A.

% Contribution
 to total in
 1st. half 1960
 100.0



of this sector is not altogether satisfactory, it would appear that Canada has done at least as well as the United States in maintaining employment in the industrial machinery area (which accounts for 75 per cent of total employment in the machinery industry) but has run well behind in providing employment opportunities in the household and office equipment sectors of the industry.

In Table IX a comparison of the course of unit wage costs in Canada and the United States¹ since 1949 is shown. It will be noted that the rise in unit wage costs in manufacturing industries has been greater in Canada than in the United States though the spread has not widened progressively over the period.

TABLE IX
*Indexes of Unit Wage Costs in the Manufacturing Industries
In Canada and the United States
(1949=100)*

	Canada	United States
1949	100.0	100.0
1950	99.7	98.3
1951	109.0	106.2
1952	116.7	107.5
1953	118.5	109.5
1954	117.0	107.0
1955	113.4	105.5
1956	115.9	108.1
1957	122.0	108.2
1958	122.2	107.2

Though there is not space here to review the full argument, there is considerable documentary support for the view that our more rapid rate of growth in Canada, especially in our resource-oriented and export-oriented industries led to advances in wages in these industries, which spread through most of the manufacturing industries and left us, in spite of our very considerable productivity gains, with a larger increase in unit wage costs in employment than were experienced by the manufacturing industries of the United States.

E. Summary and interpretation of the changes in the demand for Labour

From our review of the changing demand for labour, one fact of overriding importance emerges. This is the fact that the rate of growth of the demand for the output of the Canadian economy has receded from the very high levels achieved in the earlier years of the nineteen fifties. The decline in the rate of growth of demand for output implies a decline in the rate of growth of demand for labour which, coupled with a continuing increase in the rate of growth of the labour force, has made for a persistent rise in the level of unemployment.

The great expansion of the fifties has wrought many changes in the Canadian economy. It has changed the composition of output including exports, and the composition of imports; it has changed the relative importance of our various industries, and consequently the industrial composition of the working labour force. All of these changes have required adjustments. Labour and capital have had to be allocated and re-allocated in changing proportions. In the period of rapid growth these adjustments were made and made very effectively.

¹The United States data on payrolls are taken from the *Monthly Labour Review* published by the Bureau of Labour Statistics. The U.S. data on production are the Federal Reserve indexes of Industrial Production revised. The sources of the Canadian data are the same as for Table VIII.

In the period of the declining rate of growth adjustments continue to be necessary. However, adjustments in the nature of re-allocations of resources are more easily made in periods of rising than in periods of falling growth rates. Accordingly the problems of adjustment receive more notice and discussion in periods of falling growth rates. It is important to remember however that the special difficulty of adjustment in a period of declining rates of growth arises not from the need to make *more* adjustments or *greater* adjustments—indeed the contrary may be true—but from the very fact of declining rates of growth. In my opinion this is a very important point and one with significant policy implications.

We entered the postwar period with many years of wear and tear on our capital assets to be made good and with many new ideas and needs for structures and machinery. Consumers and business alike were anxious to renew and expand their capital. Apprehension over a possible postwar recession receded when the effect of pent-up demand, fortified with pent-up liquidity, were felt in the marketplace. This first great wave of postwar expansion was further supported by contributions which Canada made to the recovery of European countries through government loans used in large measure to finance the export of our goods to them. The atmosphere of expansion was also enhanced by the rapid growth of population and of new families and by the shift of the population from rural to urban areas and from urban areas to suburbs. World demand for our raw materials though not as great as it was to become later was nevertheless strong and contributed to our rising rate of growth.

Scarcely had we recovered from our 1949 pause for breath when the Korean War broke out with its attendant increase in defence expenditure, domestic speculative buying and world demand for raw materials, many of which we were in a position to supply. Exploration for further supplies of raw materials was intensified and capital expenditures for development of resources were expanded. At the same time, population continued to grow rapidly—immigration reached a new postwar high in 1951—and the internal shifts of the location of the population with their associated demands for housing and domestic capital continued apace.

Following the termination of the Korean War there was a reduction in defence expenditures, some slackening in the growth of capital formation and a period of inventory run-down. The recession of 1953-54 was not a severe one however. Expanded investments in resource development, especially in our newer export industries, led the way into the third great postwar advance. On this occasion, however, there was not the stimulus of long postponed demands as there was after the war, nor was there the added impetus of an increase in defence spending as there had been in the 1950-1952 period. The rate of growth of the population, which had receded from its high of 1951-52, again spurted in 1956-57, the years of maximum postwar immigration, but fell off again subsequently. The expansion in 1955 and 1956 while it carried the economy to unprecedented heights was shorter and involved lower percentage increases in the indicators than the previous expansion.

After the recession of 1957-1958, expansion again set in but this time none of the major stimulating forces that had predominated in one or other of the preceding periods of postwar expansion was operative. Certainly there was not a drive to renew assets wasted by war nor was there the stimulus of defence spending. Capital investment in the resource industries actually declined, though the figures were still high. Finally, the rate of growth of the population fell to its lowest postwar level. Accordingly, this most recent period of expansion was short-lived and led only to modest increases in the indicators; indeed, as we saw earlier, business expenditures on fixed capital formation did not regain, in this fourth expansion, the levels they had attained in the third expansion.

Increases in the demand for particular classes of output have sparked the three major expansions of the postwar period. Prominent among these primary sources of strength have been the foreign demand for certain of our raw materials and domestic demand for housing and other durables. Defence expenditures were prominent in one expansion as we have noted. The growth in demand for primary materials, especially metals and mineral products, led to very large capital expenditures in these resource industries and to a pronounced rise in the proportion of our exports made up of these materials. The increases in the demand for housing and household durables stemming from the rise in family formation and the shifts in population location led to substantial growth in the residential construction industry and in the sale of consumer durables.

Of course these primary changes, leading to increased capital investment and output also led to rising income and hence to secondary changes that permeated the economy and stimulated most branches of activity. Thus non-residential capital formation was by no means confined to the resource industries nor were increases in domestic demand confined to homes and household goods. We expanded our productive capacity in a great variety of fields and increased our consumption of most classes of goods and services.

The rise in national income not only stimulated demand generally but it had the effect of stimulating some demands more than others. The responsiveness of demand to income changes is not the same for all classes of goods and services. We cannot go into detail here, but some examples will illustrate how the very rise in income serves to alter the composition of output. With a rise in income, an increasing proportion of income is apparently spent on services and a smaller proportion on goods. This is a broad generalization that hides important changes within the various categories. Thus while expenditures for food tend to rise at a lower rate than income, expenditures for consumer durables rise at a higher rate. Within the food category, expenditures on cereals tend to rise at a lower rate than expenditures on meats. Within the services category a rise in national income apparently induces a greater rate of increase in the use of private means of transportation than certain public means and this in turn generates a greater need for investment in highways for the motor car than railroads for passenger trains. These are but a few examples to illustrate the point. The point is that while it is sometimes possible to identify primary forces in an expansion and to associate some changes in the composition of output with those primary forces, the very increases in income which they induce generate further forces of expansion and further changes in the composition of output.

The increases in capital investment that we have made in the postwar years have brought with them improvements in productivity, that is in the rate of output per man-hour of input. We have noted that productivity has shown very satisfying gains in Canada throughout most of the postwar period. Capital investment may contribute to the advance in productivity in many ways. I shall cite two. New investment in machines and structures, of design roughly similar to that already existing, may replace older machines with more efficient newer ones, or may, by adding to the existing assets, raise the ratio of capital to labour nearer to an optimum level. Investment in machines and structures of basically new design may be the necessary adjunct to the introduction of basic changes in technology. Improved productivity in any industry derives from a multitude of sources. New investment, increased skills of the labour force, and new ideas as to the materials to be used, the machines to work them and the processes to be used, as well as many other factors, all combine to increase the output of an hour's work. We may also note that an expanding economy provides the more suitable atmosphere for the introduction of technological changes, and the associated capital investment. This is one of the reasons why in periods of expansion the forces of growth gather strength as the expansion develops.

While changes in technology bring growth in productivity they also change the composition of demand and the structure of industry. The examples of this effect are myriad. The technological developments which gave us synthetic textiles have meant a partial substitution of chemical raw materials for natural fibres in the textile industry and have thereby affected the economics of location in the textile industry. The development of efficient means of converting oil into motive power and heat energy has resulted in an enormous swing in our demand for energy materials from coal to oil. These changes have been reflected in the great increase in our production of oil and decrease in production of coal. These changes have also affected the composition of our exports and imports and have meant the economic decline of our coal mining regions and enormous economic gains for our oil producing regions. Changing technology affects not only the materials we use and the capital equipment we need but also the products we make. The perfection of the internal combustion engine, and metal working technology combined with the perfection of the art of mass production to give us the automobile. Thousands of other examples could be cited, from motion pictures and television to detergent soap and plastic-soled shoes. The changes in technology with their attendant growth in productivity, changing structure and location of industry, and composition of demand for raw materials, capital goods and consumer goods, are the stuff of which economic advance is made. Their introduction stimulates expansion and in turn is stimulated by expansion.

Changes in the composition of demand, whether deriving from changes in technology or from other sources, require the reallocation of resources in the economy. The principal mechanism through which this reallocation is accomplished is the price mechanism. An increase in the demand for our raw materials and semi-manufactured goods, for example, will inevitably lead to an increase in the expected level of earnings from the production and sale of these goods. This is the essential prerequisite to an expansion of their output. In order to accomplish an expansion in output of course it is necessary to attract labour and capital into their production. This may be done readily and with virtually no increase in the rates of return offered to labour and capital when these agents of production are not employed in other lines of activity. When they are so employed, however, it is necessary to attract them from these alternative employments and to attract the new entrants to the labour force, by the offer of relatively higher rates of return. Insofar, however, as the expansion of these industries will create increases in income and new demands for the output of other industries, these other industries subsequently will seek to retain their agents of production and indeed to increase employment of them. Accordingly, increases in the returns of factors of production in the raw materials and semi-manufactured goods industries will spread through the economy as the expansion proceeds. The effects on costs *per unit* of output in any industry will depend upon the advances in productivity in that industry. Increases in costs per unit of output will be smaller the greater are the gains in productivity.¹ This is a broad generalization and in applying it to the analysis of any particular industry it requires qualification in several respects which we shall not enumerate here. As a broad generalization however, it fits the facts of our Canadian experience rather well as we illustrated by reference to the detail of the manufacturing industries in Canada in the postwar period.

Not only do changes in relative demand combine with changes in productivity to produce changes in relative costs; together they determine the changes in the relative demand for labour in the various industries of the

¹ It follows that in principle, it is possible for expansion to proceed without an advance in the general level of prices of final goods and services. We shall not pause here to analyze the effects of expansion upon the general level of prices beyond remarking that they depend particularly upon the rate of advance of productivity in the economy and the rate of expansion of the money supply.

economy. An increase in demand in any industry will occasion an increase in output. This increase in output will be limited by the extent of the price rise entailed in expanding output. Increases in productivity will operate to reduce the increase in price occasioned by increases in demand. Thus, the greater is the increase in productivity the greater will be the increase in output occasioned by a given increase in demand. In this sense, advances in productivity increase the employment of labour in the industry. On the other hand, a *given* increase in output will entail a larger increase in the demand for labour, the smaller is the increase in productivity.¹

We have noted that there has been a greater increase in employment in the service industries in Canada than in the goods industries. Though the data necessary to test the hypothesis are inadequate, they appear to support the hypothesis that this divergence is to be attributed both to the greater relative increase in real output of the service industries and to the lesser relative increase of productivity in the service industries.²

I have been speaking of the postwar expansion of the economy. I have argued that this expansion in each of its first three waves was stimulated by great increases in the demands—especially of foreigners—for our raw materials and partly manufactured goods and by demands for a variety of goods resulting from domestic population growth and shifts. We have recognized that other primary factors have been at work at various times such as the backlog of demand, domestic and foreign, at the end of the war and the defence spending associated with the Korean War. We have suggested that expansion resulting from these primary sources of strength generated increases in income and further, more widespread, increases in demand for output. We have indicated that the direct and induced changes in demand combined with changes in technology produced varying changes in productivity, costs, output and demand for labour in the various industries. Throughout the memorandum I have repeatedly referred to the great expansion of our physical assets—structures and equipment—that has taken place in the postwar period.

I began this concluding section by emphasizing the fact that the rate of growth of the economy has declined. I return to this point now. The rates of growth of the two prime sources of increased demand in the postwar period, namely, foreign demand for our raw and semi-finished materials and our own population, have declined. Our exports of forest products, though strong in 1959 by comparison with 1958, were approximately at their 1955 level in 1959. Our exports of metal and mineral materials, gain though strong in 1959 by comparison with 1958, were very little above their 1957 level in 1959. The population, which grew by some 12.1 percent in the four year period 1951 to 1955, grew by only 10.7 percent in the four year period 1956 to 1960. Net family formation figures in 1958 and 1959 were lower than in any other postwar year.

The decline in the rates of growth of demand from these two prime sources with the consequent slowing down of the demands which they induce indirectly, has left us in the position of having large amounts of excess capacity in various sectors of the economy. We do not have official figures of output capacity in Canada, but the comparison of the capital investment figures with the output figures (as in Chart XV for example) leaves little doubt that capacity has risen much more rapidly than output in many sectors of the

¹ Strictly, the argument should be that the rate of increase of demand for man *hours* of labour varies inversely with the rate of increase of productivity. The argument is as follows: If productivity is defined as output per man hour, then the rate of increase in productivity equals the rate of increase of output less the rate of increase in man hours. From this we conclude that the rate of increase in man hours equals the given rate of increase in output less the rate of increase in productivity.

² By an argument similar to that used in the previous footnote it may be shown that the rate of growth of the ratio of employment in the service industries to employment in the goods industries is equal to the rate of growth of the ratio of their outputs less the rate of growth of the ratio of their productivities.

economy. In the 1958 annual report of the Department of Trade and Commerce the following table appears:

APPROXIMATE PERCENTAGE INCREASE IN CAPACITY
IN TWO YEAR PERIOD 1957 and 1958

COMMODITY	% INCREASE	COMMODITY	% INCREASE
Newsprint	15	Iron Ore	26
Woodpulp	15	Petroleum Crude	60
Aluminum	16	Petroleum Refined	22
Nickel	9	Cement	25
Copper	15	Iron and Steel	15
Asbestos	13	Electric Power	25

There were of course increases in capacity both before and after the years 1957 and 1958. In the face of the decline in the rate of increase of output it is manifest that excess capacity exists. In the residential housing field which has been stimulated from time to time by government measures, the number of dwellings completed has exceeded the net number of new families formed in every year since 1953. It cannot immediately be concluded that the available houses, new and existing, were distributed across the nation in proportion to the distribution of the population, but this evidence, considered with the direct evidence from the housing market suggests that excess capacity has also developed in respect of certain types of housing. This is not to say that there is no need for urban renewal programs—this need must be judged on different grounds.

The emergence of excess capacity in the face of the decline in the rate of growth of our primary expansive factors must be held to be responsible for the great weakness in capital spending to which I have referred several times and which is the proximate cause of the decline in the rate of growth of our national output and employment.

I have referred repeatedly, throughout this memorandum to similarities between the developments in the United States economy and in the Canadian. The developments have not been identical of course but they have been similar. Both economies experienced the stimulus of post-war pent-up demands. Both economies contributed to the export of goods to Europe during the period of European recovery. The Korean war brought expansion in the United States as it did in Canada. In both countries there have been large increases and shifts of population in the post-war years. All of these changes have induced substantial capital expansion. Latterly, there has been a decline in population growth in the United States as in Canada. Both countries have been affected by the changed climate of international trade resulting from the flowering of the European economy, the stunning economic growth of Japan and the emergence of new sources of primary and semi-manufactured materials.

It is true that the forces of expansion and the subsequent weakening of these forces have affected the two economies in different degree and in different particular respects. For example, the Canadian economy grew more rapidly in the third post-war expansion than did the American, and her decline in growth rates was correspondingly more severe than the American in the ensuing expansion. But in both countries the failure of demand to grow at as great a rate as capacity has meant the emergence of excess capacity and with it further curtailment of capital spending and the onset of economic recession.

In the face of the similarities of the Canadian and American experience, it is futile to argue that the present slackness in the demand for labour in Canada is due to peculiarly Canadian conditions. The problem is North American in scope, the rate of growth of demand for North American output has declined.

Having set forth what I believe to be the essential cause of such of our present malaise as is not to be attributed to a mere distortion of the relation of inventories to sales, I should like at this point to refer briefly to certain developments upon which our condition should *not* be blamed.

Associated with our post-war economic growth has been a very considerable increase in the ownership and control of enterprises in certain industries by non-residents especially in the United States. It is sometimes contended that this increase in non-resident ownership is in some way responsible for the present conditions of unemployment. Such a contention is, of course, nonsense. There is no evidence that the decline in the rate of growth of Canadian population is to be attributed to the rise in American ownership of Canadian mines, oil wells or manufacturing concerns. Nor can the decline in the rate of growth of foreign demand for our raw materials and semi-manufactured goods be attributed to the growth in foreign ownership of Canadian enterprises in these fields. Many of the manufacturing concerns in Canada that are subsidiaries of foreign enterprises have long been established in this country; indeed many came here with the establishment of empire preference tariffs. It may be that some of them are not oriented toward the development of export markets in non-empire countries but, be that as it may, their existence in Canada is not the fundamental explanation of the decline in the rate of growth of the Canadian economy.

As Canadians we may prefer a lower to a higher degree of non-resident control of our enterprises. However this preference cannot be supported on the ground that such non-resident control has contributed to the decline in our rate of growth. Any attempt to support such a preference with an argument of this kind beclouds issues and analysis of them.

It is sometimes argued that our present difficulties are to be attributed to the increase in our imports. This argument has two facets. On the one hand it has been contended that over the past several years Canadians have overindulged themselves by importing too heavily and in so doing, by some unexplained mechanism have brought on the slowing down in the rate of economic advance which we are now experiencing. This argument, to my mind loses all significance when it is recalled that imports as a proportion of Gross National Expenditure have, on the average, shown a modest downward trend since 1951. This fact is illustrated in Chart VI. On the other hand, it is argued that recently there has been an increase in imports of goods and that this is a major cause of our difficulty. It is true that in 1959 imports of goods were higher than they were in 1958. It is also undoubtedly true that certain of our industries have been subjected to stronger competition from imports in the past year or so than they were prior to this. But standing against these facts are the further facts that imports in 1959 were only a minutely larger proportion of national income than in 1958, and that in 1960, to date, imports of goods are running at approximately the same level as in 1959. These opposing considerations lead me to the conclusion that while certain industries have been faced with problems of adjusting that have been rendered more difficult by the decline in the economy's rate of growth, the decline in the rate of growth itself cannot be explained by these examples of import competition.

Another line of argument that has been put with some force is that our present difficulties result from a prolonged period of extravagant living financed by others. Our present difficulties are attributed to capital imports by this line of argument in several ways. One version of the argument is that the capital import leads to non-resident control of industry and thence to economic malaise. I have already expressed a view on this argument. A second version of the argument is that the waves of expansion in the post-war years led to inflation and that the inevitable consequence of inflation is recession. I would not deny that we had inflation, nor would I deny that the business cycle

exists, having not yet been conquered by the exercise of appropriate policies. Of course what in fact happened during the period following 1952 was that the United States undertook to transfer a portion of her real national income to Canada. By virtue of this, the inflation we experienced was less extreme than it would otherwise have been. Indeed with hindsight we can now see that an even more vigorous control of the domestic money supply in Canada in the periods of our great expansion might have induced an even greater transfer of resources to Canada from abroad and rendered the control of inflation more effective. A third version of the argument is that the rate of capital inflow within the last several months has been a major cause of our difficulty. I am not so inclined to resist this argument, though I should not express it in quite this way. I have contended that a major cause of the decline in our rate of growth has been the decline in the rate of growth of our exports of certain classes of goods. The falling off of this growth rate has meant, given other prevailing economic conditions, that our import of capital has been larger than it would otherwise have been, but it is the falling off of these exports rather than the import of capital *per se* to which I should attach major significance. The excess of imports over exports is of course equal to the capital inflow and I have already commented upon the recent changes in imports. While in my opinion the present rate of capital inflow is not a factor of primary significance in explaining the source of our present difficulty, certain policies which I would deem appropriate in the present circumstances would have the effect of reducing the capital inflow.

I shall comment on only one other of the explanations of our present retarded growth which I believe to be inappropriate. The argument is sometimes made that the decline in our present rate of growth is to be attributed to the fact that growth in the various geographical or industrial sectors of the economy has not proceeded at equal rates; that some sectors have grown more rapidly than others. It is of course true that if a decline in the growth rate in sector A is offset by an increase in the rate of growth in sector B, then the overall rate of growth will not decline. It is quite another matter to argue that a decline in the rate of growth in sector A is caused by the fact that it has heretofore exceeded the rate of growth of sector B. To be more concrete, it is not obviously true by any means that the decline in export demand for our raw materials is to be attributed to the failure of secondary manufacturing to grow as rapidly as our mining industry. Nor is it obvious that if our secondary manufacturing industry *had* grown more rapidly that it would on that account be the better able to offset the effects of a decline in export demand for raw materials by increasing its rate of growth yet further. Indeed one may argue in quite the opposite vein and contend that to the extent that genuine imbalance arises from unequal rates of growth, this will be recognized in the market place by an increase in the demand for the output of the more slowly growing sectors and by an increase in investment and employment in those areas. The fact that such a development does not occur must be taken as *prima facie* evidence that no genuine imbalance existed.

If the above analysis is correct, and the present economic recession is to be attributed principally to a decline in our rate of economic growth reflecting a decline in the demand for the output of the Canadian economy, then it follows that the primary emphasis in economic policy should be upon measures that will most readily and effectively stimulate the demand of residents and non-residents alike for Canadian output. This necessarily brings us to the consideration of policies pertaining to taxes, money supply, exchange rates, social capital and, for the longer term, our competitive position in the international economy. However, this is where prescription begins and diagnosis ends, and so I must conclude as it was intended that this study should be limited to a presentation and analysis of the facts.

APPENDIX TABLE
INDEXES OF PRODUCTION, EMPLOYMENT, PRODUCTION PER MAN HOUR AND UNIT WAGE COSTS IN CANADIAN
MANUFACTURING INDUSTRIES
(1949 = 100)

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	
NON DURABLES												
Foods and Beverages.....	100.0	103.8	106.8	113.5	117.4	120.6	126.8	133.1	135.6	140.4	146.4	Production
	100.0	101.2	103.0	105.2	104.6	105.6	106.9	109.6	111.4	112.3	114.6	Employment
	100.0	102.1	104.6	109.2	115.2	117.9	122.6	126.3	127.4	130.5	132.8	Production per man hour
	100.0	100.0	110.2	114.1	116.4	117.9	117.6	118.9	129.5	131.6	N/A	Unit Wage Costs
Tobacco and tobacco products.....	100.0	103.4	95.0	108.0	120.3	124.7	135.5	145.9	161.0	173.2	179.9	Production
	100.0	95.3	87.8	85.9	87.0	87.7	88.6	89.0	91.2	99.1	96.2	Employment
	100.0	96.6	83.7	81.1	82.1	81.9	84.4	84.8	85.2	92.8	88.5	Production per man hour
	100.0	98.7	115.3	106.0	101.3	102.9	100.5	92.7	94.8	97.2	N/A	Unit Wage Costs
Rubber Products.....	100.0	116.8	124.9	118.9	130.3	119.2	141.0	154.0	147.8	137.2	161.1	Production
	100.0	103.6	108.3	102.8	108.3	102.7	109.6	114.3	110.4	99.5	106.2	Employment
	100.0	117.7	115.3	115.4	120.5	116.6	126.4	133.8	136.2	141.0	150.7	Production per man hour
	100.0	98.6	108.1	113.3	112.9	115.4	108.7	108.8	113.9	110.1	N/A	Unit Wage Costs
Leather Products.....	100.0	95.6	90.4	101.0	106.4	100.2	106.9	115.6	115.6	114.4	120.3	Production
	100.0	95.3	91.5	94.0	96.0	87.8	86.8	89.5	88.6	86.0	88.2	Employment
	100.0	102.3	103.0	107.2	111.6	118.3	124.0	129.5	132.9	134.7	138.1	Production per man hour
	100.0	100.6	109.2	108.8	111.4	111.2	108.2	108.5	112.6	114.3	N/A	Unit Wage Costs
Textile Products.....	100.0	112.5	113.1	102.9	107.9	94.3	114.0	117.3	117.6	109.5	123.5	Production
	100.0	102.3	104.3	93.4	93.2	80.4	85.4	86.8	84.4	77.5	78.8	Employment
	100.0	108.5	112.4	114.2	120.3	121.4	134.4	136.7	143.4	146.2	158.9	Production per man hour
	100.0	95.1	103.0	106.7	105.0	106.5	96.8	98.7	98.0	97.7	N/A	Unit Wage Costs
Clothing.....	100.0	101.3	101.2	111.4	115.0	108.9	112.8	117.6	116.8	114.4	115.3	Production
	100.0	99.8	100.6	101.0	100.8	91.5	91.9	94.0	94.2	90.7	92.4	Employment
	100.0	101.2	103.6	110.3	114.4	123.2	124.1	124.7	126.7	128.2	125.2	Production per man hour
	100.0	99.6	106.0	105.4	109.1	107.2	105.9	108.0	111.3	113.1	N/A	Unit Wage Costs
Paper Products.....	100.0	109.3	117.5	113.4	118.1	124.1	131.0	137.8	135.5	134.8	144.1	Production
	100.0	101.0	108.6	108.4	110.2	114.8	118.2	123.7	123.5	121.1	123.2	Employment
	100.0	107.1	107.8	108.4	114.3	117.7	121.3	122.2	122.7	126.7	131.7	Production per man hour
	100.0	98.6	113.2	122.7	125.3	127.2	127.5	133.2	138.9	139.8	N/A	Unit Wage Costs

Printing, Publishing and Allied Trades...	100.0	101.5	105.1	107.5	114.7	121.6	127.1	137.3	138.2	123.4	143.2	Production
	100.0	104.3	105.4	104.3	107.1	110.0	111.8	115.3	119.6	119.1	121.3	Employment
	100.0	97.3	101.0	105.7	108.9	111.9	115.1	120.5	117.9	116.5	121.0	Production per man hour
	100.0	108.8	114.7	121.2	125.8	126.2	127.8	126.1	135.7	146.4	N/A	Unit Wage Costs
Products of Petroleum and Coal.....	100.0	111.9	128.5	140.1	153.3	165.0	188.3	216.1	223.5	216.8	241.5	Production
	100.0	106.3	113.5	119.6	119.4	120.9	125.6	133.5	140.0	139.7	138.5	Employment
	100.0	104.8	113.8	116.4	127.9	135.6	150.3	164.7	159.3	156.3	174.0	Production per man hour
	100.0	92.6	95.1	107.1	104.4	99.3	92.8	88.4	93.9	93.8	N/A	Unit Wage Costs
Chemicals and Allied Products.....	100.0	107.7	120.0	122.3	139.9	152.1	165.5	174.8	183.4	186.5	199.9	Production
	100.0	102.7	110.3	114.1	117.3	121.1	122.2	127.7	133.5	131.2	129.4	Employment
	100.0	105.4	110.6	111.3	124.1	131.7	142.7	144.8	146.1	151.9	164.7	Production per man hour
	110.0	98.5	110.9	122.3	119.0	116.1	109.7	109.3	114.0	118.1	N/A	Unit Wage Costs
NON-DURABLES TOTAL.....	100.0	106.0	110.8	113.2	120.2	121.2	130.4	138.1	139.7	139.5	148.8	Production
	100.0	101.1	103.5	102.8	103.9	101.4	103.2	106.6	107.6	105.6	107.3	Employment
	100.0	104.1	108.4	112.0	118.8	124.3	130.1	133.7	135.6	138.4	144.2	Production per man hour
					NOT AVAILABLE								Unit Wage Costs
DURABLES												
Wood Products.....	100.0	108.2	114.8	115.8	125.4	124.2	136.4	138.3	127.3	131.1	134.7	Production
	100.0	104.6	108.0	102.0	104.7	101.0	107.3	110.3	105.5	102.6	103.5	Employment
	100.0	102.9	106.1	111.2	117.7	123.0	125.8	125.6	122.7	129.3	129.5	Production per man hour
	100.0	100.7	109.5	113.7	113.6	113.5	112.8	118.1	124.4	120.6	N/A	Unit Wage Costs
Iron and Steel Products.....	100.0	102.5	117.0	118.9	115.3	106.2	123.8	145.3	139.6	126.4	147.7	Production
	100.0	99.2	110.0	113.2	111.0	99.8	102.9	112.4	113.4	102.6	109.7	Employment
	100.0	104.1	108.4	107.5	107.1	111.7	124.4	133.1	128.8	131.0	140.5	Production per man hour
	100.0	102.0	111.5	123.1	130.9	128.6	123.5	122.2	131.1	130.7	N/A	Unit Wage Costs
Transportation Equipment.....	100.0	108.3	131.3	149.1	165.2	137.3	145.1	157.9	151.2	130.8	128.7	Production
	100.0	99.6	117.4	138.7	153.1	133.9	131.2	141.6	142.1	123.8	112.3	Employment
	100.0	108.0	110.5	110.1	109.8	106.8	116.1	116.8	113.1	112.1	119.4	Production per man hour
	100.0	97.0	102.1	114.6	121.1	119.7	112.3	116.4	126.6	132.1	N/A	Unit Wage Costs
Non-Ferrous Metal Products.....	100.0	104.0	114.1	112.2	120.1	117.0	127.5	133.0	127.6	125.8	134.9	Production
	100.0	98.6	109.8	110.6	118.3	117.4	125.3	132.5	128.3	122.3	126.3	Employment
	100.0	105.5	106.1	106.1	106.2	104.6	106.7	106.0	105.8	112.2	114.2	Production per man hour
	100.0	99.4	115.0	129.4	129.2	132.9	134.0	140.8	148.4	144.2	N/A	Unit Wage Costs

APPENDIX TABLE—(Cont'd)

INDEXES OF PRODUCTION, EMPLOYMENT, PRODUCTION PER MAN HOUR AND UNIT WAGE COSTS IN CANADIAN
MANUFACTURING INDUSTRIES

(1949 = 100)

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	
Electrical Apparatus and Supplies.....	100.0	112.5	120.7	124.5	150.9	151.7	176.2	191.3	183.6	175.5	185.7	Production
	100.0	108.8	120.4	122.1	136.3	132.9	137.4	152.2	150.4	135.7	130.8	Employment
	100.0	103.4	100.4	102.0	110.7	116.7	129.6	126.6	124.5	132.9	138.8	Production per man hour
	100.0	100.0	113.6	119.7	111.3	103.6	94.5	103.5	105.8	104.4	N/A	Unit Wage Costs
Non-Metallic Mineral Products.....	100.0	111.0	119.8	122.8	139.2	146.1	171.1	191.5	191.3	205.9	224.0	Production
	100.0	105.5	113.7	110.8	113.7	114.8	123.6	134.0	132.2	133.2	143.1	Employment
	100.0	104.3	106.3	113.1	126.1	132.3	143.3	148.6	152.2	161.4	163.3	Production per man hour
	100.0	99.7	110.3	116.6	116.8	118.0	114.2	112.4	114.9	113.9	N/A	Unit Wage Costs
Durables Total.....	100.0	106.5	119.9	124.8	133.6	124.8	139.7	153.3	146.7	138.6	149.0	Production
	100.0	101.7	113.2	118.2	123.5	114.2	117.4	126.4	125.3	114.8	115.5	Employment
	100.0	104.7	107.2	107.6	110.0	113.2	122.4	125.1	122.5	127.0	133.4	Production per man hour
	100.0				NOT AVAILABLE							Unit Wage Costs
ALL MANUFACTURING.....	100.0	106.2	115.0	118.5	126.4	122.9	134.7	145.1	142.9	139.1	148.9	Production
	100.0	101.4	108.1	109.9	113.0	107.3	109.8	115.8	115.8	109.8	111.1	Employment
	100.0	104.5	107.7	109.7	114.3	118.9	126.2	128.9	129.0	133.0	139.0	Production per man hour
	100.0	99.7	109.0	116.7	118.5	117.0	113.4	115.9	122.0	122.2	N/A	Unit Wage Costs



Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 3

WEDNESDAY, DECEMBER 14, 1960

The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

The Canadian Chamber of Commerce: Mr. Leonard Hynes, Chairman, Executive Council; Mr. W. J. Sheridan, Assistant General Manager; Dr. A. N. McLeod, Chairman, Public Finance and Taxation Committee; Mr. Lloyd Hemsworth, Chairman, Labour Relations Committee.

ROGER DUHAMEL, F.R.S.C.

QUEEN'S PRINTER AND CONTROLLER OF STATIONERY

OTTAWA, 1960

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i>
Burchill	Inman	<i>Shelburne</i>)
Cameron	Irvine	Thorvaldson
Choquette	Lambert	Vaillancourt
Connolly (<i>Ottawa West</i>)	Leonard	Wall
Courtemanche	MacDonald (<i>Queens</i>)	White
Croll	Macdonald (<i>Cape Breton</i>)	Wilson—(33)
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Asetline moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

WEDNESDAY, December 14, 1960.

Pursuant to adjournement and notice the Special Committee on Manpower and Employment met this day at 10.30 a.m.

Present: The Honourable Senator Smith (*Queens-Shelburne*)—*Deputy Chairman*, Brunt, Buchanan, Burchill, Cameron, Connolly (*Ottawa West*), Courtemanche, Croll, Haig, Hnatyshyn, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Macdonald (*Cape Breton*), Roebuck, Wall and White—19.

The following representatives of the Canadian Chamber of Commerce were heard:—

Mr. Leonard Hynes, Chairman, Executive Council.

Mr. W. J. Sheridan, Assistant General Manager.

Dr. A. N. McLeod, Chairman, Public Finance and Taxation Committee.

Mr. Lloyd Hemsworth, Chairman, Labour Relations Committee.

At 12.30 p.m. the Committee adjourned until Wednesday, January 25th next, at 10.00 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.

THE SENATE

SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

EVIDENCE

OTTAWA, Wednesday, December 14, 1960.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 10.30 a.m.

Hon. Donald Smith (*Queens-Shelburne*) in the Chair.

The DEPUTY CHAIRMAN: Order, please.

We have with us today representatives of the Canadian Chamber of Commerce who very kindly and very quickly, I might say, responded to our invitation to give us what assistance they were able to in exploring the question of manpower and unemployment. First I would call on Mr. Leonard Hynes, Montreal, who is Vice-president of Canadian Industries Limited and who does a lot of valuable work for the Canadian Chamber of Commerce. Mr. Hynes is chairman of the executive council. I would ask him to make a few preliminary remarks and to introduce others who are here with him representing the Canadian Chamber of Commerce.

Mr. Leonard Hynes, Vice-president, Canadian Industries Limited, Montreal; Chairman, Executive Council, Canadian Chamber of Commerce:

Thank you, Senator Smith. I am happy to have the opportunity of being with you. We have put together some of the Chamber's policies on manpower and employment. We do not believe that these are necessarily the answer to everything but we think probably with some exchange of views here we could make some progress and be of some assistance to you in your deliberations by appearing on this occasion.

I would like to introduce my colleagues:

First, Mr. W. J. Sheridan, who is Assistant General Manager of Canadian Chamber of Commerce. Mr. Sheridan is also a past president of the Canadian Public Relations Society and a member of the Institute of Association Executives.

We have also with us Dr. A. M. McLeod, of Toronto. He is the economist of the Toronto-Dominion Bank. Mr. McLeod is co-chairman of the Canadian Chamber of Commerce Public Finance and Taxation Committee. Mr. McLeod comes originally from Saskatchewan. He has a Bachelor of Arts Degree from Queens and a Ph.D. from Harvard. Formerly he was economist with the International Monetary Fund and a member of several missions to other countries in regard to monetary matters. He was also economist with the Canadian Department of Finance.

I am also supported this morning by Mr. Lloyd Hemsworth, of Montreal. He is Chairman of the Canadian Chamber of Commerce Labour Relations Committee; he is a member of the Department of Labour Advisory Committee on Professional Manpower; he is a member of the Department of Labour Committee on Technicological Change. He was a member of the Canadian

employers delegation to the 1959 meeting of the International Labour Office in Geneva, and a member of the Duke of Edinburgh's Study Conference at Oxford in 1956.

Copies of our brief have been distributed only recently and I think it would probably assist in further discussions if I might ask Mr. Sheridan to read the brief and then we could proceed with questions and discussion.

The DEPUTY CHAIRMAN: Thank you, Mr. Hynes. That will be agreeable.

Hon. SENATORS: Agreed.

The DEPUTY CHAIRMAN: Are you ready to proceed, Mr. Sheridan?

Mr. W. J. Sheridan, Montreal, Assistant General Manager, Canadian Chamber of Commerce:

Mr. Chairman and honourable senators, this submission is addressed to the chairman and members of the committee. The executive council of the Canadian Chamber of Commerce welcomes this opportunity of submitting its views with respect to the important subject of manpower and employment presently under study by this special committee of the Senate.

Terms of Reference:

We note that the terms of reference of the Senate's Special Committee include (a) the study of trends in manpower requirements, (b) the exploration of the possibilities of maintaining and extending a high level of employment and (c) an examination of the influence of technological changes as well as the growth and characteristics of the labour force.

The members of The Canadian Chamber of Commerce, both organization and corporate, are deeply conscious of the desirability of an exhaustive study under these terms of reference and the growing need, in the light of current conditions, to find solutions to the problems involved in keeping occupied at as high a level as possible the growing labour force in Canada.

The Canadian Chamber of Commerce:

The Canadian Chamber of Commerce is the national federation of some eight hundred Boards of Trade and Chambers of Commerce in communities of all sizes, in all parts of Canada. As a matter of fact, only this week we welcomed the 850th member of the Canadian Chamber of Commerce to membership. Community Boards of Trade and Chambers of Commerce are voluntary organizations of business firms and individuals associated with the business life of Canada representing all forms of business as well as the professions, established to promote the civic, commercial, industrial and agricultural progress of the communities and areas which they serve. In addition to member Boards of Trade and Chambers of Commerce, Canadian Chamber membership also includes some twenty-five hundred corporation members which are corporations, firms and partnerships associated with the business and professional life of Canada. Canadian Chamber membership also includes some twenty-five associate members which are national trade, business and professional associations associated with the business and professional life of Canada.

The Executive Council of The Canadian Chamber of Commerce, which is submitting this brief, is appointed by the National Board of Directors to carry on the business of the Chamber during the interim between the meetings of the National Board of Directors.

The views and opinions expressed in this submission are based on national policy approved by the members at the most recent annual meeting, early in October this year, and includes the views and opinions of the members as solicited specifically for this submission.

Canadian Chamber Policy

Essential to and underlying all of the views and recommendations contained in this submission is the Chamber's belief in and support of Canada's economic system of competitive enterprise. Every statement made herein must be read in the light of the following statement of principles with respect to freedom of enterprise which forms the foundation of all Canadian Chamber policy.

The Canadian Chamber of Commerce believes that one of the basic aims of public policy should be the maintenance of personal freedom. In this atmosphere the consumer is free to make his own choice as to how, when or where he will spend his income. These individual choices collectively provide the great stimulating and controlling force governing production. For this force to operate effectively, suppliers of goods and services must be free to compete for these choices, satisfying old ones more economically and searching out new ones promptly. Hence come the phrases "Freedom of Enterprise" and "The System of Private Competitive Enterprise".

In this competitive atmosphere, only the efficient suppliers of goods and services can prosper. Suppliers who remain inefficient or who continue to produce things no longer wanted will not survive. Through such competition, changes take place and efficiency is increased to the benefit of the consumer.

The Chamber believes that Canada can be great and prosperous only if all individuals have the incentive of adequate reward for risk, energy, initiative and enterprise, along with the right to enjoy the product of their thrift and foresight.

The Chamber affirms that the core of its policy is to support the enterprise system. It believes that within the freedom concept, limitations on the freedom of the individual are justified in the interests of law and order. However, the unwarranted and arbitrary exercise of power by governments, often influenced by collectivist theories, destroys initiative and curtails the dynamic qualities which are essential to the productive operation of private enterprise.

The Chamber recognizes economic education as the most potent instrument for the extension and development of the Canadian enterprise system. In this regard, the Chamber is committed to do all in its power to help with the enlightenment of the individual so that he can develop better understanding and act on his own authority and responsibility.

The Chamber recognizes the responsibility of society to help those individuals incapable of providing for themselves, but does not believe that it is the business of the State to provide those services which the individual can supply for himself. Social security must not become an end in itself. Canadians must beware of looking to the State to provide security to the extent that the individual loses incentive to provide for himself.

If ever business, or the people in general, believe that they can turn to government in every difficulty, the springs of initiative and self-reliance would run dry. The Chamber puts faith in the responsibility and the resourcefulness of individuals operating under the competitive enterprise system, believing that these factors will ensure the highest possible standard of living for the whole Canadian people.

Availability of Data:

There would appear to be a need for a more precise analysis of the employment and unemployment situations in Canada at the present time. The

extent of unemployment by regions, by sex, by marital status, age and by job classification is not yet readily available. This was written, of course, before the studies were made which have been presented already to this committee. The number of family heads unemployed and other relevant questions which help to provide a true picture of the pattern of unemployment remain unanswered. The rapid completion and dissemination of the studies commissioned by this Committee will undoubtedly provide valuable data as a basis for more informed policy decisions.

The Essential Problem:

The essential problem with which this submission is concerned can be stated very simply. What are the effective means by which a higher level of useful employment may be obtained and maintained for Canada's growing labour force?

All other aspects of the subject, the study of trends and manpower requirements, the examination of the influence of technological changes, the composition of the labour force, are of interest only because they can help to provide clues or guides to the formulation of satisfactory replies to the question raised above.

This spelling out of the essential problem in the form of a question immediately invites other questions which must be answered before we can get down to tackling the main problem. First of all, what do we regard as a sufficiently high level of employment? If we are prepared to accept a figure of 3 to 4% unemployment of the labour force, as referred to in a study of the International Labour Organization, then the picture gains a new perspective.*

Table I shows estimates of the civilian labour force and its status, 1931-1960, showing percentages of the total labour force as against the civilian population (14 years of age or over) and percentages of unemployed as against the total labour force.

Table II shows the Annual Averages of Persons Without Jobs and Seeking Work as a percentage of the Total Civilian Labour Force for the years 1953 to 1959.

With your permission, Mr. Chairman, I might take these tables as read, and proceed with the text.

The DEPUTY CHAIRMAN: Yes.

Senator CONNOLLY (*Ottawa West*): Could we just have a look at them before you continue?

Mr. SHERIDAN: Certainly.

* The International Labour Office, in its study entitled *Public Investment and Full Employment*, gives the following definition of full employment: "Full employment exists when every adult who wants employment can obtain it at current wage rates and working hours: when working hours are no shorter than the workers themselves (collectively) prefer at current wage rates; when wage rates are not so low as to constitute exploitation of workers; and when a worker who loses his job through contraction of his employer's scale of operations could find new employment (subject to the above conditions) within a short period not exceeding (say) three months. Because of frictions, these definitions would be compatible with actual unemployment of 3 to 4% of the labour force".

TABLE I
STATUS OF THE LABOUR FORCE 1931-1960*

Period	Civilian Non- Institutional Population (14 years of age or over)	Total Civilian Labour Force	Participa- tion Ratio	In Agriculture	Per Cent of Labour Force in Agriculture	Persons Without Jobs and Seeking Work	Unemploy- ment Ratio
As at June 1	(000's)	(000's)		(000's)		(000's)	
1931.....	7,116	4,151	58.3	1,216	29.3	481	11.6
1932.....	7,240	4,211	58.2	1,237	29.4	741	17.6
1933.....	7,366	4,275	58.0	1,257	29.4	826	19.3
1934.....	7,491	4,338	57.9	1,277	29.4	631	14.5
1935.....	7,621	4,402	57.8	1,298	29.5	625	14.2
1936.....	7,748	4,466	57.6	1,319	29.5	571	12.8
1937.....	7,870	4,526	57.5	1,339	29.6	411	9.1
1938.....	7,997	4,588	57.4	1,359	29.6	522	11.4
1939.....	8,122	4,649	57.2	1,379	29.7	529	11.4
1940.....	8,140	4,607	56.6	1,344	29.2	423	9.2
1941.....	8,056	4,466	55.4	1,224	27.4	195	4.4
1942.....	8,085	4,569	56.5	1,139	24.9	135	3.0
1943.....	7,871	4,567	58.0	1,118	24.5	76	1.7
1944.....	7,920	4,548	57.4	1,136	25.0	63	1.4
1945.....	8,048	4,520	56.2	1,144	25.3	73	1.6
1946.....	8,768	4,862	55.5	1,271	26.1	124	2.6
May 31, 1947..	8,993	4,954	55.1	1,172	23.7	92	1.8
June 5, 1948..	9,123	5,035	55.2	1,186	23.6	81	1.6
June 4, 1949..	9,254	5,092	55.0	1,114	21.9	101	2.0
June 3, 1950..	9,610	5,198	54.1	1,066	20.5	142	2.7
June 2, 1951..	9,696	5,236	54.0	991	18.9	81	1.5
May 31, 1952..	9,933	5,344	53.8	927	17.3	105	2.0
June 20, 1953..	10,154	5,461	53.8	911	16.7	92	1.7
June 19, 1954..	10,384	5,557	53.5	906	16.3	189	3.4
June 18, 1955..	10,589	5,666	53.5	880	15.5	159	2.8
June 23, 1956..	10,797	5,843	54.1	808	13.8	117	2.0
June 22, 1957..	11,113	6,089	54.8	773	12.7	164	2.7
June 21, 1958..	11,353	6,203	54.6	740	11.9	324	5.2
June 20, 1959..	11,554	6,287	54.4	731	11.6	234	3.7
June 18, 1960..	11,780	6,454	54.8	682	10.6	300	4.6

* Bank of Canada Financial Supplements 1958 and 1959 and Statistical Summary, July 1960.

TABLE II
PERSONS WITHOUT JOBS AND SEEKING WORK
(Annual Averages—Thousands of Persons)**

Year	Persons Without Jobs and Seeking Work	Total Civilian Labour Force	Per cent of Labour Force
1953.....	137	5,397	2.6
1954.....	235	5,493	4.3
1955.....	232	5,610	4.1
1956.....	180	5,782	3.1
1957.....	257	6,003	4.3
1958.....	405	6,127	6.6
1959.....	350	6,228	5.6
Average.....	257	5,806	4.3

** Bank of Canada Statistical Summary, July 1960.

Senator LEONARD: In the last column of the table "Status of the Labour Force 1931-60" the unemployment ratio of 4.6 is the ratio of persons without jobs and seeking work, to what?

Mr. SHERIDAN: To the total civilian labour force.

Senator LEONARD: That is 6,454,000.

Mr. SHERIDAN: That is right, as of June 18, 1960.

Senator LEONARD: But by Table II you show the 1959 average as 5.6, which is the same ratio but for a further year?

Mr. SHERIDAN: That is the annual average.

Senator LEONARD: The figure 5.6 is the annual average, and the other figure is for a specific date?

Mr. SHERIDAN: A specific date.

Senator BURCHILL: Are these figures taken from the Bureau of Statistics?

Mr. SHERIDAN: In each case, the source is indicated: the Bank of Canada Financial Supplements 1958 and 1959, and Statistical Summary, July 1960, are indicated as sources for Table I; and for Table II, the source is Bank of Canada Statistical Summary 1960.

TABLE III

PER CENT OF TOTAL LABOUR FORCE UNEMPLOYED, BY MONTH, 1957, 1958, 1959*
(in thousands)

Survey Week Ending	Total Civilian Labour Force	Persons Without Jobs and seeking work	Per cent
1957 Jan. 19.....	5,782	305	5.3
Feb. 16.....	5,771	326	5.6
Mar. 16.....	5,805	345	5.9
Apr. 20.....	5,837	308	5.3
May 18.....	5,970	196	3.3
June 22.....	6,089	164	2.7
July 20.....	6,206	166	2.7
Aug. 24.....	6,223	176	2.8
Sept. 21.....	6,136	197	3.2
Oct. 19.....	6,091	211	3.5
Nov. 16.....	6,075	296	4.9
Dec. 14.....	6,050	392	6.5
1958 Jan. 18.....	5,977	527	8.8
Feb. 15.....	5,958	563	9.4
Mar. 22.....	5,998	597	9.9
Apr. 19.....	6,059	522	8.6
May 24.....	6,120	370	6.0
June 21.....	6,203	324	5.2
July 19.....	6,314	291	4.6
Aug. 23.....	6,306	281	4.5
Sept. 20.....	6,159	271	4.4
Oct. 18.....	6,177	313	5.1
Nov. 15.....	6,134	361	5.9
Dec. 15.....	6,120	440	7.2
1959 Jan. 17.....	6,076	538	8.9
Feb. 21.....	6,084	537	8.8
Mar. 21.....	6,077	525	8.6
Apr. 18.....	6,109	445	7.3
May 16.....	6,186	334	5.4
June 20.....	6,287	234	3.7
July 18.....	6,434	228	3.5
Aug. 22.....	6,425	239	3.7
Sept. 19.....	6,291	213	3.4
Oct. 17.....	6,290	237	3.8
Nov. 14.....	6,247	296	4.7
Dec. 12.....	6,231	370	5.9

* Taken from "Bank of Canada Statistical Summary Financial Supplements" 1958 and 1959.

The DEPUTY CHAIRMAN: Go ahead, please.

Mr. SHERIDAN: Table I, however, shows only part of the picture. This leads to the second question arising out of the statement of the essential problem. What is the extent and significance of the seasonal unemployment problem? Table III shows the monthly breakdown of employment and unemployment as against the total labour force, on a monthly basis for the years 1957, 1958 and 1959. From these figures it becomes immediately apparent that there are wide swings in employment reflecting the seasonal nature of much of Canada's economic activity.

The Chamber recognizes seasonal unemployment in Canada as a problem meriting serious consideration and discussion involving as it does a recurring annual waste of manpower and frequently of productive capacity. The solving of this problem is the responsibility of all groups in Canada. On its part the Chamber has urged and continues to urge its corporation members to plan their work, as far as practicable, to give employment during any seasonal unemployment period and its organization members to cooperate with local agencies in development of plans at the local level to combat seasonal unemployment.

Because of climatic variations, more pronounced in some regions than in others, it is probable that there will always be some dislocation of labour. For example, tourist and woods operations are largely seasonal, shipping is seriously affected in certain areas due to freeze-up, farming is a seasonal occupation with demands for labour heavy in the harvesting season and much reduced during the winter months and many others. At one time the winter had an adverse effect on construction and while this is still the case the swings and variations are levelling out considerably.

It might be pointed out here that planning with respect to unemployment and particularly seasonal unemployment should have regard to both the short-term problems and the long-term problems. Unless a clear distinction is drawn between these two sets of problems there is the danger of applying remedies which would serve only to perpetuate the difficulties which must be overcome. If, through the temporary expedience of subsidized make-work projects or governmental hand-outs, the mobility of labour is lessened or the incentive of the individual and of business to seek or provide alternative employment is weakened, then satisfactory solutions to these problems may be delayed or even remain completely unsolved.

Growth:

The problems with which Canada is faced at the present time in the area of employment are not unique. There is perhaps too little recognition of the changes which have taken place and are taking place in the Canadian economy as our population grows, as our skills increase, as technology improves and as we progress towards economic maturity. The process of structural development has characterized all nations on the move. In Canada this structural development has taken place in great spurts, particularly after World Wars I and II. **Table IV** will demonstrate one aspect of this development relating to manufacturing. This table shows employment in manufacturing industries since 1931, which figures I am sure are familiar to everyone here.

From Tables I and IV we see the rapid shift which has been made in terms of employment with respect to agriculture and manufacturing. To revert to **Table I**, I am sure you will all be familiar with the drop in the labour force in agriculture from even as late as 1940, of 29.2, to June 18, 1960, as 10.6; whereas in manufacturing it has increased from 12.7 in 1931 to 21.1 for 1958, which is the latest figure we show. In 1931, 29 per cent of the labour

TABLE IV
EMPLOYMENT IN MANUFACTURING INDUSTRIES SINCE 1931*

	Employees	Total Labour Force (June Surveys)	Percentage
		(000's)	
1931.....	528,640	4,151	12.7
1932.....	468,833	4,211	11.1
1933.....	468,658	4,275	11.0
1934.....	519,812	4,338	12.0
1935.....	556,664	4,402	12.6
1936.....	594,359	4,466	13.3
1937.....	660,451	4,526	14.6
1938.....	642,016	4,588	14.0
1939.....	658,114	4,649	14.2
1940.....	762,244	4,607	16.5
1941.....	961,178	4,466	21.5
1942.....	1,152,091	4,569	25.2
1943.....	1,241,068	4,567	27.2
1944.....	1,222,882	4,548	26.9
1945.....	1,119,372	4,520	24.8
1946.....	1,058,156	4,862	21.8
1947.....	1,131,750	4,954	22.8
1948.....	1,155,721	5,035	22.9
1949.....	1,171,207	5,092	23.0
1950.....	1,183,297	5,198	22.8
1951.....	1,258,375	5,236	24.0
1952.....	1,288,382	5,335	24.1
1953.....	1,327,451	5,380	24.7
1954.....	1,267,966	5,413	23.4
1955.....	1,298,461	5,537	23.4
1956.....	1,353,020	5,664	23.9
1957.....	1,359,061	6,089	22.3
1958.....	1,289,602	6,120	21.1

* Taken from "Canada Year Book", 1959 and General Review of Manufacturing Industries.

force was engaged in agriculture. This figure has dropped in 1960 to 10.6 per cent. In 1931, 12.7 per cent of the labour forces was engaged in manufacturing whereas in 1958, 21.1 per cent was so engaged. Significantly 27.2 per cent of the labour force was employed in manufacturing in 1943 but this had dropped to 21.1 per cent in 1958.

Table V shows the percentage changes of the labour force in various sectors of industry over the period 1949-1959. These are significant in relation to the industrial divisions which are set out on the table which includes forestry, mining, durable goods, non-durable goods, construction, transportation, public utilities, trade—trade shows the greatest increase, using an index figure of 100 for 1949, having risen to 135.3 in 1959. The next item is finance, insurance and real estate, which jumped from 100 to 153.2; and service, which is mainly hotel, restaurant, dry cleaning plants, laundries, and business and recreational service—which rose from 100 to 139.3.

Generally speaking an increase in the percentage of the labour force engaged in service industries is an indication of a higher standard of living and reflects to a considerable extent the catering to an increase in leisure time on the part of the general public.

Productivity—Key to Prosperity:

While private enterprise is prepared to accept its responsibility for raising the levels of employment it must be recognized that employers themselves do not create and maintain job opportunities. The consumer is the real creator of job opportunities. The percentage of employment opportunities does not

TABLE V
INDEX NUMBERS OF EMPLOYMENT (1949 = 100), CANADA, BY INDUSTRIAL DIVISIONS

Year and month	Industrial Composite	Forestry (chiefly logging)	Mining	All Manufactures	Durable Goods	Non-Durable Goods	Construction	Transportation, Storage and Communication	Public Utility Operation	Trade	Finance, Insurance, and Real Estate	Service*
Averages—												
1949.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1950.....	101.5	100.8	105.5	100.9	100.9	100.9	102.4	99.9	101.3	103.2	105.4	101.0
1951.....	108.8	138.6	110.6	108.0	112.8	103.8	110.2	106.1	103.4	107.4	115.2	103.1
1952.....	111.6	123.9	116.8	109.3	117.2	102.5	122.5	110.9	107.5	109.9	121.9	106.6
1953.....	113.1	98.3	110.8	113.0	123.5	103.9	118.1	111.2	112.4	113.1	122.4	108.8
1954.....	109.9	96.3	110.4	107.3	114.2	101.4	110.6	109.0	116.1	114.8	128.0	111.7
1955.....	112.9	102.9	113.7	109.8	117.4	103.2	115.0	110.8	119.2	118.7	132.1	115.0
1956.....	120.7	113.2	122.7	115.8	126.4	106.6	131.8	118.3	126.3	126.3	137.1	125.1
1957.....	122.6	99.3	127.2	115.8	125.3	107.6	135.7	120.4	133.6	131.8	145.0	131.9
1958.....	117.9	75.9	123.5	109.8	114.8	105.6	126.2	115.5	137.6	131.6	149.3	135.1
1959.....	119.7	78.9	123.4	111.1	115.5	107.3	130.3	114.3	138.7	135.3	153.2	139.3

* Mainly hotels, restaurants, laundries, dry cleaning plants and business and recreational service.

expand necessarily in relation to increased production due to technological changes and improved methods and techniques. Broadly speaking, however, it can be said that expanding markets mean expanding job opportunities.

It can also be said that price is a major determining factor in consumer acceptance of any product or service. There are three important factors we wish to consider in relation to price. They are labour costs, taxes and profit.

Profit:

The earnings of business constitute the largest single source of investment capital out of which grows increased productive capacity and additional job opportunities. A few decades ago the productive efficiency of the North American economy and the continuing technological improvement in machines and processes kept North American products at or below the prices at which the less developed countries were able to produce similar products. Even though labour costs were well below those of Canada and the United States, the superiority of North American machines kept prices competitive in world markets. There is strong evidence that today this superiority no longer exists. Certainly it does not exist in certain lines of manufacture. In Europe and in Asia modern factories using the latest and most up-to-date machinery are producing goods equal in quality in every way with those produced on the North American continent. In addition, these foreign producers are in a position to use low-wage labour. The average Canadian consumer sees evidences of this in many lines of consumer goods now appearing in Canadian retail outlets. There are two apparent solutions to the problem which this presents. The first is that as the standard of living rises in foreign countries labour costs will also rise making the products therefore more competitive. That this is necessarily a long-term solution is illustrated by **Table VI**.

TABLE VI
WAGE RATES ABROAD ARE AT LEAST SIXTEEN YEARS BEHIND THE PRESENT
CANADIAN LEVEL

	Average Hourly Wage in Manufacturing 1959	Average Annual Rate of Increase 1953-59	Time required to equal Canada if Canadian rates	
			remain unchanged	continue to rise
	(\$ Canadian)	(percent)	(years*)	
United States.....	2.13	3.9	n.a.	n.a.
Canada.....	1.72	4.0	n.a.	n.a.
United Kingdom.....	.66	6.0	16	50
West Germany.....	.54	6.8	18	44
France.....	.38	7.8	20	42
Italy.....	.35	4.6	35	277
Japan.....	.24	5.2	39	171

* Future advances based on 1953-59 experience.
Based on I.L.O., U.N. and D.B.S. Statistics.

The second solution is, however, the most important immediately. That is, to keep as far ahead as possible in Canada with new products and with more advanced machinery and know-how in order to produce at lower cost. It is in this second area that the question of incentives becomes extremely important. The Canadian producer must be encouraged by sufficient earnings and incentives to invest in research, development and out-to-date machinery. **Table VII**, provides a picture of profits as a percentage of gross sales or revenue for Canadian companies of all kinds during recent years. This table is derived

from the Green Book of the Department of National Revenue, Taxation Statistics, published annually from the year 1944, which was the first year of publication, until 1958, which is the most recent in this taxation statistics series. The table shows that out of every dollar of gross sales or revenue the amount left as profits after taxes ranged from 3.7 in 1944 to a high of 5.1 in 1950, to a low of 2.8 in 1958—the only lower figure is for 1954, with a low of 2.7.

Table VII would seem to indicate that the margin of profit for Canadian business is low in relation to company gross sales and revenue and, indeed, is not adequate to do the job which is necessary to keep ahead in the competitive race.

TABLE VII—PROFITS TABLE

In these years.....	*1944	1945	1950	1953	1954	1955	1956	1957	**1958
the Canadian Government had full information about taxes, profits and income on this many companies (fully tabulated).....	23,283	25,309	39,111	48,350	52,983	58,313	65,819	71,899	78,789
Of the companies above, this many operated at a loss.....	4,534	5,244	11,059	14,378	17,284	17,155	17,169	20,917	23,656
(in thousands of dollars)									
The gross sales or revenue of all the above companies amounted to.....	12,406,652	13,446,959	26,305,652	36,972,380	38,943,601	43,468,100	50,756,600	52,894,200	53,401,900
Profits for the year of all the above companies (before taxes) amounted to.....	1,086,505	1,106,466	2,183,320	2,365,800	1,988,019	2,574,600	2,891,300	2,655,600	2,495,100
All these companies paid this amount of income tax (includes Excess Profits Tax for the years 1944 and 1945 and Old Age Security Tax for 1953 and after).....	633,016	641,722	732,647	1,102,870	933,394	1,125,800	1,263,700	1,077,000	985,600
Current year profits of all these companies (after taxes) amounted to.....	453,489	464,744	1,450,673*	1,262,929	1,054,625	1,448,800	1,626,600	1,578,600	1,509,500
(in cents)									
Out of every dollar of gross sales or revenue here is what was left as profits after taxes.....	3.7	3.5	5.1	3.7	2.7	3.3	3.2	3.0	2.8
(What was left out of each dollar of gross sales or revenue to pay the owners of the companies (shareholders) and to provide for expansion, new jobs, etc.)									

* First year available.

** Last year available.

SOURCE—Department of National Revenue—Taxation Statistics.

Labour Costs:

The most important factor in the cost of production by far is the cost of labour involved. Too frequently in considering this question the only labour factor calculated is that of the immediate labour cost in one particular plant or factory. Overlooked entirely are all of the labour costs involved in the plant, machinery, power, transportation, service, the extraction and processing of raw materials and everything else used in the production of any product including wholesaling and retailing. In the final analysis the total price of any product is the sum of all the costs of labour, mental and physical, involved in its production. Over and above these cost factors there are those peculiar to Canada including our Northern climate, our vast geographical area and our relatively sparse population.

The Canadian standard of living is greatly influenced by the standard of living in the United States and while it is perfectly natural and laudable to aspire to an equivalent standard of living with our neighbours to the South the economic facts of life are that for manufactured goods at least with a much more limited domestic market, Canada is unable to produce in the quantities produced by similar manufacturers in the United States which means that unit costs are, in many instances, higher than in that country.

Canada's position with respect to wages and productivity in relation to other countries is shown by the figures and diagrams which appear in **Table VIII**.

This table shows the gap between wages and productivity is widening, and that Canada is facing severe import competition, with Canadian wage rates amongst the highest in the world.

Senator CROLL: Mr. Sheridan, do I understand that both of those tables are based on I.L.O., U.N., and D.B.S. statistics?

Mr. SHERIDAN: Yes, sir.

On a per capita basis, Canadian wealth is about 25 percent less than the per capita wealth of our neighbours to the South. This indicates a need to exercise restraint for demands for increases in salaries and wages if we are to be able to produce at costs which will allow us to be competitive in the markets of the world. It is completely unrealistic to expect increases in wages and salaries which are not accompanied by increases in productivity. This does not mean to say that labour should be entitled to all of the fruits of higher productivity which should be shared with the investor and the consumer. Over the whole period of man's historical life as a producer of wealth, "human labour" (i.e. men engaged in purely mechanical work) is either a constant or a diminishing source of productive power and a diminishing source of productive skill. The annual increase in productivity or output per man hour has consistently represented a relatively increasing physical contribution by capital instruments and a relatively decreasing physical contribution by workers to the total products. Unless this essential fact is recognized and incentives provided for the retention of sufficient capital to keep pace with the investment required in a rapidly changing and highly competitive world then we will find ourselves falling behind instead of leading the way. This is not to say that those who contribute to production as workers at all levels should not share in the new wealth which is produced but there should be a recognition of the true source of the new wealth and provision made for its continuance and growth. As Ludwig Erhard, the architect of the so-called German miracle and who has had considerable practical experience in this field, has frequently pointed out "—wages and prices, in spite of all denials and tactical manoeuvres, remain indissolubly linked" and he added "I tried to oppose all wage increases which were not justified by progress in productivity". This is a quotation from Mr. Erhard's book "Prosperity through Competition".

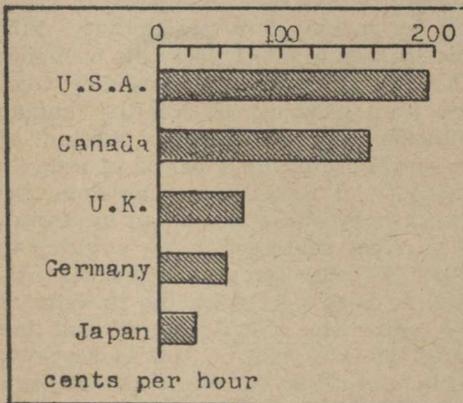
TABLE VIII

THE GAP BETWEEN WAGES AND PRODUCTIVITY IS WIDENING

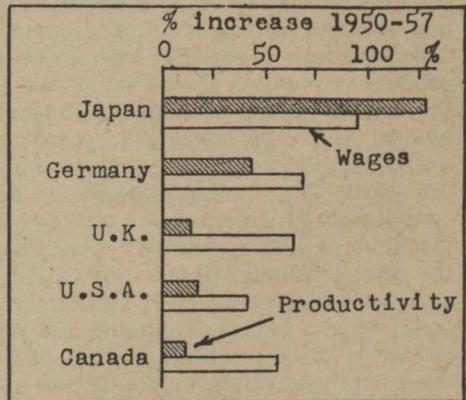
	<u>Percent Increase 1950-57</u>	
	<u>Wages</u>	<u>Productivity</u>
Canada	55	10-12
United States	41	17
United Kingdom	65	14
Germany	69	44
Japan	96	130

CANADA IS FACING SEVERE IMPORT COMPETITION

Canadian Wage Rates are Among
the Highest in the World



and Wage Costs are Rising
More Rapidly than Productivity



Based on I.L.O., U.N. and D.B.S. Statistics

In the drive for higher productivity, which can produce benefits in the form of higher wages and lower prices, it is clear that employer and employee must work together in harmony and mutual trust. Both parties must recognize that the success of the enterprise is of vital interest to both. Fresh approaches must be made to this question with a view to developing a common identification of interest. These challenges must be met if the larger economic pie, from which all can gain sustenance, is to be produced. We should concern ourselves less with the problem of division than with the problems of production and productivity.

Taxation:

In 1937 taxes paid by Canadians to all levels of government amounted to 25.0 percent of the national income of less than \$4 billion. In that year our total tax bill amounted to \$972 million. This percentage relationship didn't change very much in '38 or '39. In 1940 however, with the War getting under way, our national income rose to more than \$5 billion and our tax bill increased to \$1,402 million. In 1940 the percentage of taxes as against the net national income was 27.7 percent.

During the War years our national income continued to grow from \$6¼ billion in 1941 to more than \$9½ billion in 1946. Our taxes continued to grow accordingly. The percentage of taxes as against the national income jumped to 32.2 per cent in 1941 and then fluctuated up and down until it reached a peak for the war years of 32.8 percent in 1946. **Table IX** shows the changes which took place and the growth which developed in the national income as well as in the tax take of the various governments. This table sets out the net national income, the Government's tax revenue at all levels, and tax revenue as a percentage of net national income.

TABLE IX
GOVERNMENT TAX REVENUE FOR ALL LEVELS OF GOVERNMENT*
(as percentage of net national income)

	Net National Income	Government Tax Revenue**	Tax Revenue as a Per cent of Net National Income
	(millions)	(millions)	
1929.....	4,708	829	17.6
1930.....	4,399	740	16.8
1933.....	2,368	677	28.6
1937.....	3,887	972	25.0
1938.....	4,001	953	23.8
1939.....	4,236	989	23.3
1940.....	5,063	1,402	27.7
1941.....	6,305	2,028	32.2
1942.....	8,098	2,446	30.2
1943.....	8,802	2,822	32.1
1944.....	9,583	2,975	31.0
1945.....	9,665	2,839	29.4
1946.....	9,551	3,134	32.8
1947.....	10,361	3,494	33.7
1948.....	12,003	3,614	30.1
1949.....	12,905	3,678	28.5
1950.....	14,161	4,096	28.9
1951.....	16,588	5,435	32.8
1952.....	18,654	5,954	31.9
1953.....	19,294	6,137	31.8
1954.....	19,032	6,032	31.7
1955.....	20,737	6,633	32.0
1956.....	23,166	7,505	32.4
1957.....	23,860	7,879	33.0
1958.....	24,702	7,758	31.4
1959.....	26,281	8,740	33.2

* National Accounts, Income and Expenditure, 1926-56, 1959, D.B.S.

** Includes Employer and Employee contributions to social insurance and government pension funds.

What are some of the conclusions that can be drawn from these figures? In the first place, one is impressed by the fact that today, during a period of relative prosperity, Canadians are paying a tax bill larger than that which was paid during the years of World War II when we were fighting for our very survival. When one considers that a sizeable part of this increase is due to so-called social welfare payments, one is entitled to ask whether a more prosperous people are not in a better position to care for their own welfare needs than they were before becoming so prosperous. Another aspect of the problem which is presented is that our government expenditures are not geared to our national income. Practically all of the expenditures of government are fixed commitments which must be paid whether we are prosperous or whether we are poor. While it is true that the volume of taxation will vary with the national income, government commitments must still be paid, and if they cannot be paid out of taxation then our governments must borrow. Because we have to finance our borrowing our condition therefore becomes increasingly worse. Should anything happen to halt or even slow down the upward thrust of our economic progress, we shall and indeed do feel the pinch at once and the high rates of taxation will have an immediate and powerful tendency to throw our upward spiral into reverse.

The Chamber is firmly of the opinion that the burden of taxation is too onerous in Canada, that personal and corporate income tax rates discourage initiative, and that sales and similar taxes add appreciably to the costs of domestic producers and consumers. The current high tax structure is mainly the direct result of expanded government expenditures. Even though some of these are capitalized they must sooner or later be paid for out of tax revenues. Accordingly, to bring about tax reductions, governmental policy should be directed to the reduction of expenditures with a critical review of social and welfare payments to determine how these costs can be contained.

The Chamber believes that greater attention should be given to containing the aggregate spending of all levels of government. The Chamber is particularly concerned that government expenditures in recent years have been increasing, and with present trends appear likely to increase faster than the expansion of the private area of the economy. In its opinion, such developments are fundamentally harmful and will, unless checked, inhibit the healthful growth of the Canadian economy. Close and continued surveillance is necessary in the opinion of the Chamber to ensure economic and efficient government administration. The functions of government, especially those of defence, also require frequent and critical review both inside and outside Parliament. In this connection the Chamber welcomes the establishment of the Glassco Commission.

The Chamber is of the opinion that re-examination of the entire tax structure in Canada is timely. It believes that such a study should include an assessment of federal-provincial tax areas including the tax fields and revenue requirements of local governments.

What has been said does not mean that the Chamber does not recognize the great and growing need for tax revenue to provide those services really required for a great and growing country. It does believe, however, that lower tax rates can, in an expanding economy, produce equal or greater revenue. In the highly competitive world in which we live today additional burdens on the cost of production leave Canadian business in a non-competitive position.

Immigration:

As mentioned earlier, the most important factor in the development of job opportunities is to find adequate markets for Canadian production. The most stable market is, of course, the domestic market and therefore consideration should be given to increasing the domestic market in an orderly way and

with long-range plans. The Chamber believes that a consistent and aggressive immigration policy is vital to the best interests of Canada to advance our economic well-being and to lower production costs through expanding markets; that a steady flow of selected immigrants aids in building up the home market, improves the overall standard of living, meets the need for more trained workers and contributes to the development of our natural resources and rapidly growing industrial economy.

The Chamber believes that Canada's machinery of government, as well as our transportation system, is capable of servicing an increased population and that increased population is necessary to an economical and efficient governmental administration and transportation system.

Because the great majority of our immigrants are today more than self-supporting and because it has been estimated the average new family arriving in Canada is worth to the economy of our country well in excess of \$3,000 annually from the time of arrival—substantially expended in accommodation, food, fuel and services—the Chamber believes that immigration stimulates rather than detracts from employment.

Education and Training:

As the economy moves from an agricultural and rural economy to an urban and highly industrialized economy increasing emphasis must be placed on education and training in special skills. Evidence seems to point to the fact that by far the larger number of unemployed fall in the brackets of unskilled and untrained workers. **Table X** shows the Labour Force and Unemployed for the first six months of 1960, according to age classification. In July 1960 there was a larger percentage of unemployed in the 14-24 age group than in any other.

TABLE X
PER CENT EMPLOYED AND UNEMPLOYED BY AGE CLASSIFICATION,
JANUARY-JULY, 1960*
(estimates in thousands)

Week Ended	14-19 years		20-24 years		14-24 years	
	% in Labour Force	% Unemployed	% in Labour Force	% Unemployed	% in Labour Force	% Unemployed
Jan. 16.....	9.3	17.7	12.6	16.8	21.9	34.5
Feb. 20.....	9.1	17.7	12.7	17.1	21.8	34.8
Mar. 19.....	9.0	16.1	12.6	17.8	21.6	33.9
April 23.....	9.1	16.8	12.5	17.4	21.0	34.2
May 21.....	9.2	17.5	12.7	17.0	21.9	34.5
June 18.....	9.6	22.7	12.8	17.3	22.4	40.0
July 23.....	12.3	28.0	12.5	15.4	24.8	43.4

Week Ended	25-44 years		45-64 years		65 years and over	
	% in Labour Force	% Unemployed	% in Labour Force	% Unemployed	% in Labour Force	% Unemployed
Jan. 16.....	46.5	39.3	28.2	24.2	3.4	2.0
Feb. 20.....	46.3	39.4	28.5	23.6	3.4	2.2
Mar. 19.....	46.4	39.8	28.6	24.0	3.4	2.3
April 23.....	46.2	40.2	28.6	23.8	3.6	1.8
May 21.....	46.0	39.8	28.5	23.8	3.6	1.9
June 18.....	45.8	35.0	28.2	23.3	3.6	1.7
July 23.....	44.3	33.8	27.5	20.9	3.4	1.9

* Taken from "The Labour Force", D.B.S., for the respective periods.

The Chamber regards automation as part of the continuing industrial evolution and recognizes that failure to harness its advantages to improve productivity would prove fatal to the competitive position of many Canadian industries, with corresponding damage to our hopes of an improving standard of living. The pace of automation will vary from industry to industry and from plant to plant and the Chamber believes that consideration should be given by management to suitable planning to effect changes smoothly. The increasing importance of education designed to meet the need for different skills and more engineers and technicians should receive constant attention.

It is perhaps in the area of training that governments can make an effective contribution to up-grading the Canadian labour force and thereby adding to our national ability to compete through co-operation with private enterprise.

Summary and Conclusions:

1. What has happened and what is happening to the economy of Canada is not unique. The rapid changes which are taking place in Europe, Asia and the less developed countries have caused and will continue to cause repercussions which will be felt in all parts of the world. Great and rapid technological changes are affecting and will continue to affect the productive ability of a great many countries which had heretofore looked to the highly industrialized economies for things which they can now produce economically and efficiently.

2. The Canadian economy has made rapid advances industrially and the nature of our economy has changed considerably within a very short period of time. The resulting dislocations have come about in spurts rather than as a slow and steady growth and each spurt is followed by a slowdown which means a temporary lag in the economy.

3. In planning for higher levels of employment long-term goals as well as short-term expedients should be kept in mind. Figures with respect to unemployment should be looked at on an annual rather than on a monthly basis and in relation to the experience of previous years. Some short-term expedients or make-work projects, may serve only to perpetuate the difficulties they are designed to solve.

4. Measures taken to increase employment should have regard to their long-term effect on the mobility of labour and the incentive of the individual and of business generally to provide soundly based solutions.

5. The basic principles underlying the economic system of private competitive enterprise must not be violated and private business must be provided with the freedom and incentive necessary to exercise their fullest influence in a highly competitive world. Business must be encouraged to expand its markets both at home and abroad through vigorous sales approaches and must be freed of burdens of high costs and governmental regulations. Productivity increases provide the long-term solution to our economic problems.

6. Governmental subsidies and support for those sections of the economy which are finding difficulty in finding or maintaining markets do not provide a permanent solution. Many of these governmental hand-outs are based on purely political grounds. So long as it is made profitable to produce wheat, butter or anything else in excess of domestic or world demands and so long as it is profitable to remain idle, efforts to improve the economic picture will be fruitless.

7. Consideration must be given to an aggressive and long-term immigration policy with a view to building up a greater domestic market for our growing industrial machine.

Recommendations:

The Chamber notes with approval and interest that the Government is planning a number of measures aimed at encouraging economic growth and designed to solve some of the problems which have developed in relation to the fuller utilization of the Canadian labour force. Such measures include a larger program of assistance to municipalities for winter works projects; a correction or prevention of the pollution of Canada's water supplies; the establishment of a Productivity Council comprising representatives of business, labour, agriculture and others; the authorization of government guarantees for bank loans to small businesses; the extension of assistance to provincial governments for vocational training; amendments to the Unemployment Insurance Act to safeguard the basic purpose of the Act, to strengthen the Fund and to correct abuses; programs of rural rehabilitation and development; modernization of the Customs Tariff; the encouragement of greater participation by Canadians in the ownership and control of industry and resources in Canada and the steps taken to provide Canadian exporters with longer term credit facilities. The Chamber has advocated a number of these steps in the past and will examine with interest the relevant legislation. The Chamber believes that the businesslike approach to the problems and the vigor with which they are being attacked augurs well for their speedy solution.

In addition to what has been proposed and is being done the Chamber recommends the following action:

1. A complete revision of the tax structure is necessary at the present time. Such a revision should provide incentive for private business to increase employment and should recognize the spending requirements on capital account of other levels of government. Specifically the Chamber recommends with respect to taxation—

- (a) Income tax splitting for married persons. This would ease the tax burden on families and effectively reduce the present marginal tax rates for most taxpayers.
- (b) Accelerated depreciation should be allowed against capital costs of construction put in place during winter months on a basis of the cost of completion certificates that are commonly used for progress payments. The cost of equipment installed during these periods should also be included, provided it was of Canadian origin.
- (c) Reduce corporation tax rates substantially. Although it is recognized that the consumer may not benefit by the full amount of the tax reduction in all cases, it would be of material assistance to the competitive position of Canadian business and would increase the over-all level of business activity.
- (d) Permit a tax bonus for money spent on research, engineering and design. For example, for every \$10,000 spent for these purposes allow a deduction of \$15,000 before taxes. In addition to the foregoing, remove the current limitations on amount in the Income Tax Act on expenditures for scientific research. The need for Canadian industries to remain competitive in these days of bold innovation is imperative.
- (e) In the interests of tax equity and recovery of tax loss the Chamber reiterates its belief in the principle of equitable taxation of all business enterprises. It is believed that present taxation policy with respect to co-operatives is inequitable.

2. Facilities in training of unskilled workers, particularly those in the 14-24 age brackets, should be expanded. Business, government and labour should co-operate in this work.

3. Government expenditure to stimulate employment and to give immediate relief to the economy should be on selected non-recurring projects, giving priority to areas where there is an unusually high incidence of unemployment and also giving priority to projects that would contribute to increased productive efficiency in the future.

4. Explore what action could be taken to reduce the high exchange value of the Canadian dollar. It is recognized that there are important practical limits to what the government can do in this respect, nevertheless it feels that every effort should be made to find ways to overcome these limitations and bringing a significant reduction in the rate.

5. The purchase of Canadian goods should be encouraged wherever practicable. To this end labour, government and business should exercise all the means at their disposal to publicize the importance of such action on the part of Canadian consumers.

6. Canadian contributions in support of a common military deterrent should be directed towards strengthening the Canadian economy.

7. There should be recognition of the importance of secondary industry in Canada as a major employer and consideration given through the exercise of fiscal policy to increase incentive for Canadians to develop new industry and expand existing industry. The manufacturing and processing of Canada's raw materials into finished products promotes job opportunities, economic stability and national self-sufficiency.

Select those items now imported which Canadian industry can produce and provide an incentive to their manufacture in Canada through new plant or additions to existing plant. A combination of accelerated depreciation and a tax reduction for a specified amount, these concessions to be operative for a specified number of years (say 10 years).

8. The National Housing Act should be amended to provide for N.H.A. loans for the purchase of older houses.

9. The cost-price spiral should be resisted. Management and labour should both recognize that the success of the enterprise is of vital interest to both. An identification of interest of the parties to maintain and extend Canada's competitive position must be recognized.

10. Take aggressive action to ensure a greater and more continuous flow of desirable immigrants.

11. Business itself must be encouraged to seek new outlets for goods and services and to develop new products and new techniques. Businessmen must be stimulated towards greater aggressiveness in selling their products at home and abroad.

The DEPUTY CHAIRMAN: Thank you, Mr. Sheridan. Now Mr. Sheridan, or others with him today, are ready to receive any questions. I suppose each one has his own particular field, and I am sure Mr. Hynes can direct the question to the most appropriate channel. I think Senator Wall indicated that he had a question to ask.

Senator WALL: Of course, there are a lot of questions one may ask, but I was wondering, and I am referring now to **Table 7**, if there is any other reasonable index or relationship besides the one in relation to gross sales, such as the index of the level of profits. I realize there is validity in relating the amount of profit to gross sales, but certainly there must be other bases to which profits can be related, perhaps investments or something, to get a more comprehensive picture than exists in this paper.

Mr. HYNES: The important thing is, when you are considering how much you are going to spend for something, what are you going to get in return; and the relation of profits to investment would be a very interesting one. It is not here. We have not the figures available at the time. I have seen some figures, but they did not fit with this, and they show a more disturbing trend, in fact. You will find that the figures drop from somewhere in the area of I think around 8 in the immediate post war period, but around 3 in Canadian manufacture at the present time.

Senator WALL: Would the investment also include retained earnings?

Mr. HYNES: Yes.

Senator WALL: It would be very interesting to us to know.

Mr. HYNES: I think those figures can be obtained. Mr. Sheridan I want to add to the very pertinent question, "why did this appear in this form?" This table was not prepared initially for this presentation; it appeared in the News Letter of the Canadian Chamber of Commerce, which I think all honourable senators received; 30,000 of them were distributed, and it was judged that the figures as presented would have more impact on the Canadian consumer, being related to the price of goods and the dollars he (the consumer) spends.

Senator CROLL: I have two questions. First, I noticed in the brief that you made no mention of interest at all as affecting the rate of interest. There is a controversy in the country at the present time, and I thought it might be useful to us to have some views on the matter. I noticed its omission. Would anyone care to speak to it? Then I have another question after that.

Mr. HYNES: I will ask Mr. McLeod to speak to that.

Mr. McLEOD: That is a very good question, and one on which I must say frankly not all economists are quite in agreement. I think for this purpose the immediate consideration is that of the effect the rate of interest has on business decisions. Certainly it does have an important effect, though it would seem that its influence takes a relatively long time to be felt. What is probably much more important for the immediate problem is to note that the interest rate structure applies fairly equally to all forms of business. That is, if you are in a particular line of manufacturing and your costs are higher than those of your competitors for some reason or other, this of course is very serious for you; but if your competitors have to pay more or less the same costs as you do, well, this does not hit you so badly. This is more or less the case with interest rates; business as a whole pays essentially the same interest cost and therefore there is not a differential effect. Certainly one could not deny that the rate itself has some influence but the immediate effect is probably less than some of the more extreme statements would indicate.

Senator CROLL: Mr. McLeod, I am not an economist, and you know that. This is the thinking that is running through my mind, that if the interest rate is low, fixed for whatever purpose, and say by the Bank of Canada, that will discourage money from the United States or elsewhere and that will have the effect of reducing the problem concerning our money, and that in turn will have the effect of both accelerating exports and improving imports. That is my view. Would you care to comment on that?

Mr. McLEOD: I think, Mr. Chairman, this again raises the question of a comparison of rates of interest rather than their absolute level. If interest rates are relatively high in Canada compared to markets abroad, particularly the United States, this does have an effect on capital movements and on other factors that can affect the value of the Canadian dollar; and I think it is particularly true with Canada's floating exchange rate that a change in the exchange rate may take up the apparent difference in interest rates.

Experience suggests that we do need in Canada a somewhat higher rate of interest than in foreign capital markets in the world generally, especially while we are depending on foreign capital to supplement our domestic savings in financing our domestic investment program. It is pretty hard to arrive at a precise figure, but I think that most economists would agree that this differential is important in these capital flows and in the effect on the exchange rate.

Senator CROLL: Will you please look at the paragraph entitled "Recommendations", at recommendation No. 4, and tell me what you had in mind when you put that paragraph in.

Mr. McLEOD: Well, Mr. Chairman, this is a pretty big subject, and again I think it is one of those points where economists are far from being in agreement, especially when it comes down to fine points of detail.

The official position that has been maintained by the Canadian authorities and various governments over the past ten years has essentially been that they were unable or unwilling to influence the exchange rate because it is very costly to do so, and the arguments they have put forward in this respect are certainly important and cannot be discounted. I think any unbiased view would recognize that it is not an easy thing to affect the exchange rate; and there are additional factors in the possibility that we might incite retaliation from other countries if we appeared to be merely tinkering with the rate to our own advantage. Those are the sort of competitive exchange-rate policies that got the world into a lot of trouble in the 1930's, or failed to solve some problems that it was hoped they would solve, and we don't want to see that start again.

These aspects I think certainly must be recognized. Nevertheless, there is a considerable body of opinion that feels that the Canadian dollar is in fact over-valued at the present time. Now, we generally assume that a free market is supposed to set a fair value on any commodity, and one of the justifications of the present arrangement is that it is supposed to let the market decide what the rate should be.

Then how is it that so many people have come to the conclusion that the exchange rate is over-valued? This is one of the difficult questions. The only suggestion I would like to make here in this connection is that, after all, psychology is important in every market, whether it is the stock market or the commodity market or the exchange market, and what people think is going to happen can be as important as more factual matters.

I would suggest as a personal opinion that expectations can be an important factor in a market such as this, and can be a continuing factor if the facts are not sufficiently contrary to make it very clear that these expectations are wrong. Therefore you can have, I submit, a continuing divergence of the actual rate from what might be thought to be a fair value even in a supposedly free market.

Senator ROEBUCK: Mr. McLeod, it has been suggested to us that by increasing the money supply we would reduce the value of the Canadian dollar in relation to foreign exchange. What do you think of that?

Mr. McLEOD: I think it could have this effect, within a certain range at least, though subject to other dangers that might make the thing turn perverse on you because you again get into this factor of expectations. I certainly think that the level of the money supply is related to the rate of interest, and you would normally expect that by increasing the money supply you could bring some reduction in the rate of interest. I think this

might be effective in the present circumstances at least to the extent of eliminating any excessive differential of Canadian interest rates over interest rates in foreign markets.

However, I think it is particularly important to recognize nowadays, with the increasing effective convertibility of currencies in the major financial markets, that interest rates tend to equalize throughout the world, and there are therefore limits to the extent to which you can go in this respect. That would be the one limit with respect to interest rates.

A second limit would be—and again it is a psychological one—that there would be a considerable danger that an attempt to increase the money supply at this juncture might scare people, perhaps unjustifiably, and might bring a perverse reaction and an actual increase in interest rates. Perhaps from the experience of the last few years people are beginning to feel that the eventual effects of actions like this might be quite different from the immediate effects. Therefore, with the uncertainties we already see in bond markets, I think any action of this kind—and I certainly would not mean to speak against it—any action of this kind would have to be undertaken rather carefully to make sure it would not have the opposite effects to what was wanted.

The DEPUTY CHAIRMAN: Are there any other questions on this point?

Senator CROLL: Mr. Chairman, Mr. McLeod said that the possibility of carrying out some method of reducing the value of our dollar would be expensive. I gather he was in the Department of Finance at the time. I do not know whether others know it but I do not: What are the mechanics of doing it? Will you just go through the mechanics? What do you mean by being expensive? I have no conception of how this is to be done.

Mr. McLEOD: I would have to say immediately that I was not in the Department of Finance at this time. I left at the end of the war.

Senator CROLL: But you did it during the war, didn't you?

Mr. McLEOD: No, the exchange rate was held fixed by law during that time.

Senator CROLL: Would you just give us an idea of what it entails?

Mr. McLEOD: To summarize the official explanation: the argument is essentially that in order to maintain a lower exchange value for the Canadian dollar the authorities would have had to continue to increase their holdings of gold and foreign exchange, purchase foreign exchange as it was offered on the market, and hold the price down in that way, whether to hold a fixed price or even just to hold a fluctuating price but a lower one than has in fact obtained, and this money would have to be raised by either borrowing in the Canadian market or by taxation. This is the official explanation of why it would be expensive to do this.

Senator CAMERON: Would it be a correct interpretation of your view to say that your statement is opposed to the statement of the Bank of Montreal last week recommending increasing the money supply?

Mr. McLEOD: I think this is a difference of degree rather than of kind. I think everybody would recognize that the extent to which this could be done is a matter of judgment, and opinions may honestly differ on the amount of expansion that could be undertaken and perhaps on related matters.

Senator BRUNT: There has been quite an increase in the money supply since April last, has there not?

Mr. McLEOD: Yes, and even more pronouncedly since the end of September.

Senator BRUNT: Yes, but I was thinking back to the beginning of this present Government fiscal year. There has been quite an increase since that time?

Mr. McLEOD: Yes, sir.

Senator BRUNT: What are the limitations now on the amount that can be spent for research?

The DEPUTY CHAIRMAN: Before we go into that, are there any other questions on this line?

Senator ROEBUCK: It has been suggested here that the differential in the rate of exchange or higher value of our dollar has been the result of American investment in Canadian enterprise, that is to say people who intend to invest in Canadian enterprise buy Canadian in New York, and it is a mere matter of supply and demand. A person in the United States wishing to say improve or purchase a factory or do business in Canada buys Canadian with which to carry out his enterprise in Canada, and that demand for Canadian, especially in New York, has been greater relatively than the supply and therefore the price of Canadian has advanced. It seems reasonable to me and I am not an expert in this. What do you say to that? By the way, the ceasing of such investment would result in a decrease in Canadian exchange rates.

Mr. McLEOD: Well, Mr. Chairman, this is again the explanation that has been put forward on a number of occasions by various sources, official and unofficial. I think it is important to say this, in addition, that while this is certainly at least the immediate effect, there are indirect factors in the operation of the economy and the balance of payments which would normally be expected to offset it. That is, specifically, if you have an import of capital to finance expenditures within Canada that are beyond Canadian capacity—which is really the basic justification for the substantial capital inflow we have had, although not perhaps the only explanation—then there must also be an increase in purchases from within Canada of goods and services from outside, because it is only in the form of goods and services that capital can really come into this country.

Senator ROEBUCK: Quite right.

Mr. McLEOD: One would expect that in the long run these influences would work themselves out. I therefore question whether the capital inflow can, in fact, explain the continuing premium on the Canadian dollar.

Mr. HYNES: Perhaps I might make a comment on Senator Roebuck's point. I think there has been quite a change in the last year and a half in the character of this U.S. money that is coming into Canada. There were for some time, from the end of the war, new U.S. dollars coming in, for the purpose of investment. There were some things we wanted to do, like the natural resources developments based on our oil and gas of the Alberta area, the iron ore of Quebec and the uranium of Ontario. We wanted that money, but it did come in as U.S. ownership. That has been done in large measure. In recent months it has been municipalities borrowing in the U.S. market. This is a very different kind of import of capital. This is a problem, and I think it takes us back to one of the more basic problems in Canada, which is that we are all trying to be a little smarter than the other fellow—that there are too many Bay Street miners.

Senator ROEBUCK: You cannot beat smart Americans.

Mr. HYNES: This is a problem that faces our country: it is gambling by people in public office with public funds. The municipalities are borrowing outside the country, and I think it is a disgrace. It is this gambling in exchange which is causing the imbalance in the exchange rate. We are creating our difficulties ourselves, through our inability or unwillingness to control our own actions.

Senator BRUNT: First of all I would like to know what the present rates of tax allowance for research are; and then I will have another question to ask.

Mr. HYNES: You are allowed up to 5 per cent of your expenses to be deducted.

Senator BRUNT: Do you think what you have recommended would be effective in having foreign corporations do research work in Canada rather than at their head office?

Mr. HYNES: I believe this would take some time to determine. In my own corporation, we spend quite a lot of money in research in Canada, somewhere in the order of \$4 million a year. We have steadily increased that over the past few years. One of the more difficult things would be to determine what would be "research", because all sorts of people define it in different ways. This is one of the reasons why this will be difficult, because the Department of National Revenue will not be able to define it.

It has been found that research can be done effectively only on a relatively large scale; it has to be fairly big or it is no good. I would be prepared—if it was not for the concern of those like Senator Croll for small businessmen—to say this should be applied to research expenditures of at least half a million dollars a year. We have good Canadian brains and good Canadian universities, but we do not have the opportunity to use them in Canada. The French, the Americans, the British or Germans are not going out of their way to make opportunities for Canadians in Canada. If we provided incentives to undertake research in this country maybe we could become a country like Switzerland, but we, by lack of incentives, are driving our brains into the U.S.A.

Senator BRUNT: I have one other question I wanted to ask. A certain country in Europe has a taxation structure whereby the corporation taxes which you paid last year you take off as an operating expense this year. Would you care to comment on that system?

Mr. HYNES: That is a good idea.

Senator BRUNT: No doubt it was very effective because I think they have a corporation tax of 20 per cent on the business they do in the overseas market.

Mr. HYNES: There is a number of these things which I think are very important. An organization like the Canadian Chamber of Commerce tries to operate as a democratic organization and there are 850 boards belonging to it, and they bring proposals to the annual meeting, like the one in Calgary in October. Since then some of my colleagues in the organization have been members of the mission to the common market sponsored by the Department of Trade and Commerce. They have come back with more detailed information. We are still looking into some of this. We would certainly recommend the Government should make a thorough examination of what is being done by European countries.

If you think of that a bit, the common market countries are apparently relieving the export of the taxation on profits applicable to the exported goods. That, in fact, means that the goods coming into Canada from the common market countries have not paid any corporate taxation or are not carrying any social security tax. So, a pair of shoes made in Germany is on the counter in Quebec City in competition with a pair of shoes made in Quebec City, without having a similar levy against social security in its own country. This is possibly unfair competition against the Quebec City worker making shoes.

Senator CONNOLLY (Ottawa-West): It also seems to violate section 36 of the Customs Act.

Mr. HYNES: In that connection, the Department of National Revenue does not seem to care about that. I have a letter right here written last week on that point. We have the ruling of the Tariff Board in 1955 to that effect, but that Canadian manufactured products should be dutiable at 25% but the Department is still assessing them at 15%.

The point I am getting at is I think we may have to do it in a different way. We must recognize this is going to go on, and our customs acts are not necessarily the right way to answer this problem. Should we not put our people in the export market in a comparable position?

Senator CONNOLLY (*Ottawa West*): You have to do it under the GATT treaty.

Mr. HYNES: If you play around with your Customs Act you are, but not on this other basis.

The DEPUTY CHAIRMAN: Are we through with this particular phase?

Senator MACDONALD (*Cape Breton*): I wonder if one of these gentlemen would care to comment on this? On page 28, summary No. 6 you mention:

Governmental subsidies and support for those sections of the economy which are finding difficulty in finding or maintaining markets do not provide a permanent solution. Many of these governmental hand-outs are based on purely political grounds. So long as it is made profitable to produce wheat, butter or anything else in excess of domestic or world demands and so long as it is profitable to remain idle, efforts to improve the economic picture will be fruitless.

On the one hand you are calling governmental subsidies and support "hand-outs", and on the other hand you are calling your recommendations for the assistance of business "incentives" to provide employment. Therefore, would you say that nothing should be produced in excess of what you figure you can sell in a given year?

Mr. HYNES: What we are concerned with is the efficient use of our resources, whether it be material or manpower; and to use a resource and put it in a form in which it has no use is a waste. This is the real concern. We sometimes have a short-term opportunity and a long-term waste.

May we refer to Mr. Justice Rand's report on the coal mining industry?

Senator MACDONALD (*Cape Breton*): I had that in mind.

Mr. HYNES: We also have the \$1 million subsidy at the present time on Fernie B.C. coal being exported to Japan. This provides employment, but it is an inefficient method of producing B.T.U.'s. Possibly our concern in this country is that we are too slow to react to changing conditions. I think there is a case to be made for this type of thing when it is moving in a direction that we can live with it on a proper productive basis. It seems to me that this is what Mr. Justice Rand was concerned with, that we should not keep on paying *ad infinitum* when the situation is not being corrected. If we get too many people on the breadline, it then becomes a question of there not being enough people paying taxes to care for the people on the breadline. However, there are always going to be some on the breadline.

Senator MACDONALD (*Cape Breton*): You say in paragraph 6 of your summary:

So long as it is made profitable to produce wheat, butter or anything else in excess of domestic or world demands and so long as it is profitable to remain idle, efforts to improve the economic picture will be fruitless.

Mr. HYNES: Let me say, Senator Macdonald, at a meeting with the Prime Minister and his colleagues, Mr. O'Brien of the Fisheries Council said that the fisheries people were living on the unemployment insurance.

The DEPUTY CHAIRMAN: Was that statement published?

Mr. HYNES: It was a private statement made by Mr. O'Brien at a meeting in the room below where we are now sitting.

Senator MACDONALD (*Cape Breton*): Just to carry the thought through, would you advocate that the so-called political handouts be cut off? In the case for instance of the coal mining industry of Nova Scotia would you say we should stop that subsidy, or subvention—call it what you will—of I think \$15 million a year and let those men remain idle? Are they not consumers too, and are not consumers necessary to build up business?

Mr. HYNES: But do we not have to think of it in these terms: How can we as a nation best look after these problems as they arise? Remember, they do not apply only to coal mining, but also to gold mining, to uranium mining, and perhaps to wheat farming.

Senator MACDONALD (*Cape Breton*): Pardon me. Are you advocating some kind of state-controlled economy?

Mr. HYNES: No, I am not. What I am concerned with is that we send people into areas where they can be productive, that they produce what is needed and do so on an efficient and productive basis.

In a growing country such as Canada we will always have a changing character of available work; and if we try to build in certain things which are no longer productive by reason of changing conditions, we may be attempting something we cannot afford. This is our problem, and that is what Mr. Justice Rand put in his report: there is a time in which we can correct the situation.

The DEPUTY CHAIRMAN: Mr. Hynes, on the same subject, you would not correct a policy which provides an incentive that costs the taxpayer money to correct a situation such as now exists in the Cape Breton coal fields, if it were part of a permanent solution?

Mr. HYNES: Correct. For instance, we have had some big subsidies on gold mining operations, because there were thriving cities in those areas throughout the thirties, and a lot of employment was provided. The question is, how long should we go on subsidizing production on gold? How long should we subsidize the high cost of B.T.U.'s when the Russians are not subsidizing the high cost of B.T.U.'s?

Senator CROLL: As I remember, it costs something like \$14 million to subsidize the gold miners. The Government considered it on the basis of an investment of \$14 million which brought employment to a large number of people over the past six, seven, or eight years, because had they been unemployed the cost would have been much higher. On that basis is the subsidy not good judgment and justifiable?

Mr. HYNES: Senator Croll, I am not saying that we should cancel subsidies on gold mining. I am asking, how long should we continue it as a transition? I am saying, perhaps those Canadians who are producing gold under subsidy of \$14 million should be producing some other item on which there is a tax revenue of \$14 million.

Senator CROLL: But gradually these people in the gold mining industry will move themselves out of it; they appreciate there is not much future in it for them. As they move out to other industries, the subsidy is of no great consequence at all.

Mr. HYNES: I think you and I are in entire agreement, as long as the subsidies are arranged so that they will help us gradually to get over the difficult period. What we are concerned with is the fact that many of these things become permanent.

Hon. Mr. MACDONALD (*Cape Breton*): Would you care to comment, Mr. Hynes, on the sentence: "Many of these governmental hand-outs are based on purely political grounds"? Would you care to say what hand-outs were based on political grounds?

Mr. HYNES: I don't know. Do you want to talk about the \$42 million to the wheat farmers? Do you want to talk about the \$1 million to the Fernie coal miners? Do you want to talk about the unemployment insurance to the fishermen? Do you want to talk about subsidies on freight rates from Nova Scotia to the Montreal area?

Senator MACDONALD (*Cape Breton*): Do you regard those as political hand-outs?

Mr. HYNES: They are all of the same order, are they not?

The DEPUTY CHAIRMAN: I think we had better turn away from this subject.

Senator HAIG: Of course, the Government gets some of it back. It steals some of it back.

Mr. HYNES: I know it does.

Senator HAIG: A man discovered a mine in Manitoba and he sold it to a syndicate for so much money, and the Manitoba Government agreed to it and passed it. Then, the dominion Government stepped in and said: "We will take 50 per cent of the profits on the operation of that mine". If you want to know what company it is I will tell you it is the Hudson's Bay Mining and Smelting Company. This is what they do to catch all of this money which you spend subsidizing something that cannot succeed ultimately—something that is always a failure. There is never any end to the subsidy, until the thing breaks.

Now, with regard to the Hudson's Bay Mining and Smelting Company the Government did not put up one nickel. The company paid its taxes like anybody else, but it also paid a 50 per cent tax on the net profits of the mine. In the third year they pulled down \$9.5 million, and they kept on pulling it down until the mine was cleaned up, and the mine is now all cleaned up. We have never got a nickel back. We got the 50 per cent as it went on, but we were taxed to death on the shares at the end.

The point is this, that that has been the basis of the obtaining of money to carry on industries. We have the same problem in connection with wheat in Manitoba, Saskatchewan and Alberta. The loss is there, and you are going to have to pay it—I don't know how soon, but it will be soon.

Senator MACDONALD (*Cape Breton*): You say the subventions on moving coal are a political hand-out. How would you regard the tariffs on motor vehicles?

Mr. HYNES: It is probably the same thing.

Senator MACDONALD (*Cape Breton*): We pay about \$500 more.

Mr. HYNES: The whole matter of tariffs is a political consideration, in just the same way as these other things. They are concerned with employment and they are concerned with supply.

The DEPUTY CHAIRMAN: Mr. Hynes, I think there would be a lot less misunderstanding if you would define your meaning of the word "political". I have an idea that your definition is entirely different from the one that Senator Macdonald might have assumed it was. I think you are referring to the larger definition of that word. There is nothing dirty about the word "political".

Mr. HYNES: Not to me.

Senator MACDONALD (*Cape Breton*): I object to the word "hand-out".

Mr. HYNES: Maybe our expression "hand-out" is wrong, but is not this one of our problems in this country, that we are still not a country. We are dealing with the country on a sectional basis, or a particular interest basis. We tend to say that because one particular interest gets it that that is a justification for another particular interest's getting it. This is one of the

problems, and it is very hard for the man in Lethbridge to determine the interests of the man in Charlottetown, and to determine whether it is good or bad. I do not envy the fellow who has to decide which is the best way for Canada to spend its next million dollars, yet that is a problem of our country. Since we have not got around to determining that, we are doing all of these things on a sectional basis and saying such things as: "Well, we will do this because it will provide some employment in Windsor".

The DEPUTY CHAIRMAN: I believe you have a question, Senator Burchill?

Senator BURCHILL: Yes. In Table IX you show the percentage of tax paid by Canadians. How does that compare with the American schedule?

Mr. HYNES: We tried to get some of this information, and not only for the United States but for the United Kingdom and for some of the European countries and for Australia, but we did not have time. We are very sorry. I think this is something which would be very desirable. Perhaps Dr. Deutsch could get it. I think it is something which ought to be known to a greater extent than it is.

Senator BURCHILL: Yes. It is very important. Another thing I wanted to speak to you about is depreciation. You have mentioned depreciation in a couple of places, and you recommend that anything that can be done in the wintertime should be done. Of course, if anybody can do anything in the wintertime it would be a very small operation, and it would have to be completed in the wintertime, I take it, and I do not know whether that is very practical. However, you have a further recommendation at the end of your text that there be a combination of accelerated depreciation and tax reductions for a specified amount for a specified number of years, say, ten years. I think the depreciation tax regulations in the United States for new industries are much more liberal than they are in Canada. We have suffered in the last ten years because some of our native industries—and I am thinking particularly of newsprint as being one of them—have gone down to the southern states, and one of the reasons for that is that they get a better deal down there than they were able to get in Canada.

Mr. HYNES: I think this is a case of where we have been our own worst enemies. Is it not this way, Senator, that taxation arose out of the 1914-18 war when we had to get the money to fight a war and the Government had to go to where the money was. Then there was a period in between the two wars and tax rates went down. Then we had another war, and taxation went up to present levels. I think our problem is that we are still carrying on the tax rates that were required for a war, but they are not necessarily appropriate to a growing, industrializing country.

On a short term basis in order to win a war we would do anything, but right now we should look at our whole tax system. Should there be taxation on profits at all, or on some other basis? I think this is our problem. Other people have become smarter than we are. We are going on in our own sweet way and we are getting the money in, but then we are getting unemployment and may not continue getting the money in. The people in Europe who suffered more than we did in the war are not going to suffer any more. They realize they cannot have unemployed Italians, unemployed Germans and unemployed Frenchmen without getting their throats cut, and so they have adopted appropriate tax arrangements. Our stomachs have been too full.

Senator ROEBUCK: I have something to say. We are a committee on manpower and unemployment—or, employment, depending upon how you like to phrase it—and I have been trying to think of this document which you have produced in its broad sense rather than in regard to these particular items. Let me say that I think this is a magnificent document, and it shows very vigorous thought and clarity of expression. By the way, the reading of it was excellent. As I see this whole picture which you have presented, you propose

to help us in our search for the solution of the unemployment problem by an increase in business, and to that end, as I summarize it in my mind, you talk about the desirability of greater productivity in three divisions; by labour, by machinery—that is, by technological advances, and so on—and by business management and organization. You also talk about the desirability of a reduction in the burdens on business, and in that connection you have spoken about the costs of government. You have talked about wages which are a very large factor in costs, and there has been something said about interest rates.

That is somewhat of a summary of this brief, very rapidly done, of course, and under difficulties, but you have said nothing about rising rents, increasing land values which have gone up from one coast to the other in fantastic amounts, and you have said nothing about the rising cost of living. Surely these are factors right along the line of your general argument, which are much too big to be entirely overlooked and neglected. There is not a single word about them. These are the three things: rising rents, increasing land values and rising cost of living.

Mr. HYNES: Sir, are they not all a combination of price?

Senator ROEBUCK: Price?

Mr. HYNES: Each is a price of something, and this is our problem.

Senator ROEBUCK: Call them what you like, they cost an awful lot of money.

Mr. HYNES: We were trying to divide the problem into three factors, and perhaps we have been over-simplifying it. There is the payment for the brains, ingenuity, and the manpower, which is what you are worried about. There is payment for the cost of Government, which is in the form of taxes. There is the payment for the incentive to provide the capital necessary for producing a profit. What has happened? The three items you have talked about are just factors of the rising price level, and prices have risen by the action of the law of supply and demand in these other things. If you want to reduce the cost of living then perhaps you have to cut down the cost of wage rates, salaries and of Government. You have to do the same things if you want to get back to the old land values. Land values plus the cost of paying the person who builds the house determines the rent.

Senator ROEBUCK: A house is not land value, it is house value.

Mr. HYNES: Yes, but somebody had to put time and energy and skill into building the house.

Senator ROEBUCK: Yes, but he didn't build a site.

Mr. HYNES: The site becomes valuable to the extent that somebody puts time and energy into providing sewers, water, electricity and so on.

Senator ROEBUCK: There is more to it than that. There is a monopoly value.

Mr. HYNES: The site will certainly be of a different value depending whether it is serviceable or not. I would be glad to swap you 100,000 acres north of the 59th parallel for 100,000 acres south of the 30th parallel any time.

Senator ROEBUCK: I have made my point anyway.

Senator LEONARD: On the question of vocational training I understand that the members of your Chamber are co-operating with Governments at the federal and provincial levels through the various projects that are operating in the provinces. First of all, I take it there is no special tax allowance for money spent by corporations on vocational training. Is that correct?

Mr. HYNES: Well, I do not think that is quite right. We do some within our own corporation. Mr. Hemsworth might speak to this, but this is a place where I feel that the Government could direct its attention to the extent to which industry should be compensated, possibly by tax relief for even a co-operative effort in vocational training.

Senator LEONARD: That is the point I want to make. Apart from the willingness and desire to co-operate what practical steps can be taken so that industry can employ men now unemployed or train men to change from one skill to another? How can that be done best by business in co-operation with facilities provided by the provincial and the federal Governments and the expenditures of moneys by these levels of Government? Have you any practical suggestions as to what further could be done in that direction?

Mr. HYNES: There is a textile school in St. Hyacinthe and there is the Ryerson Institute of Technology in Toronto, and others, but I do think there is more we can do. I am not too familiar with this situation but I understand that the Italians have concerned themselves with the changing character of labour and they are encouraging the training of personnel for the handling of new equipment in factories, and so on. For instance, there has been a lot of hand work in their shoe industry but with the introduction of technical improvements in machinery and equipment they are running schools to train their employees to maintain and operate this new equipment. This is being done in co-operation with the Government and they are being compensated for it. The result is that instead of technological changes creating unemployment, they are getting prepared for the changes by training the men for new skills.

Senator LEONARD: Do you think we can do more in Canada than we are doing now?

Mr. HYNES: I think we can, yes. Mr. Hemsworth is on this committee on technical change and he might tell you something about this.

Mr. HEMSWORTH: I should like to comment that there is a great deal more being done in industry than is generally publicized. I could give a few examples. I understand that one of the large insurance companies in Montreal is installing data-processing equipment on a very large scale. I also understand that the personnel who are going to operate this equipment are being recruited from inside the company and trained within the company to operate it. Incidentally, this is a very complex type of operation. A company in the chemical industry, with which I am most familiar, when building an ammonia plant does not hire ammonia plant operators from a trade school. It takes in people who have never been in that sort of operation before and trains them. This is a continuing effort that very seldom attracts any publicity. People generally do not realize just what is going on, but this is where industry really performs an important function. If there is further stimulation of the industrial part of our economy there will be a real upgrading of skills right across the board.

Senator WALL: If a lot is being done by industry then it is a shame that the story is not collated and told because we are wrestling with this problem in this house right now. In the context of the question asked by Senator Leonard, and in considering the fact that the Chamber of Commerce feels business is carrying too heavy a tax load, how does business or private enterprise see itself contributing to more education? It would not be unfair for me to say it either has to come from taxes or from some voluntary donation, and the record of private business across Canada for many years with respect to the support of education has been extremely poor. The level of contribution has been anaemic. The tax structure allows you 10 per cent, and the percentage picked up by industries—and I am not talking about large industries but just generally—is a factor of less than 1 per cent. So how does business or private enterprise see itself making this contribution if it is not by donation? How?

Mr. HYNES: As one who has been active in collecting for universities in many parts of this country, I know some corporations are very generous.

Senator WALL: I grant you that.

Mr. HYNES: On the other hand there are many who, for particular reasons, have not been so generous. The figures, unfortunately, are not different than

you have stated. My concern is that if you go in for governmental decision as to what kind of training to give people we may end up training a lot of people in a direction we don't want. It seems to me that this is a place where industry should be brought in. If Italian industries knew they were going to be changing to new equipment, then they were the best people to know what kind of training to give. This is being done in different places. For example, the railways knew they were bringing in dieselization over a period of time and by proper encouragement they could have done the same kind of thing. This is going to be a technical problem. I think there is room to find some way of getting industry into this matter of training, because the training will be more appropriate. I am not suggesting just how it is going to affect our Canadian problem, because in such things as education, when dominion provincial relations are involved, the first thing you know is that when federal tax relief is given you will be getting such matters into the provincial field.

Senator CROLL: I have before me a clipping from the *Globe and Mail* of November 1 last, commenting upon a speech made by the Minister of Labour, and I think Mr. Hemsworth will be interested in these figures. My question, however, is for the panel. The article says:

He based his figures on an economic study completed by his department within the past two months.

Now, the report says that in his address to the Toronto Board of Trade, the Minister of Labour said:

. . . Canadian industry should examine its profits, capital investment and efficiency, rather than blame labour costs for its inability to compete with foreign markets.

He made the comment after an address to the Toronto Board of Trade Club in which he said the labour cost factor in Canadian production had risen only .7 per cent in the past nine years.

While Canada's manufacturing output has risen 21.6 per cent in the nine years, the country's labour force has risen only 3.9 per cent to produce the same amount of goods.

The report goes on to say:

In no instance where a particular industry expanded its production between the years of 1949 and 1958 had it increased its usage of labour proportionately, the minister said.

The department survey showed that wage costs of Canadian manufacturers had not gone up significantly during the nine years under study.

Then the report says that the labour minister when questioned after the meeting, said:

It looks as if manufacturers could very well take another look at what it costs them to produce what they do, quite apart from wages. Profits and capital investment should be re-examined.

You have no doubt seen the report. This is almost in complete disagreement with what you have in your brief.

Mr. HYNES: Is this not also what appeared in a table that was presented by Professor Hood last week, which gives a breakdown by industries?

Senator CROLL: Yes. But according to this report:

. . . the labour cost factor in Canadian production had risen only .7 per cent in the past nine months.

And then the report goes on to say:

In no instance where a particular industry expanded its production between the years of 1949 and 1958 had it increased its usage of labour proportionately, . . .

The department survey showed that wage costs of Canadian manufacturers had not gone up significantly during the nine years under study.

What does that do to the argument which you presented here, if his study indicated what he says here? I have the report here, and it struck me as significant.

Mr. HYNES: I think, Senator Croll, the situation illustrates one of the difficulties that arises out of averages. Let me go back to Windsor, where you had some position of responsibility, a location in which we were concerned with running a salt mine or plant, when some other people were making automobiles. At that time the people making automobiles were prepared to pay almost anything in wages, and the wages that we had to pay people for making salt had to be comparable in your community to the wages paid for making automobiles. Pretty soon we had to stop making salt. The same thing applies here.

Senator CROLL: But the report here says:

In no instance where a particular industry expanded its production between the years of 1949 and 1958 had it increased its usage of labour proportionately, . . .

Mr. SHERIDAN: The wage cost within an industry is calculated on the basis of the plant workers which may in fact have decreased, as in the oil industry, for example, where the wages of a number of employees have decreased, but the wages paid beyond the percentage within the plant have increased, too; so that the total cost which affects the total cost of the end product is increased.

Senator CROLL: But if the Department of Labour made a study—and they are intelligent people over there, as you are here—and the minister relies on that study, I assume they would have considered every factor that you considered. The minister cannot come out with half-baked figures, because people like ourselves would be discussing the figures with him and he would be placed in a bad position if his figures did not stand up. Now, his suggestions are contrary to the suggestions you made here today in a more recent study, and I am at a loss to know what conclusion to come to. You have presented your case convincingly, and I have a report here that is equally convincing.

Mr. SHERIDAN: Of course, that .7 per cent certainly does not refer to weekly wages.

Senator LEONARD: It is a question of reconciling figures.

Mr. SHERIDAN: That is exactly so, sir, and I suggest that unless you look at the background of these figures and analyze them in relation to what we said, you do not come to a proper conclusion.

Senator CONNOLLY (*Ottawa West*): May I ask a question on the same point, but which perhaps may be over-simplified, Mr. Chairman?

Senator HAIG: I move that we adjourn.

The DEPUTY CHAIRMAN: I wonder if we could not permit Senator Connolly to ask his question, and then if there are other urgent questions, we will entertain them? It was the hope of your chairman this morning to call a very brief meeting of the steering committee following the general committee. Let us have the question from Senator Connolly before we do adjourn.

Senator CONNOLLY (*Ottawa West*): I am looking at Table 7, in which you show out of every dollar of gross sales or revenue what you have left as profits after taxes, and it runs from 3.7 down to 2.8 for the various years shown. Now, at some time the people from the Canadian Labour Congress and other trade union organizations will be giving us figures, perhaps defensive figures on the labour item in the costs. Now, this figure alone without relating it to what

the labour charges are in cost is not a very useful figure for us, particularly when we have to think of what these organizations may present along the same line. Is there another table, a comparison that you can set up, showing the other items that enter into cost and related to these figures here, such as overhead, labour, raw materials and so on?

Mr. HYNES: There are some figures of that type, and I think we might get some, but I feel that some of the tables that were presented last week answer some of the questions you are asking.

Senator CONNOLLY (*Ottawa West*): No doubt they do, but sometimes the approach for one set of tables and one set of figures is different from the approach made for another set; and these are in your brief. What I am concerned about is to get the figures that compare with these figures on the other cost items.

Mr. HYNES: We will see what we can do on this. It will be difficult to isolate them on any basis at all.

Senator CONNOLLY (*Ottawa West*): But the labour people are likely to come in and say, "Well, based on this, that may be so, but these are our figures, and we are not responsible for higher costs."

Senator LEONARD: Shouldn't our own staff deal with that?

Mr. HYNES: I think you are better able to get this answer yourself.

Senator CONNOLLY (*Ottawa West*): All right.

Senator WALL: I have only one quick question, although there are others I should like to have asked. I noticed that you had a statement in your brief that you are in favour of the encouragement of greater participation by Canadians in the ownership of industry, and so on. Over the past ten or fifteen or twenty years there has been a tremendous growth in physical assets, plant, and so forth, but the amount of new shares put on the market have been abysmally low in proportion. In other words, the old owners are sitting on the shares and don't want any new ones on the market, so that the old shares will be of greater value. There has not been quite the opportunity of sharing in ownership that there might have been if there had been a comparable issue of new equity stock.

Mr. HYNES: There are two kinds, Senator Wall—there is the plowing back of earnings into existing corporations and there is the new investments, that Senator Roebuck referred to, which are made by American companies setting up wholly-owned subsidiaries in Canada. Again I would suggest a good way to get at this would be by looking at our taxation set-up—some of our existing tax laws make it more appropriate for corporations to do their financing internally. I might say we have too many Bay street miners still in the country. What happened when the Ford Company offered \$175 a share for the stock in its Canadian subsidiary? How many people didn't take that offer?

Senator CROLL: How many?

Mr. HYNES: Well, the Ford Company wanted 75 per cent and they got 90 per cent.

Senator BURCHILL: Mr. Chairman, before we adjourn, I take it that it is the desire of the committee, and on its behalf I want to move a very hearty vote of thanks to these gentlemen. This has been a most instructive, informative and interesting morning for me. I agree with everything Senator Roebuck has said about the excellence of the presentation and the way it was presented, and I think we all enjoyed hearing it and are wiser men now than when we started. Therefore I would like to move a hearty vote of thanks.

The Deputy CHAIRMAN: Thank you.

Mr. HYNES: Mr. Chairman, we certainly do appreciate the opportunity of being with you this morning.

The meeting adjourned.



Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 4

WEDNESDAY, JANUARY 25, 1961

The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Dr. J. J. Deutsch, Mr. F. T. Denton, Dr. R. Warren James.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i> <i>Shelburne</i>)
Burchill	Inman	Thorvaldson
Cameron	Irvine	Vaillancourt
Choquette	Lambert	Wall
Connolly (<i>Ottawa West</i>)	Leonard	White
Courtemanche	MacDonald (<i>Queens</i>)	Wilson—(33)
Croll	Macdonald (<i>Cape Breton</i>)	
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

WEDNESDAY, January 25, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 10.00 a.m.

Present: The Honourable Senators Methot, *Chairman*, Blois, Brunt, Burchill, Cameron, Connolly (*Ottawa West*), Croll, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Leonard, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson and White—19.

The following were heard:—

Dr. J. J. Deutsch.

Mr. F. T. Denton

Dr. R. Warren James.

At 11.55 a.m. the Committee adjourned until Thursday, January 26th, at 10.00 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.

REPORTS OF THE COMMISSIONERS

For the Year 1907

Presented to the Senate and House of Representatives
of the State of New York
at the Session of 1908

ALBANY: J. B. LIPPINCOTT COMPANY, PRINTERS
1908

JOHN A. HUNT,
Assistant Chief Clerk of the Senate

THE SENATE
SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT
EVIDENCE

OTTAWA, Wednesday, January 25, 1961.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 10 a.m.

Hon. Leon Methot in the Chair.

The CHAIRMAN: Honourable senators, I understand that we have a quorum, so I think it would be just as well to proceed immediately as we have certain matters to deal with this morning. If I am well informed, Mr. Denton has some more information to distribute to the meeting. Dr. Deutsch has a word to say first.

Dr. JOHN J. DEUTSCH: Mr. Chairman and honourable senators, at a previous meeting we were requested to prepare some additional information on the immigration and emigration of professional groups. I think Senator John J. Connolly asked for that. We were also requested to prepare some information on the annual government tax revenue as a percentage of national income. Mr. Denton has prepared this information, and I think that has been distributed to you. Mr. Denton has a note to add to the information that has already been distributed, and perhaps he might read it.

Mr. F. T. DENTON: Mr. Chairman and honourable senators, if I might turn first to the table relating to taxation, Canada is compared in this table with eleven other countries. The selection of countries, it may be noted, was dictated in large part by the availability of data; some countries do not report the necessary information. The data that were used are those collected and published by the statistical office of the United Nations. At the present time they are available only up to 1958. They are compiled according to a standard classification system, thus making possible international comparisons. The statistical measure that has been used is, for all practical purposes, identical to the measure used by the Canadian Chamber of Commerce in its submission to this committee. You will recall that the authors of that submission presented calculations for Canada but not for other countries. The measure is the total of tax revenue collected at all levels of government expressed as a percentage of net national income. This ratio is subject to some year to year fluctuation and, to eliminate the effects of this fluctuation, averages were computed for the four-year period 1955-58. These averages appear in the final column of the table, and the twelve countries have been listed according to the figures in this column, Japan, with the lowest 1955-58 average, appearing at the top of the list, and France, with the highest average, appearing at the bottom. It will be observed that Canada is roughly half way down the list with an average which is very close to that of the United States.

Turning next to the other table, the one pertaining to the international movements of professionals, this table is based on the immigration statistics of Canada and the immigration statistics of the United States. The final column on the second page of the table presents the total gross movements for the period 1953-59 and the net movements out of Canada. It will be noted that in almost every case there has been a net loss of professionals to the

IMMIGRATION AND EMIGRATION OF PROFESSIONAL WORKERS BETWEEN CANADA AND THE UNITED STATES: 1953-1959

Occupation	1953			1954			1955			1956		
	Imm.	Emig.	Net Emig.	Imm.	Emig.	Net Emig.	Imm.	Emig.	Net Emig.	Imm.	Emig.	Net Emig.
Accountants and auditors.....	51	215	164	45	165	120	56	211	155	49	265	216
Architects.....	4	18	14	8	17	9	6	25	19	11	42	31
Chemists.....	22	91	69	25	90	65	19	98	79	15	129	114
Dentists.....	2	3	1	3	8	5	8	12	4	3	10	7
Draughtsmen and designers.....	31	108	77	26	108	82	28	179	151	29	412	383
Engineers.....	180	519	339	130	494	364	168	615	447	162	953	791
Laboratory technicians and assistants.....	24	200	176	21	245	224	26	267	241	18	294	276
Graduate nurses.....	98	951	853	83	940	857	71	1,227	1,156	61	1,388	1,327
Physicians and surgeons.....	55	105	50	39	135	96	33	127	94	29	96	67
Teachers and professors.....	129	338	209	142	350	208	129	394	265	124	469	345
Other professionals.....	585	353	-232	559	336	-223	578	456	-122	520	597	77
Total.....	1,181	2,901	1,720	1,081	2,888	1,807	1,122	3,611	2,489	1,021	4,655	3,634

SOURCE: Immigration figures from Department of Citizenship and Immigration; Emigration figures from United States Department of Justice, Immigration and Naturalization Service.

IMMIGRATION AND EMIGRATION OF PROFESSIONAL WORKERS BETWEEN CANADA AND THE UNITED STATES: 1953-1959—Continued

Occupation	1957		1958			1959			1953-1959			
	Imm.	Emig.	Net		Net		Net		Imm.	Emig.	Net	
			Emig.	Imm.	Emig.	Imm.	Emig.					
Accountants and auditors.....	41	288	247	66	218	152	43	243	200	351	1,605	1,254
Architects.....	9	47	38	6	44	38	7	29	22	51	222	171
Chemists.....	22	199	177	13	111	98	18	75	57	134	793	659
Dentists.....	2	13	11	7	11	4	12	8	-4	37	65	28
Draughtsmen and designers.....	35	348	313	32	217	185	32	311	279	213	1,683	1,470
Engineers.....	142	1,264	1,122	146	720	574	165	1,310	1,145	1,093	5,875	4,782
Laboratory technicians and assistants.....	27	386	359	26	310	284	31	404	373	173	2,106	1,933
Graduate nurses.....	58	1,553	1,495	105	1,376	1,271	97	1,343	1,246	573	8,778	8,205
Physicians and surgeons.....	46	265	219	52	179	127	66	229	163	320	1,136	816
Teachers and professors.....	171	542	371	202	506	304	298	489	191	1,195	3,088	1,893
Other professionals.....	601	703	102	621	522	-99	676	667	-9	4,140	3,634	-506
Total.....	1,154	5,608	4,454	1,276	4,214	2,938	1,445	5,108	3,663	8,280	28,985	20,705

SOURCE: Immigration figures from Department of Citizenship and Immigration; Emigration figures from United States Department of Justice, Immigration and Naturalization Service.

ANNUAL GOVERNMENT TAX REVENUE AS A PERCENTAGE OF
NATIONAL INCOME: SELECTED COUNTRIES⁽¹⁾

—	1952	1953	1954	1955	1956	1957	1958	1959	Average 1955-58
	%	%	%	%	%	%	%	%	%
Japan ⁽²⁾	26.3	26.0	26.1	24.1	24.6	25.8	25.4	—	25.0
Italy.....	—	—	—	24.0	25.4	25.8	25.7	—	25.2
Australia ⁽³⁾	28.6	27.5	27.0	27.0	27.7	29.8	27.8	—	28.1
Belgium.....	30.2	29.2	28.3	28.3	29.1	30.2	31.2	—	29.7
New Zealand ⁽²⁾	32.4	30.2	31.0	30.7	30.4	28.4	33.8	—	30.8
United States.....	31.1	31.2	30.0	30.9	31.4	32.0	31.6	—	31.5
Canada.....	31.7	31.6	31.5	31.8	32.2	32.8	31.3	33.1	32.0
Sweden.....	29.5	30.3	30.7	32.6	33.2	33.4	34.4	—	33.4
Netherlands.....	42.4	39.1	36.2	33.5	35.4	37.8	35.6	—	35.6
United Kingdom.....	40.3	38.4	37.0	37.4	36.3	36.5	37.6	—	37.0
Norway.....	37.0	36.9	35.9	36.3	35.6	39.5	41.0	—	38.1
France.....	40.2	41.8	41.6	40.2	41.5	42.3	43.4	—	41.8

(1) The years are calendar years unless otherwise noted.

(2) Fiscal year beginning April 1st.

(3) Fiscal year beginning July 1st.

NOTE: The calculations in this table are based on data compiled according to a standard classification system and published by the United Nations in its *Yearbook of National Accounts Statistics, 1959*. The 1958 and 1959 calculations for Canada are based on more recent data provided by the Dominion Bureau of Statistics. Tax revenue includes employer and employee contributions to social insurance and government pension funds, such contributions being treated as personal taxes in the United Nations' classification system.

United States. It is possible that there are minor inconsistencies between the classification procedures used in the two countries and it is possible also that there is some movement which is not recorded. In particular, Canadian citizens who go to the United States and later return to Canada would not be included in our immigration statistics, and the same would be true of United States citizens returning to the United States. However, it seems unlikely that these qualifications are serious enough to affect the validity of the conclusion that there have been substantial and widespread net losses in almost all professional occupational categories.

Senator CROLL: Would you define "other professionals"?

Mr. DENTON: This is a miscellaneous group, Senator.

Senator CROLL: Give me a few examples of it.

Mr. DENTON: It includes dietitians, and certain classes of scientists which are not listed separately. Only the main groups of scientists have been shown separately and the category "other professionals" includes all others.

Senator CROLL: What struck me is that in the "other professional" group we seemed in the last few years to have gained a bit and to be on the plus rather than on the minus side. That intrigued me, and so I ask for a broad definition of "other professionals". You cannot give me any better definition than you have already given?

Mr. DENTON: That is all I have available.

Senator BRUNT: Does it include lawyers?

Mr. DENTON: Yes, lawyers are there.

Senator BRUNT: What about politicians?

Senator BURCHILL: The taxes are based on all levels of taxation, including municipal and provincial?

Mr. DENTON: Yes.

Senator LEONARD: May I ask a question of Mr. Denton? Are there any figures available for West Germany?

Mr. DENTON: Unfortunately West Germany does not report this information to the United Nations.

Senator LEONARD: I thought I had seen some figures in recent years. As far as you know, they are not reported?

Mr. DENTON: As far as I know they are not.

The CHAIRMAN: If there are no further questions, may we now call on Dr. Deutsch to introduce Dr. James.

Dr. JOHN J. DEUTSCH: Mr. Chairman and honourable senators, one of the studies which we undertook for the Committee during the past summer was that of a survey of the unemployed, which was done by examining persons registered for jobs with the Unemployment Insurance offices. We made a detailed study of these persons for the purpose of finding out their characteristics, who they were, their training, their qualifications, the cause of their unemployment, and to find out as much as possible about them.

This study was carried out with the co-operation of the Unemployment Insurance offices; they were very helpful in the work and co-operated fully with us, as did the Bureau of Statistics, the Department of Labour and other government bodies. As a result of the co-operation we received, we were able to carry out a successful survey.

The survey was conducted at every Unemployment Insurance office across the country on a sample basis. It constituted a large statistical job, and involved a great deal of compilation which has now been completed. The results of it are contained in the document that has been distributed to you this morning.

The detailed work of the study was carried out by Dr. James, who is a member of the Department of National Defence and head of the Statistical Unit in the office of the Deputy Minister of that department. Dr. James was kindly loaned to us for the purpose of carrying out this study.

Dr. James has had a great deal of experience with labour statistics, having been in charge of the work in this field in the Bureau of Statistics for a number of years; indeed, he was one of the fathers, if I may call him that, of the Labour Force Survey. Consequently, he comes to this task with a great deal of experience and knowledge. He has carried out much of the detailed work of the survey and has generally supervised the gathering of the statistical data.

Honourable senators, I am pleased to introduce to you Dr. Warren James who will now read his report.

Dr. R. WARREN JAMES: Mr. Chairman and honourable senators, my report to the Special Committee of the Senate of Canada on Manpower and Employment is as follows:

THE CHARACTERISTICS OF PERSONS LOOKING FOR WORK: A SURVEY
OF REGISTRANTS WITH THE NATIONAL EMPLOYMENT SERVICE,
SEPTEMBER, 1960

I. INTRODUCTION

In the last twenty years efficient methods of carrying out small periodic sample surveys of the population have been adopted in both the United States and Canada. The result is that we now have monthly estimates of the level of employment and unemployment going back for a number of years. This sort of information is of great value in telling us what is happening to the Canadian economy. It is important to know how the size of the labour force is changing or whether the number of unemployed is moving up or down and what the causes of these changes are.

It is even more essential to recognize that the statistics of unemployment represent real people. Our concentration on the techniques of statistical measurement and related technical problems ought not to diminish our concern for the human aspects of the situation. At this particular time, because of the widespread interest in unemployment in Canada it becomes even more necessary to try to understand what kind of people are involved.

As a part of the research program undertaken for the Special Committee on Manpower and Employment of the Senate, it was decided to carry out a project which would throw some light on the puzzling question, "Who are the unemployed?" It was recognized that this would require collecting information directly from unemployed people themselves and that the most practical approach would be to conduct a survey of a sample of the people registered for jobs in the local offices of the Unemployment Insurance Commission.

In general, it was evident that what was needed was a detailed analysis of the personal and other characteristics of this group of people who were looking for work. Information about sex, age, marital condition, family responsibilities, usual place of work, normal activity, months of unemployment and so on were naturally of primary interest and after a series of discussions with officials of the Unemployment Insurance Commission, the Dominion Bureau of Statistics and the Department of Labour a questionnaire of twenty-one questions was drawn up. The questionnaire actually used, but reduced in size, is reproduced herewith.

Some of the special features of this questionnaire should be explained. In the first place it had to be simple, easily understood, and able to be completed reasonably quickly. In the second place, no question concerning financial need could be considered because this might be regarded as an intrusion into the purely private affairs of the respondents. In the third place, it was important that neither the questions nor the method of the survey should in any way prejudice the right of anybody to receive unemployment insurance. This is the main reason why individuals were specially asked not to sign their names to the questionnaire in order to dispel any suspicion that they would be held accountable in any way for their answers.

The way the sample was chosen is important and it is necessary to dwell on this briefly to make the ensuing results understandable. The Unemployment Insurance Commission generously undertook to select a sample of all unplaced applicants or registrants in all local offices from their lists as they were on Thursday September 22. The persons designated on the list were to be given the questionnaire for completion when they reported to the local office during the period September 26 to September 30. Those on the sample list were to be mailed the questionnaire to be filled out at home if they did not come into the office during this period.

It should be noted at this point that the statistical count of job registrants on September 22 excluded certain classes of persons, the most important of these being:

- (a) those known to be employed. Generally speaking these are people trying to get a different job;
- (b) those available for part-time employment only;
- (c) those registered before the time they were available for a job.

People in these categories were therefore not supposed to be included either in the total count or in the sample. In addition, those registered at more than one office, for example in Ottawa and Hull, would be counted at only one office.

To illustrate the sampling process, **Chart 1** entitled "Schematic diagram illustrating coverage of 'Survey of Employment Conditions, 1960,'" was prepared.

SENATE OF CANADA

SURVEY OF EMPLOYMENT CONDITIONS, 1960

Form A

A study of employment conditions across Canada is being made for the Special Committee on Manpower and Employment of the Senate of Canada. To help with this study a number of people have been chosen at random and are being asked to fill out this form. You have been selected as a representative person and it is hoped you will answer the questions below. Most of the questions are simple ones about you and your family and your work and nearly all the questions can be answered by making a check mark in one of the little boxes. DO NOT WRITE YOUR NAME ANYWHERE ON THE FORM. Nobody will know who filled out this form except yourself. The results will be used for statistical purposes only and any information about yourself or your family will be completely confidential. Please help! It will only take a few minutes of your time. If this form comes to you in the mail, please put it in the mail when it is completed in the enclosed addressed envelope. NO POSTAGE STAMPS ARE NEEDED ON THIS ENVELOPE.

QUESTIONS ABOUT YOURSELF

1. Where do you live? Write name of city, town or village.

EACH QUESTION BELOW SHOULD BE ANSWERED BY MARKING THE BOX BESIDE THE RIGHT ANSWER, THUS

2. What is your sex? 3. How old are you? 4. What was the highest grade you completed in school? 5. Are you technically trained or qualified for some trade or special occupation?
- | | | | | | |
|-----------------------------------|---------------------------------------|----------------------------------|--|---|--|
| Male <input type="checkbox"/> 1 | 14-19 <input type="checkbox"/> 1 | 35-44 <input type="checkbox"/> 4 | none <input type="checkbox"/> 1 | some high school <input type="checkbox"/> 4 | no <input type="checkbox"/> 0 |
| Female <input type="checkbox"/> 2 | 20-24 <input type="checkbox"/> 2 | 45-54 <input type="checkbox"/> 5 | some primary school <input type="checkbox"/> 2 | finished high school <input type="checkbox"/> 5 | yes, partly <input type="checkbox"/> 1 |
| | 25-34 <input type="checkbox"/> 3 | 55-64 <input type="checkbox"/> 6 | finished primary school <input type="checkbox"/> 3 | some college <input type="checkbox"/> 6 | yes, completely <input type="checkbox"/> 2 |
| | 65 or over <input type="checkbox"/> 7 | | finished school <input type="checkbox"/> 7 | finished college <input type="checkbox"/> 7 | |

QUESTIONS ABOUT YOUR FAMILY

6. Are you single or married? 7. When were you married? 8. Do you live alone or with other members of your family?
- | | | | |
|---|--|---|---|
| single <input type="checkbox"/> 1 | married, wife or husband doesn't live at home <input type="checkbox"/> 3 | 1959-1960 <input type="checkbox"/> 1 | I live alone <input type="checkbox"/> 1 |
| married, wife or husband lives at home <input type="checkbox"/> 2 | other (divorced, separated, widowed) <input type="checkbox"/> 4 | 1957-1958 <input type="checkbox"/> 2 | I live with other members of my family <input type="checkbox"/> 2 |
| | | 1955-1956 <input type="checkbox"/> 3 | |
| | | 1955 or before <input type="checkbox"/> 4 | |
| | | never married <input type="checkbox"/> 5 | |
9. Are any of these members of your family that you live with now working? 10. Do you live in the home of your parents and, if so, are they working? 11. Is your husband or wife working?
- | | | |
|---|--|---|
| no <input type="checkbox"/> 0 | no, don't live with parents <input type="checkbox"/> 0 | no <input type="checkbox"/> 0 |
| yes <input type="checkbox"/> 1 | yes, one is working <input type="checkbox"/> 1 | yes, less than full time <input type="checkbox"/> 1 |
| I live alone <input type="checkbox"/> 2 | yes, both are working <input type="checkbox"/> 2 | yes, full time <input type="checkbox"/> 2 |
| | yes, neither is working <input type="checkbox"/> 3 | not married <input type="checkbox"/> 3 |

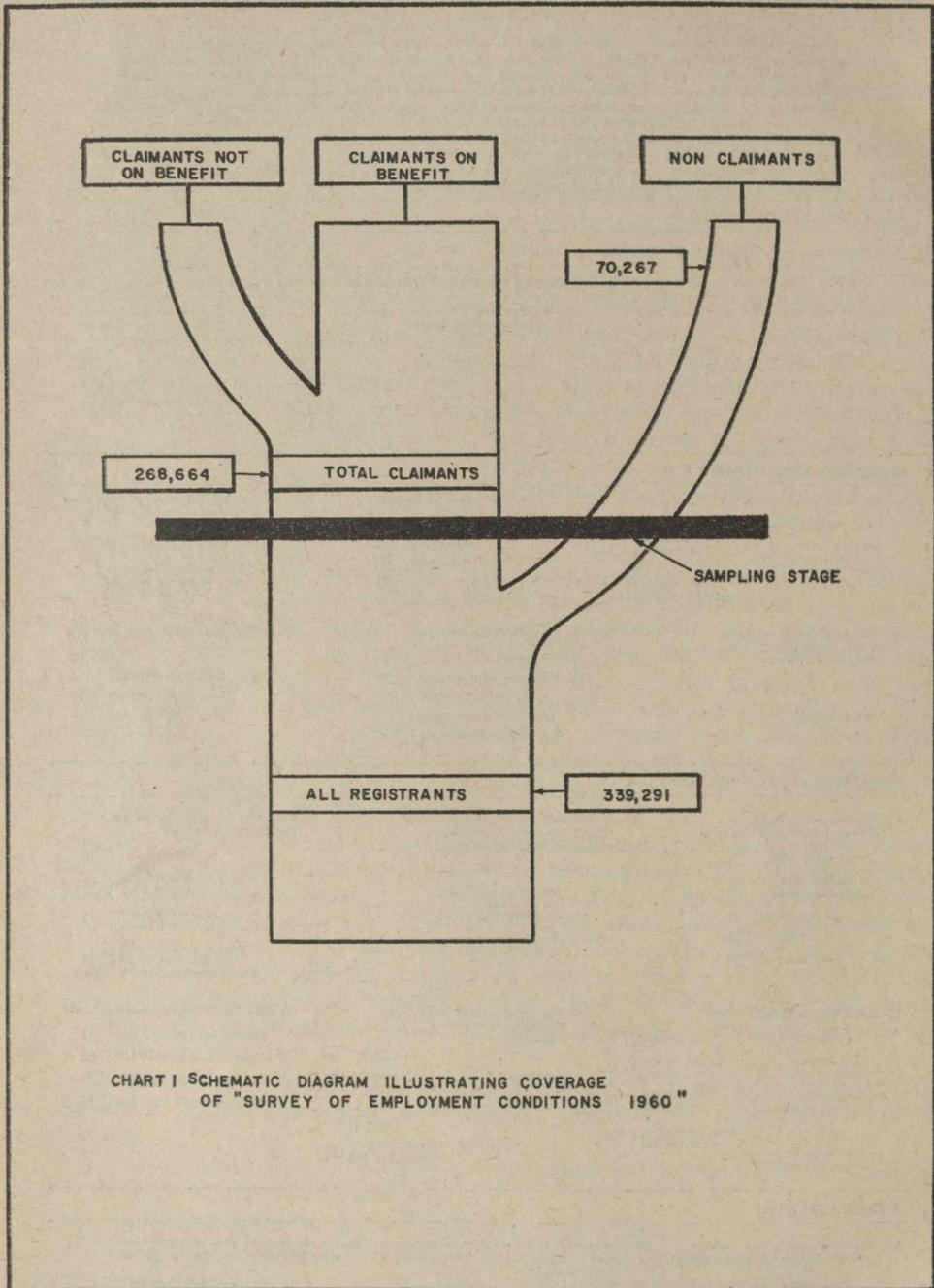
QUESTIONS ABOUT YOUR WORK

12. What do you usually do? (Please check only one box) 13. In addition, do you usually work? (Don't answer if you said you worked in the last question) 14. Did you have a job in the week ending last Saturday?
- | | | |
|--|--|--|
| work for a living <input type="checkbox"/> x | no <input type="checkbox"/> 0 | no <input type="checkbox"/> 0 |
| keep house or help keep house <input type="checkbox"/> 1 | yes, regularly <input type="checkbox"/> 1 | yes, worked part of the week <input type="checkbox"/> 1 |
| go to school <input type="checkbox"/> 2 | yes, occasionally <input type="checkbox"/> 2 | yes, worked the full week <input type="checkbox"/> 2 |
| retired <input type="checkbox"/> 3 | yes, at certain times of the year <input type="checkbox"/> 3 | yes, but temporarily laid off, sick or off work for other reasons <input type="checkbox"/> 3 |
| stay at home <input type="checkbox"/> 4 | | |
15. Where do you usually work? 16. How many months has it been since you last worked regularly? 17. What kind of work suits you best?
- | | | | | |
|--|---|--|---|---|
| in an office <input type="checkbox"/> 0 | in a mine <input type="checkbox"/> 5 | less than 1 <input type="checkbox"/> 1 | 6 months or more <input type="checkbox"/> 5 | continuing full-time job <input type="checkbox"/> 1 |
| in a factory, plant or mill <input type="checkbox"/> 1 | in the woods or fishing <input type="checkbox"/> 6 | 1-2 <input type="checkbox"/> 2 | I have a steady job now <input type="checkbox"/> 6 | continuing part-time job <input type="checkbox"/> 2 |
| on construction work <input type="checkbox"/> 2 | somewhere else <input type="checkbox"/> 7 | 2-4 <input type="checkbox"/> 3 | haven't worked regularly yet <input type="checkbox"/> 7 | temporary full-time job <input type="checkbox"/> 3 |
| on a farm <input type="checkbox"/> 3 | haven't worked regularly yet <input type="checkbox"/> 8 | 4-6 <input type="checkbox"/> 4 | | temporary part-time job <input type="checkbox"/> 4 |
| in a store or restaurant <input type="checkbox"/> 4 | | | | |

OTHER QUESTIONS

18. Have you moved from another province in the last five years? 19. Have you moved from another country in the last five years? 20. If you wanted to find work or get a better job, what do you think would help you most? 21. Do you have to work to support or help support yourself or your family?
- | | | |
|--------------------------------|---|---|
| no <input type="checkbox"/> 0 | more general education <input type="checkbox"/> 1 | it is necessary <input type="checkbox"/> 1 |
| yes <input type="checkbox"/> 1 | more technical skill or training <input type="checkbox"/> 2 | it is not necessary but the extra money is desirable and useful <input type="checkbox"/> 2 |
| | more job opportunities <input type="checkbox"/> 3 | it is not necessary for me to work but I like to have something useful to do <input type="checkbox"/> 3 |
| | something other than these <input type="checkbox"/> 4 | it is not necessary <input type="checkbox"/> 4 |
| | | |

PLEASE ANSWER ALL THE QUESTIONS



It will be seen that the two main streams or components of the diagram consist first of those persons who are claimants for unemployment insurance and second of those who are not claiming benefits. Both groups are, of course, registered for jobs and constitute the "live file" of registrants. It will also be observed that the claimants consist of two segments: those actually receiving insurance payments and those claimants not currently on benefit. At the time of the survey roughly 80 per cent of the claimants were drawing benefits. The balance of the claimants would be those whose waiting period was not completed or whose claims were under review for some reason. There were technical and procedural difficulties in segregating those on benefit from all others with the results that it was possible only to distinguish the claimants from the non-claimants. There are probably some differences between the population of claimants and the population of beneficiaries, but speaking broadly, it seems reasonable to regard the claimants as representative of the people actually drawing benefits.

The sampling stage is shown symbolically by the heavy black line on the chart. When the statistical count was made on September 22, there were about 268,700 claimants and 70,600 non-claimants on the live file, altogether 339,300. In most of the local offices a random sample of 10 per cent was selected but in offices with over 5,000 registrations the sample was reduced to 5 per cent. This was to avoid congestion and delay in the local offices.

If questionnaires had been received from everyone in the sample, the total return would have been about 25,600 but as was to be expected a certain fraction did not complete the questionnaire. In fact 17,325 usable questionnaires were returned and tabulated. This is just about two-thirds of the maximum possible. Because of the undertaking that the replies would be anonymous there was no way of finding out whether those who didn't reply were appreciably different from those who did. It is likely that more of them have language problems or educational handicaps but it has been assumed in interpreting the results that they are average as far as the characteristics we are interested in are concerned.

It should be emphasized also that the estimates in this report, since they are based on a sample, may differ from the results of a complete survey of all registrants. However, the sample is comparatively very large and the chances that an estimate of over 5,000 based on the sample would differ from the results of a complete enumeration by more than one or two per cent would be of the order of one in 100. For the purposes of a survey like this, such precision is more than adequate. It may be of interest to note that the sample is at least five times greater than the number of unemployed included in the September Labour Force Survey of the Dominion Bureau of Statistics. This is in no sense an invidious comparison but merely indicates that the size of the present sample permits fairly detailed cross classifications.

The general plan of this report is first of all to present a summary statistical picture of all the registrants. This is intended to convey some impressions of the kind of people they are. Here the emphasis will be on such obvious characteristics as location, age, sex, marital condition with a brief review of what they usually do and where they usually work. This will lead in the next three sections to a more detailed look at three groups which are of special interest, namely young people, older people and married women, in that order. Then, it will be desirable to look more closely at the characteristics of men of prime working age. A brief review of the educational characteristics of registrants will then be undertaken together with some miscellaneous findings. Finally, the concluding section will summarize what appear to be the significant results of the survey.

As a rule, the statistical tables included in the text are brief summary tables. Most of the detailed tables have been placed in a statistical appendix at the end of the report.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, I suppose the graphs, charts and tables that are referred to in the text being read will appear in the verbatim report when it is made out at the places where Dr. James refers to them?

The CHAIRMAN: Yes, Senator Connolly, that will be done.

II. GENERAL CHARACTERISTICS OF REGISTRANTS

In a country such as Canada, there is naturally great interest in the geographic distribution of anything which affects large numbers of people. Accordingly, **Chart 2** has been drawn to show the provincial distribution of all registrants.

The claimants are represented by the shaded part of the bar, the non-claimants by the white part. It can be seen from the scale on the left that the range is from roughly 1,000 in Prince Edward Island to 130,000 in Ontario. It is not surprising to see the heavy concentration of registrants in Quebec and Ontario.

In order to decide whether this distribution is remarkable in any way, it is useful to compare it with the results of the Dominion Bureau of Statistics Labour Force Survey covering the week which ended September 17.

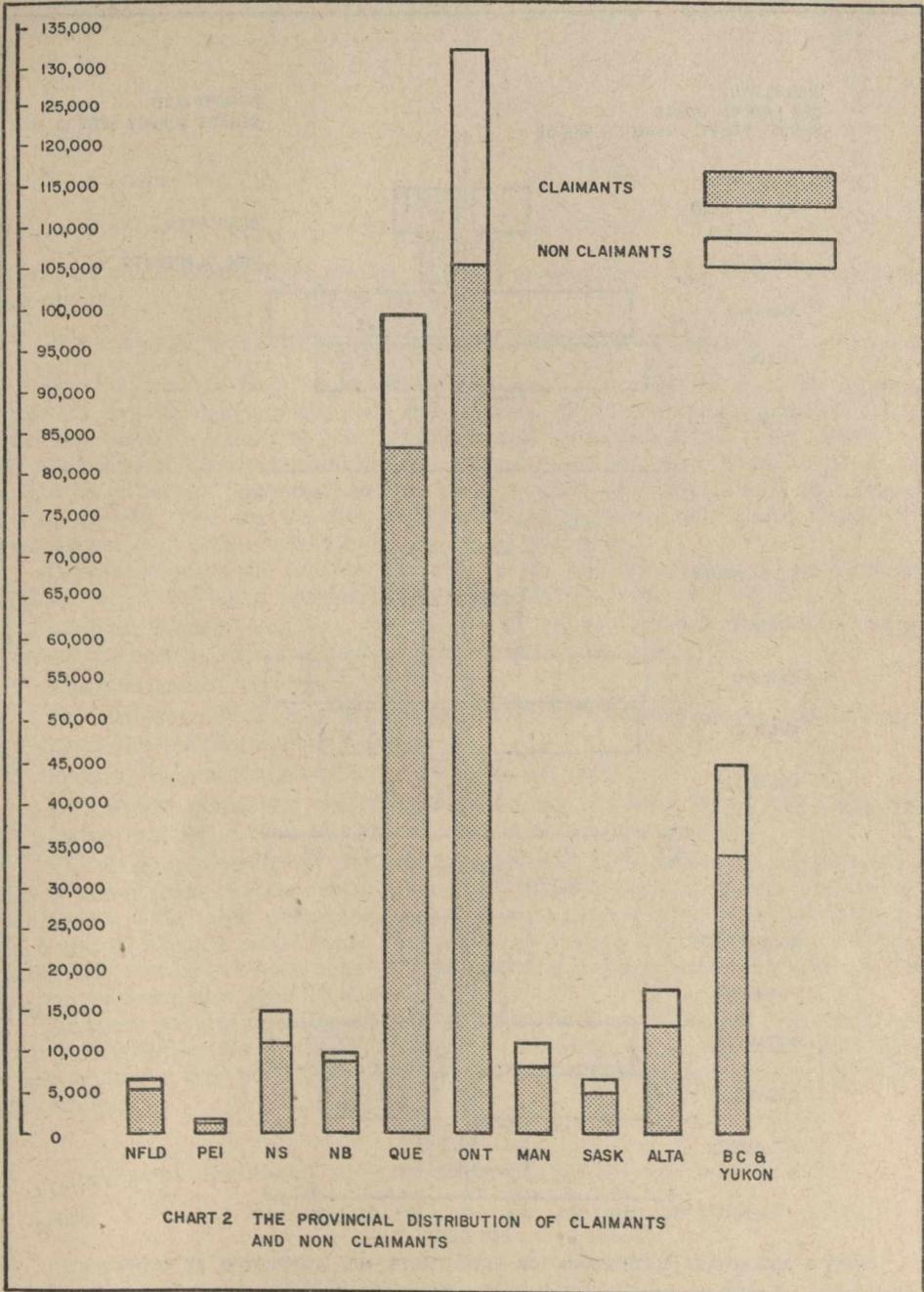
Senator LEONARD: Does this chart relate to the same number of people as the previous chart dealing with the claimants on September 22nd?

Dr. JAMES: Yes, that is so, Senator Leonard.

For this purpose, a comparison is made in **Chart 3** between the regional distribution of the unemployed taken from the Dominion Bureau of Statistics' survey and the regional distribution of registrants.

This **Chart 3** shows the percentage of unemployed and registrants in each region for men and women separately and combined. The remarkable feature of this chart is the symmetry between the distribution of the unemployed and both claimants and total registrants. From these two charts, it appears not only that registrants are scattered widely but that the regional distribution is not unusual. Charts of this nature will be used frequently in this report and it may be worthwhile to dwell for a moment on their interpretation. If we look at the right-hand side of the top diagram **Chart 3**, it can be seen visually from the percentage scale that about 10 per cent of the registrants were in the Atlantic region, about 30 per cent in Quebec, 40 per cent in Ontario, and so forth. The totals of all the percentages should of course add to 100.

Age has a significant relationship to employment and there is naturally great interest in the age distribution of the population of registrants. The table immediately below shows the number of men and women registrants in each age group.



UNEMPLOYED
DBS LABOUR FORCE
SURVEY SEPT 17th 1960

REGISTRANTS
SENATE SURVEY SEPT 22 1960

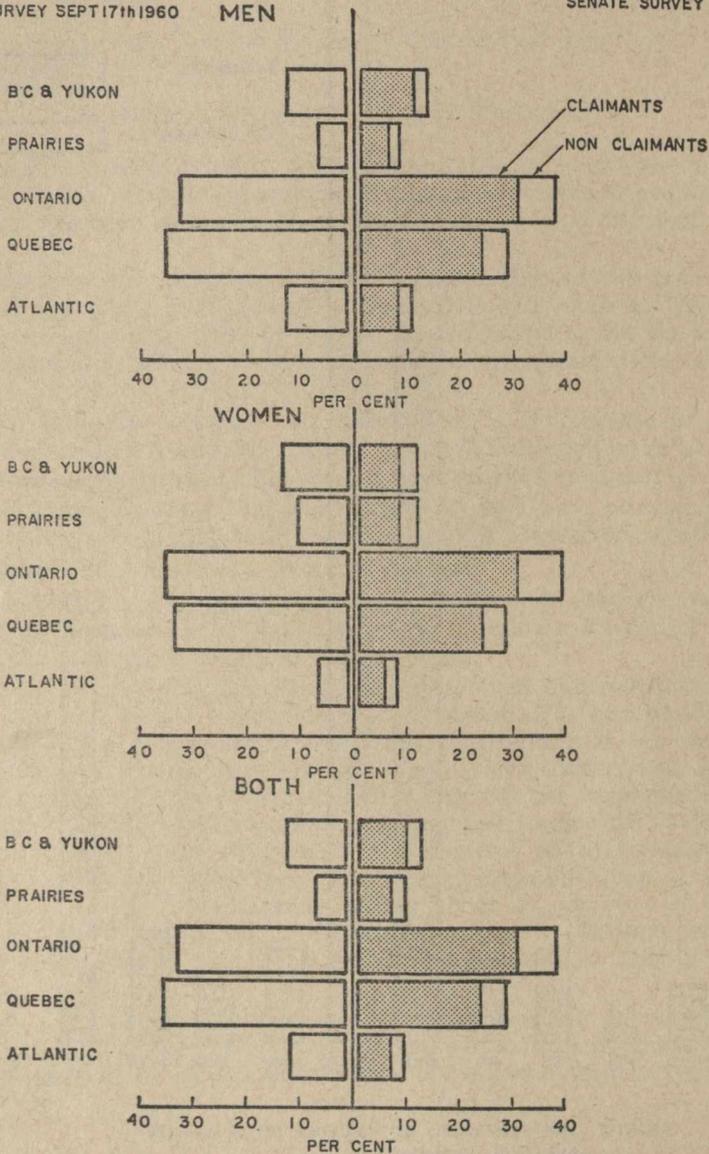


CHART 3 PERCENTAGE DISTRIBUTION OF REGISTRANTS AND UNEMPLOYED BY REGIONS

TABLE I
Age distribution of male and female registrants

Age group	Male	Female	Total
14-19	19,500	15,900	35,400
20-24	33,400	28,000	61,400
25-34	53,700	28,300	82,000
35-44	41,200	21,100	62,300
45-54	31,800	12,300	44,100
55-64	22,600	6,100	28,700
65 and over	23,300	2,100	25,400
Total	225,500	113,800	339,300

It shows incidentally that almost exactly one-third of the total registrants are women.

The material in this table is illustrated pictorially in **Chart 4**.

The top row of bars representing men can be compared roughly by eye with the middle row representing the women. There are certain discrepancies between these two distributions which should be noted. First, there seems to be a somewhat higher concentration of women in the ages from 20-34 than might be expected. Second, there are about ten times as many men as women in the 65 and over age bracket. It should also be noted that about 35,000 or over 10 per cent of the total lies in the 14-19 age group.

Confirmation of the unusual features of the age distribution of registrants can be obtained from a comparison with the labour force as a whole.

Senator BRUNT: You say, "in the 14 to 19 age group." I thought these youngsters had to attend school up to the age of 16 years.

The CHAIRMAN: 14 years.

Dr. DEUTSCH: That depends on the provincial education laws; and in some provinces the leaving age is fourteen.

Senator BLOIS: Some can get a permit even then.

Dr. JAMES: Generally speaking, I would say, Senator Brunt, the numbers in this age bracket would be concentrated at the upper end.

This is done graphically in **Chart 5**, and as the chart indicates the comparison is taken from the Dominion Bureau of Statistics Labour Force Survey of September, 1960. The percentage distributions indicate clearly a lack of balance and as already noted there appears to be among the registrants a disproportionate number of men aged 65 and over and a disproportionate number of women between the ages of 20 and 34.

Another population characteristic of great interest is the marital condition of the registrants. The survey results can be summarized in the following brief tables showing the marital status of men and women separately for different age groups.

TABLE II
Percentage distribution of male registrants by age and marital status

Age	Single and other*	Married	Total
14-24	19.0	4.4	23.4
25-44	12.9	29.3	42.2
45 and over	8.1	26.3	34.4
Total	40.0	60.0	100.0

*Other includes those divorced, separated or widowed

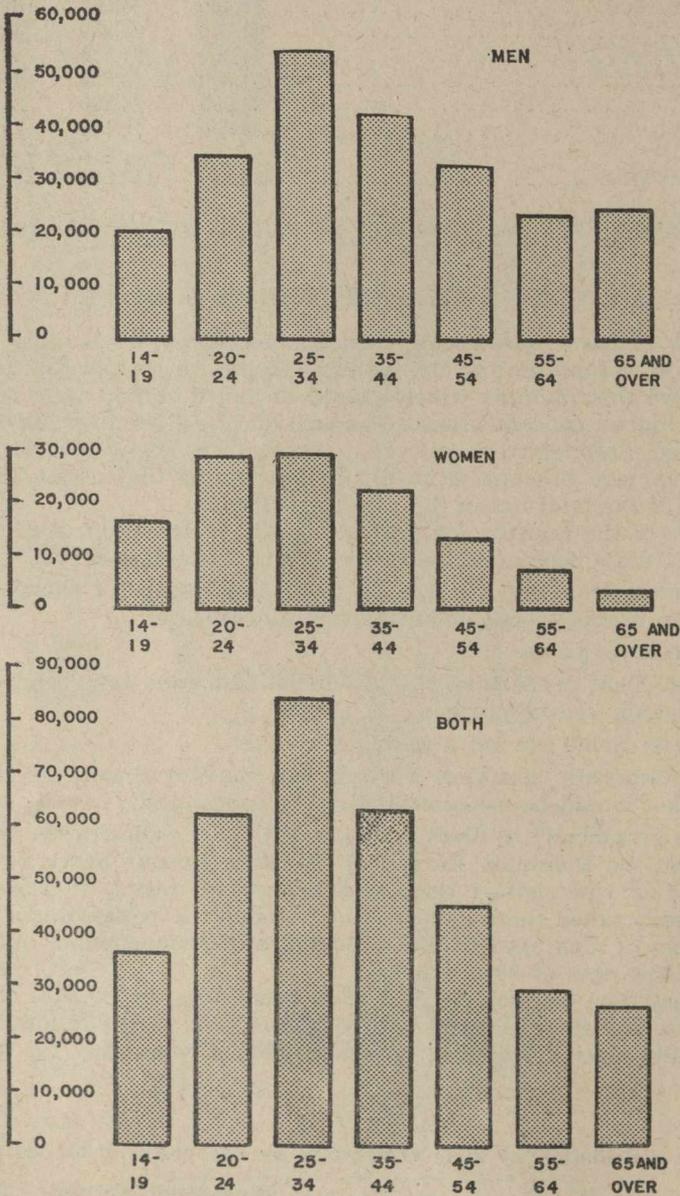
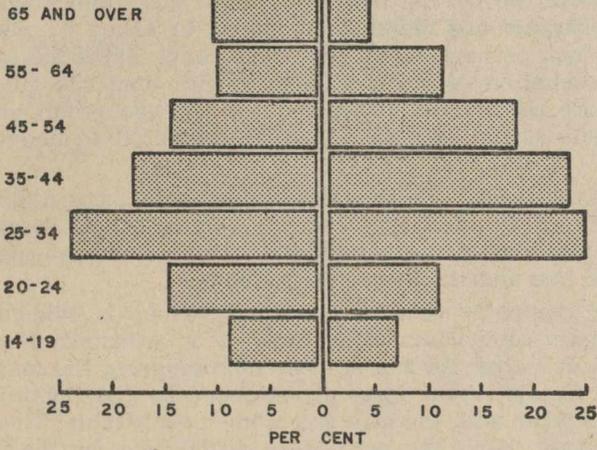


CHART 4 THE AGE DISTRIBUTION OF ALL MALE AND FEMALE REGISTRANTS

REGISTRANTS
SENATE SURVEY
SEPT 22nd 1960

MEN

CIVILIAN LABOUR FORCE
D B S LABOUR FORCE SURVEY
SEPTEMBER 17 1960



WOMEN

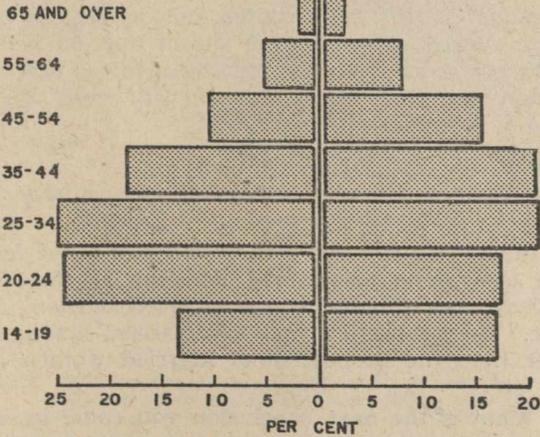


CHART 5 PERCENTAGE DISTRIBUTION OF AGES OF THE CIVILIAN LABOUR FORCE AND ALL REGISTRANTS BY SEX

TABLE III

Percentage distribution of female registrants by age and marital status

Age	Single and other*	Married	Total
14-24	17.1	21.4	38.5
25-44	8.3	35.1	43.4
45 and over	7.7	10.4	18.1
Total	33.1	66.9	100.0

*Other includes those divorced, separated or widowed

It appears from the bottom row of totals in these tables that 60 per cent of the men registrants are married compared to about 67 per cent of the women. This is not perhaps what one might have expected in view of the traditional preoccupation of married women with domestic affairs. The contrast is even more pronounced if we look at the age group under 45. Here about 34 per cent of the men are married compared to about 56 per cent of the women.

These results can again be shown graphically to focus attention on these relations. **Chart 6**, on the next page shows a comparison in percentages in the top half and in numbers in the bottom half. The women are measured to the left of the centre line and the men on the right.

The lack of symmetry between men and women is evident, but it may be better to make a comparison using some other yardstick. For this purpose **Chart 7** has been prepared, for the purpose of comparing the marital condition of the male and female labour force as estimated by the Dominion Bureau of Statistics in September with the men and women registrants. This chart, which is on the next page, shows the percentage distribution by marital status for men at the top and for women at the bottom. The left hand side shows the results of the survey for the registrants and the right hand side the characteristics of the labour force as a whole.

Senator CONNOLLY (*Ottawa West*): Some of these tables are significant, and if you go too fast it might throw us a little. Would you look at your **Chart 7** for a few minutes? Is this the situation, doctor, that so far as men are concerned, the Senate survey of registrants shows that 60 per cent of men were married and 35 per cent were single; while the D.B.S. survey shows that 75 per cent of men were married and 25 per cent were single?

Dr. JAMES: That is correct.

Senator LEONARD: What are the others?

Dr. JAMES: The other category refers to all people who are divorced, widowed or separated.

Dr. DEUTSCH: I might just say that one of the significant features of this chart is that among the women registered for jobs at the Unemployment Insurance offices a very high proportion are married women. That is what these figures indicate. The proportion that are married among these women is very much greater than the proportion of married women in the labour force as a whole.

Senator CROLL: What is the next conclusion you come to, doctor?

Dr. JAMES: This is essentially the point I was going to make. The fact that 74 per cent of the male labour force is married compared to 60 per cent among the male registrants is not particularly noteworthy. The difference among the women is quite striking. Sixty-seven per cent of the women registrants are married compared to 46 per cent among the total female labour force.

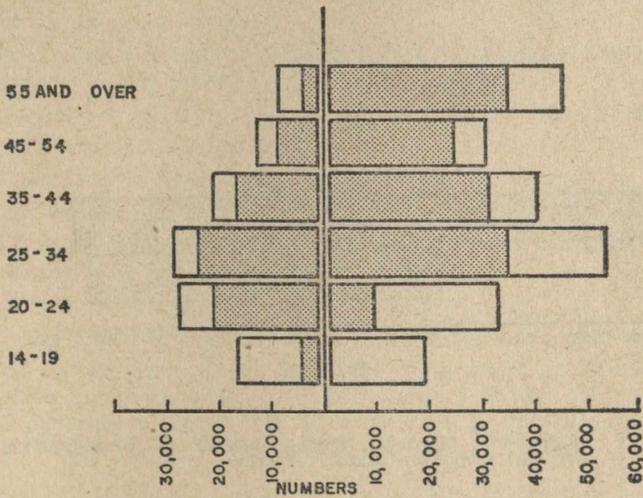
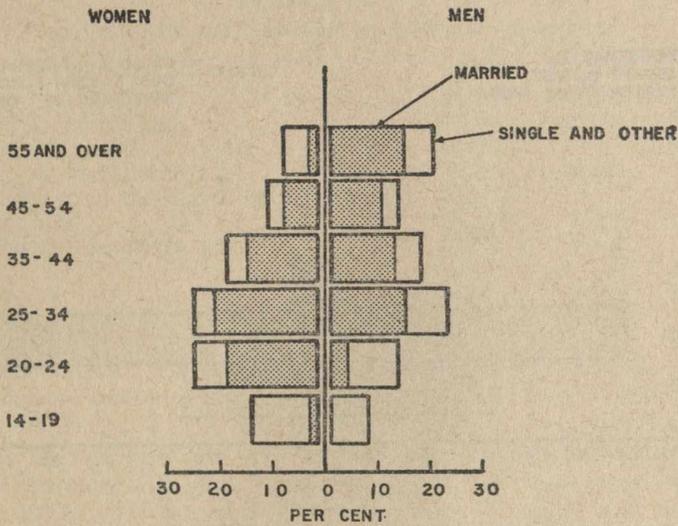


CHART 6 DISTRIBUTION OF ALL REGISTRANTS BY AGE, SEX AND MARITAL STATUS IN NUMBERS AND PER CENT

REGISTRANTS
SENATE SURVEY
SEPTEMBER 22 1960

CIVILIAN LABOUR FORCE
DBS LABOUR FORCE SURVEY
SEPTEMBER 17 1960

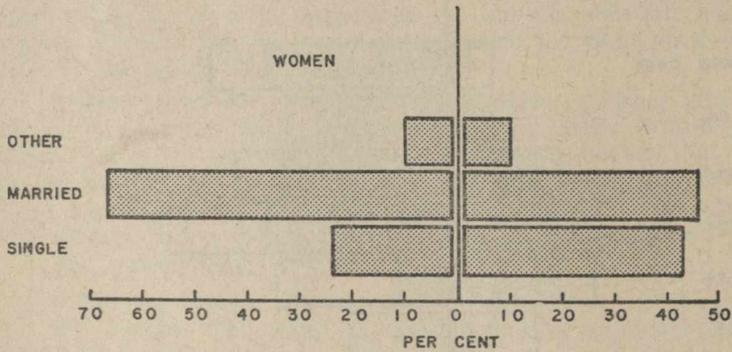
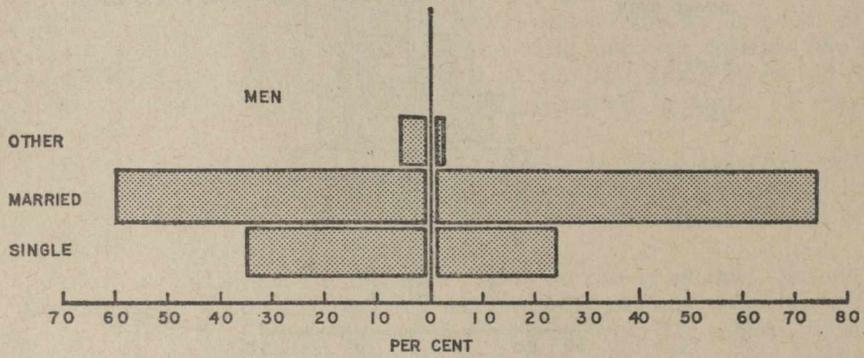


CHART 7 COMPARISON OF THE MARITAL STATUS OF REGISTRANTS
AND THE CIVILIAN LABOUR FORCE

Perhaps I should indicate that this lack of symmetry between the marital status of the women registrants is brought out rather clearly in the bottom section of **Chart 7**.

Let us turn now from the personal attributes of the registrants to look at some of their activities in the labour market. The question "Where do you usually work?" yielded the results given in the table immediately below:

TABLE IV
Usual place of work of male and female registrants

Usual place of work	Male	Female	Total
In an office	17,200	44,200	61,400
In a factory, plant or mill	78,200	29,200	107,400
On construction work	52,700	*	52,800
In a store or restaurant	12,900	23,900	36,800
Farming, fishing, in the woods or in a mine	16,600	*	17,100
Somewhere else	44,300	9,900	54,200
Haven't worked regularly yet	3,600	6,000	9,600
Total	225,500	113,800	339,300

*Less than 1,000

This table does not call for detailed comment although attention should be drawn to the concentration of men in manufacturing and construction activities. That is in items 2 and 3. The women, in addition to a sizeable number in manufacturing appear to work usually in offices, stores or restaurants.

Senator CONNOLLY (*Ottawa West*): I observe that you show in **Table IV** 44,200 female registrants working in offices, 23,900 in stores and restaurants, and 29,200 working in factories, mills and plants. Would the last figure be female workers in offices of plants?

Dr. JAMES: I suggest, Senator Connolly, that these are the women actually working in manufacturing plants of one kind or another.

Senator CONNOLLY (*Ottawa West*): And not in the office staff.

Dr. JAMES: I would think not.

Senator HNATYSHYN: The others are classified elsewhere?

Dr. JAMES: Yes.

Senator CAMERON: Have you any figures to show whether or not employment in factories is going up?

Dr. JAMES: Not as a result of this particular survey.

Dr. DEUTSCH: There is information available on that question, Senator.

Dr. JAMES: In the survey, two questions were asked on the usual activity of the registrants in an attempt to assess whether working for a living was their principal occupation or not. These results are shown below in percentage form in **Table V** and **Table VI** for men and women separately:

TABLE V
Usual activity of male registrants by age (per cent)

	under 45	45 and over
Work usually	94.5	84.4
Work occasionally or at certain times of the year	3.5	6.1
Don't work usually	2.0	9.5*
Total	100.0	100.0

*The age group 65 and over accounts for 7.8 percent

TABLE VI
Usual activities of female registrants by age (per cent)

	under 45	45 and over
Work usually	69.7	72.1
Work occasionally or at certain times of the year ..	16.1	20.4
Don't work usually	14.2	7.5
Total	100.0	100.0

These figures are illustrated in **Chart 8** and **Chart 9** which follow. In **Chart 8** it appears that among the males there is a substantially higher proportion among the over 45 that don't usually work than among the younger men. In contrast, about 14 per cent of the women under 45 do not usually work compared to 7.5 per cent among the women over 45.

One other question which should be explored briefly in this discussion of the general characteristics of registrants is whether age or sex appears to have any bearing on the proportion of claimants among the registrants. The percentage of claimants to total registrants was calculated separately for men and women within each age group as is illustrated in **Chart 10**. The percentage scale at the bottom of the chart shows that for both men and women, claimants made up about 80 per cent of the registrants. Apart from the 14-19 year old group where one would naturally expect a smaller ratio of claimants, the proportion of claimants is remarkably stable for men and women and for the different age groups.

On the basis of this cursory review it is already possible to conclude that certain groups among the registrants are larger than we might expect or else have some special characteristics which deserve more analysis. In particular these things should be noted. First, about 10 per cent of all registrants are between 14 and 19 years of age. Second, there is an unusually large number of men over 65. Third, there seem to be a disproportionately larger number of married women, particularly under the age of 45. Accordingly, the next three sections will be devoted to a more detailed examination of these groups, namely young people, older people and married women.

III. YOUNG PEOPLE

In any period when employment opportunities are declining young people in the 14-19 age group are specially vulnerable. It has already been pointed out in testimony presented to this committee that unemployment rates for this age group have been more than double the rate for all ages in the last ten years. The anticipated increase in the number of young people in the labour market in the next few years indicates that the problem of unemployment among young people may be not only persistent but aggravated.

It has been noted already that people in this age bracket make up more than 10 per cent of all the registrants at the time of the survey. In numbers there were about 35,400 altogether, made up of about 15,900 young women and 19,500 young men.

A very high proportion of this age group is single, as one would expect. It is estimated that about 3,500 of the women were married but less than 1,000 of the men.

Apart from those that are married, many of these young people are still members of a family group on which they are partially or completely dependent. In fact, about 80 per cent of the total lived with other relatives where one or more persons were working. The balance either lived apart from their relatives or else no member of the group was working.

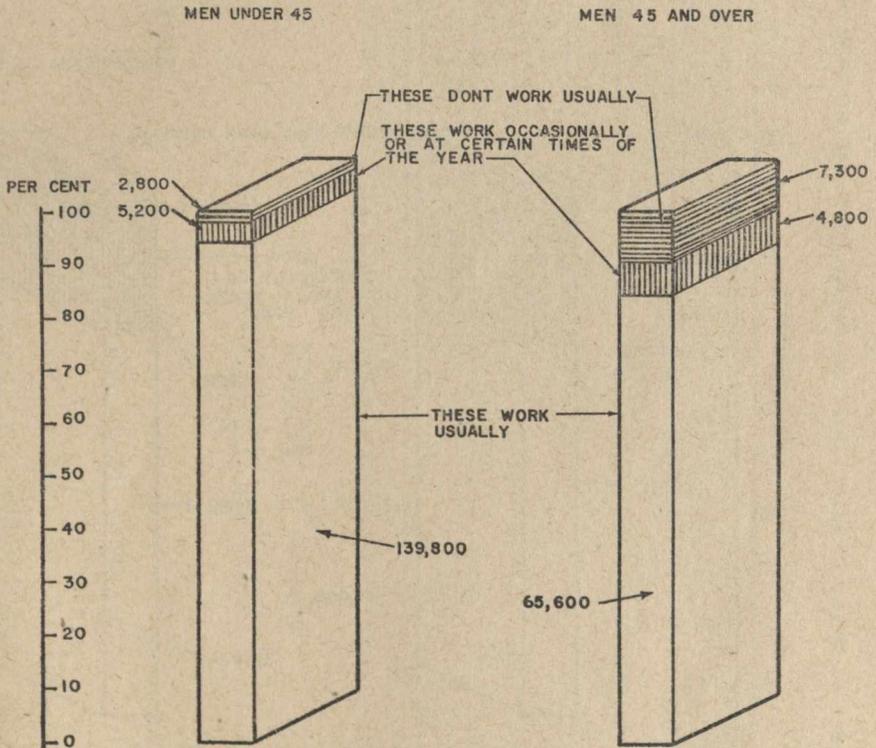


CHART 8 THE DISTRIBUTION OF MALE REGISTRANTS UNDER 45 AND OVER BY USUAL ACTIVITY

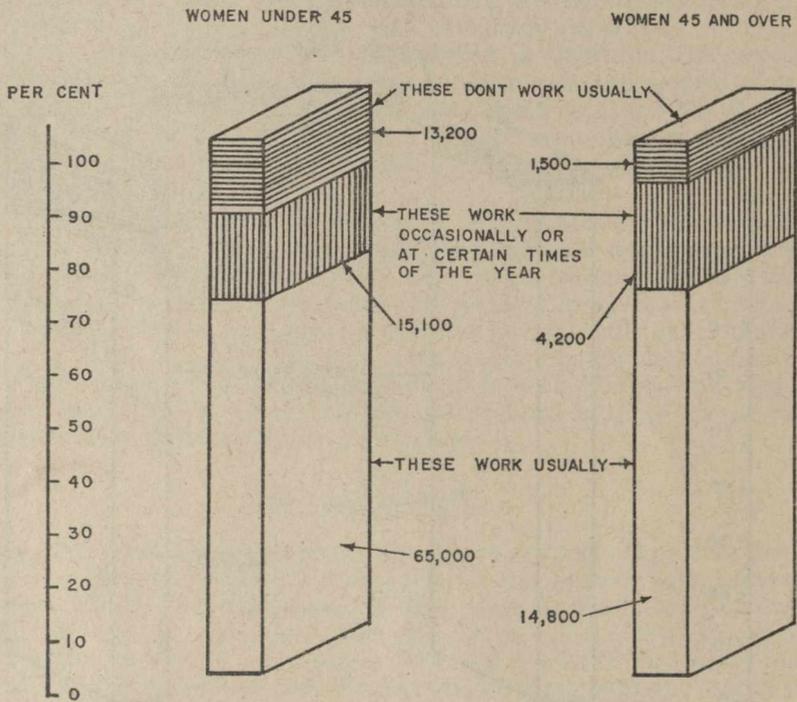


CHART 9 THE DISTRIBUTION OF FEMALE REGISTRANTS UNDER 45 AND 45 AND OVER BY USUAL ACTIVITY

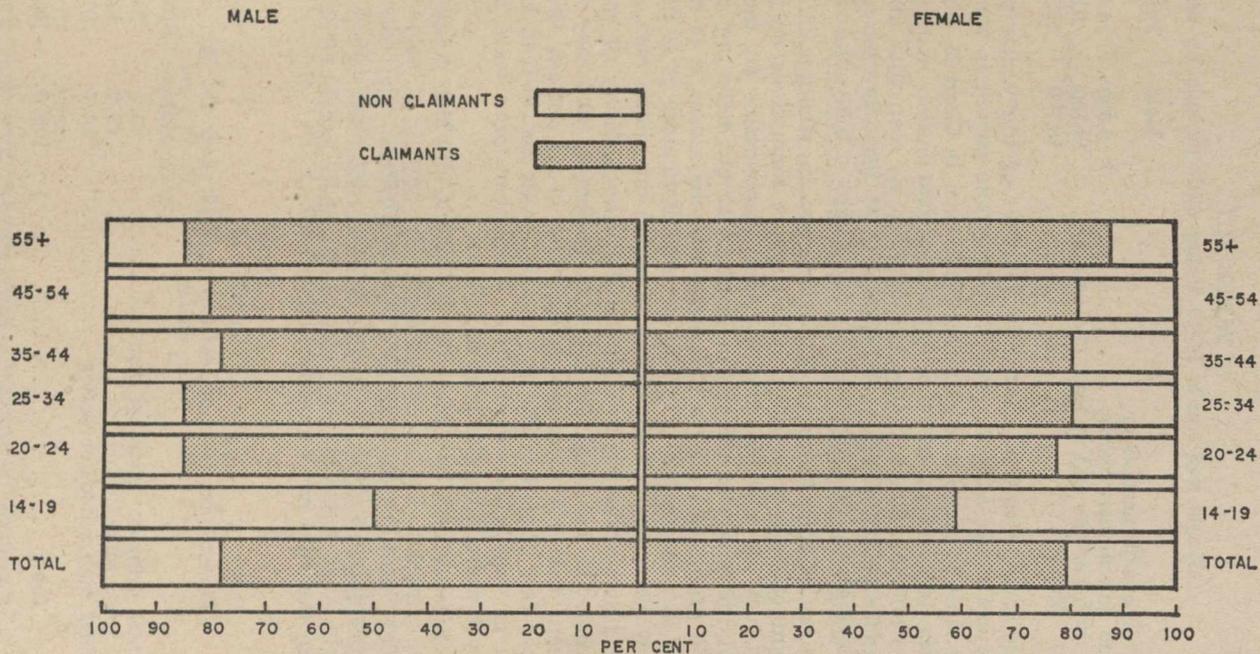


CHART 10 PERCENTAGE OF CLAIMANTS AMONG TOTAL REGISTRANTS WITHIN AGE GROUPS BY SEX

The most common circumstances are to find single young people living in the home of their parents. Special attention was paid to this question to try to throw some light on the degree of dependence of the young people on their parents. The results may be summarized in **Table VIII** which refers to single persons only.

TABLE VIII
Single registrants 14-19 living with parents by sex

	Male	Female	Total
Don't live with parents or do and neither works	5,600	4,000	9,600
Live with parents and at least one works ..	13,100	8,300	21,400
Total	18,700	12,300	31,000

From this it appears that nearly 70 per cent of the young people registered for work are living at home where at least one parent is working.

This table is recapitulated in pictorial form in **Chart 11** which shows numbers in the top section and the percentage distribution in the bottom section. From the bottom section of the chart it can be seen that about 70 per cent of the single men are living at home with at least one parent working. The proportion does not vary significantly in the case of the young women.

In view of this, there is special interest in whether it is necessary for these young people to work to help support themselves or their families or whether they are able to continue their dependence on their parents. The results of this analysis are shown in **Chart 12** but here the statistics refer to the whole group and not to the single persons alone. It is not surprising to note that the percentage of young women indicating it is not necessary for them to work is appreciably higher than for the young men.

It is also worthwhile to examine the usual activity of registrants in this age bracket. Of the total, 73 per cent indicated that they usually worked, 12 per cent that they worked occasionally or at certain times of the year and 15 per cent that they did not usually work but instead kept house, went to school or simply stayed at home. Altogether there were about 6,000 who had not yet worked regularly at any job.

One question of vital concern is the extent to which young people entering the labour market are equipped either by virtue of academic attainments or technical training to become effective workers. The educational level of the registrants among the 14-19 year olds can be summarized in the following brief table. It is revealing and instructive to note that about 85 per cent of the young men did not complete high school.

TABLE IX
Educational level of registrants 14-19 years old (per cent)

	Male	Female	Total
Finished primary school or less	42.3	24.6	34.3
Some high school	42.0	53.6	47.2
Finished high school or better	15.7	21.8	18.5
Total	100.0	100.0	100.0

This table is illustrated in **Chart 13** which follows.

It is quite evident to the eye from this chart that the girls in this group have on the average a higher level of educational achievement than the boys.

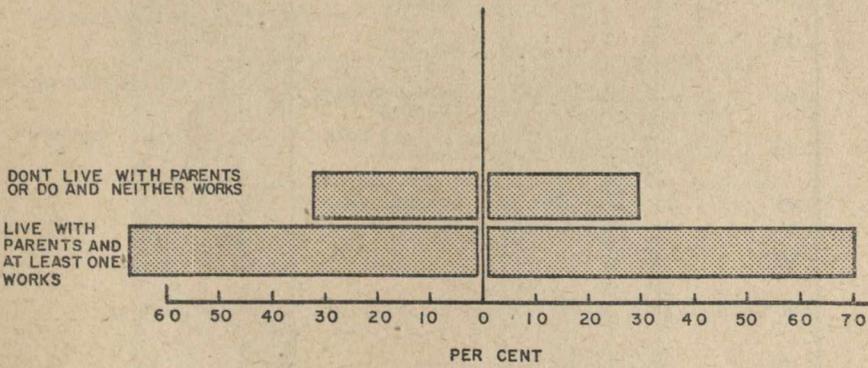
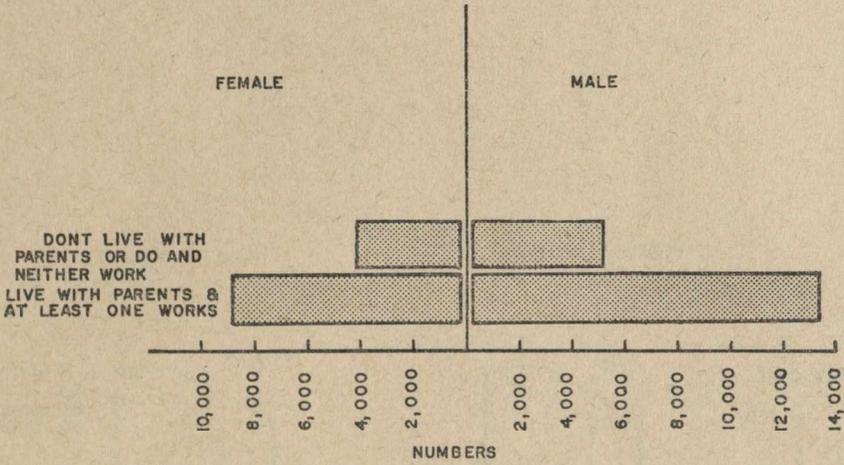


CHART II SINGLE REGISTRANTS 14-19 YEARS OLD BY SEX LIVING WITH PARENTS

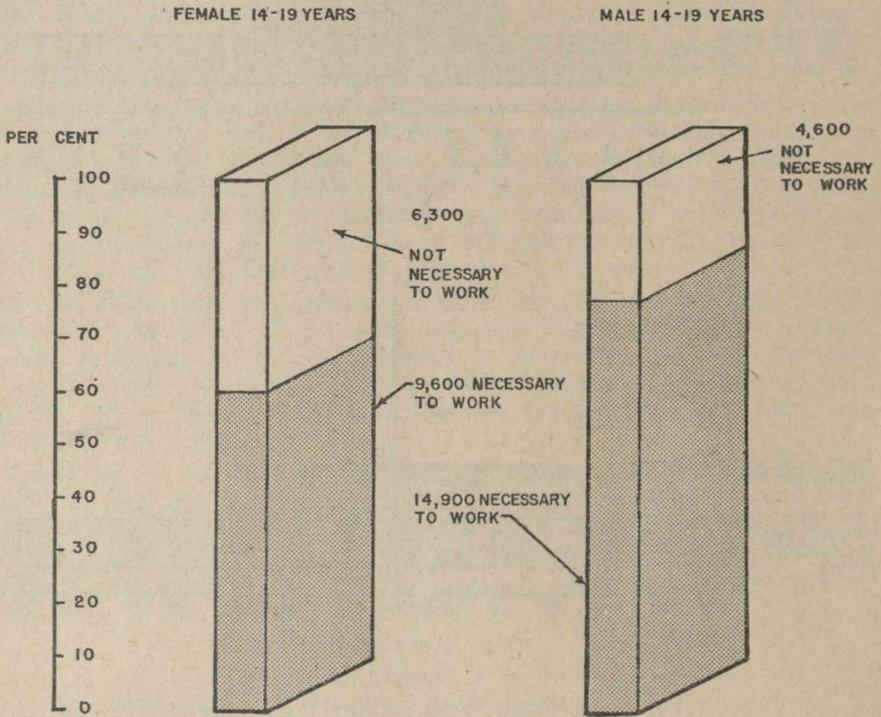


CHART 12 PERCENTAGE DISTRIBUTION OF REGISTRANTS
14-19 YEARS OLD CLASSIFIED BY SEX AND
NECESSITY OF WORKING

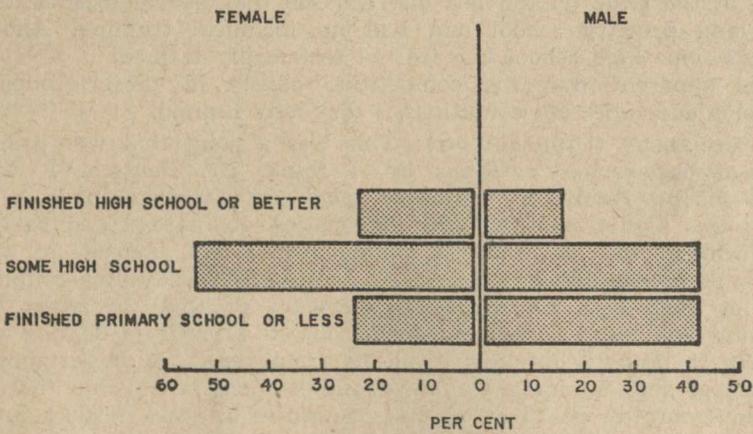


CHART 13 THE EDUCATIONAL LEVEL OF MALE AND FEMALE REGISTRANTS
14-19 YEARS OLD

Approximately the same tendencies are apparent when one looks at the technical qualifications of these young people. These estimates are given in the following table.

TABLE X
Technical qualifications of registrants 14-19 (per cent)

	Male	Female	Total
Not technically trained or qualified	62.4	45.5	45.8
Partly technically trained or qualified ..	31.8	36.1	33.7
Completely technically trained or qualified .	5.8	18.4	11.5
Total	100.0	100.0	100.0

This table indicates that over 60 per cent of the young men were not technically trained or otherwise qualified for some special occupation while only about 6 per cent were technically qualified.

Further light is thrown on this whole matter when one looks at educational level and technical training together. For this purpose **Chart 14** has been drawn to show graphically this cross classification.

Looking at the scale on the left one can see that nearly 9,000 did not progress beyond primary school and had no technical training. Another 8,000 did have some high school but are not technically trained.

It seems apparent that the competitive ability of these groups to qualify for jobs under present conditions is definitely limited.

Senator CONNOLLY (*Ottawa West*): This was a point that was brought out at one of our earlier meetings by, I think, Dr. Deutsch. I would just say this for the record. At that time some remarks were made to the effect that it was highly desirable this information get abroad and particularly be drawn to the attention of young people and, indeed, of their parents. Perhaps honourable members are aware of the fact that a couple of weeks ago, or even less, there was a television program in which this particular point was made a very important one in a program dealing with young people. It brought forcibly home to youngsters the importance of staying in school and obtaining training. I think there is a value that has already come from the hearings of this committee in that respect and I hope the same idea will be developed further by other agencies such as the press and radio, as well as television, and perhaps even by the schools.

IV. OLDER PEOPLE

Unemployment among persons over the age of 65 is a serious matter. Job opportunities for older people are limited and at the same time their ability to do certain kinds of work, particularly if it involves physical effort may be diminished. The special problems of this age group make it desirable to look at their characteristics in some detail.

It should be noted first of all that the registrants in this age group are predominantly men. The total of 25,400 comprises only about 2,200 women.

One issue of considerable interest is the extent to which older people are members of a family group. There is a presumption that they may be able to depend on their families to some degree but no quantitative information is available on this.

Table XI is intended to throw some light on this matter.

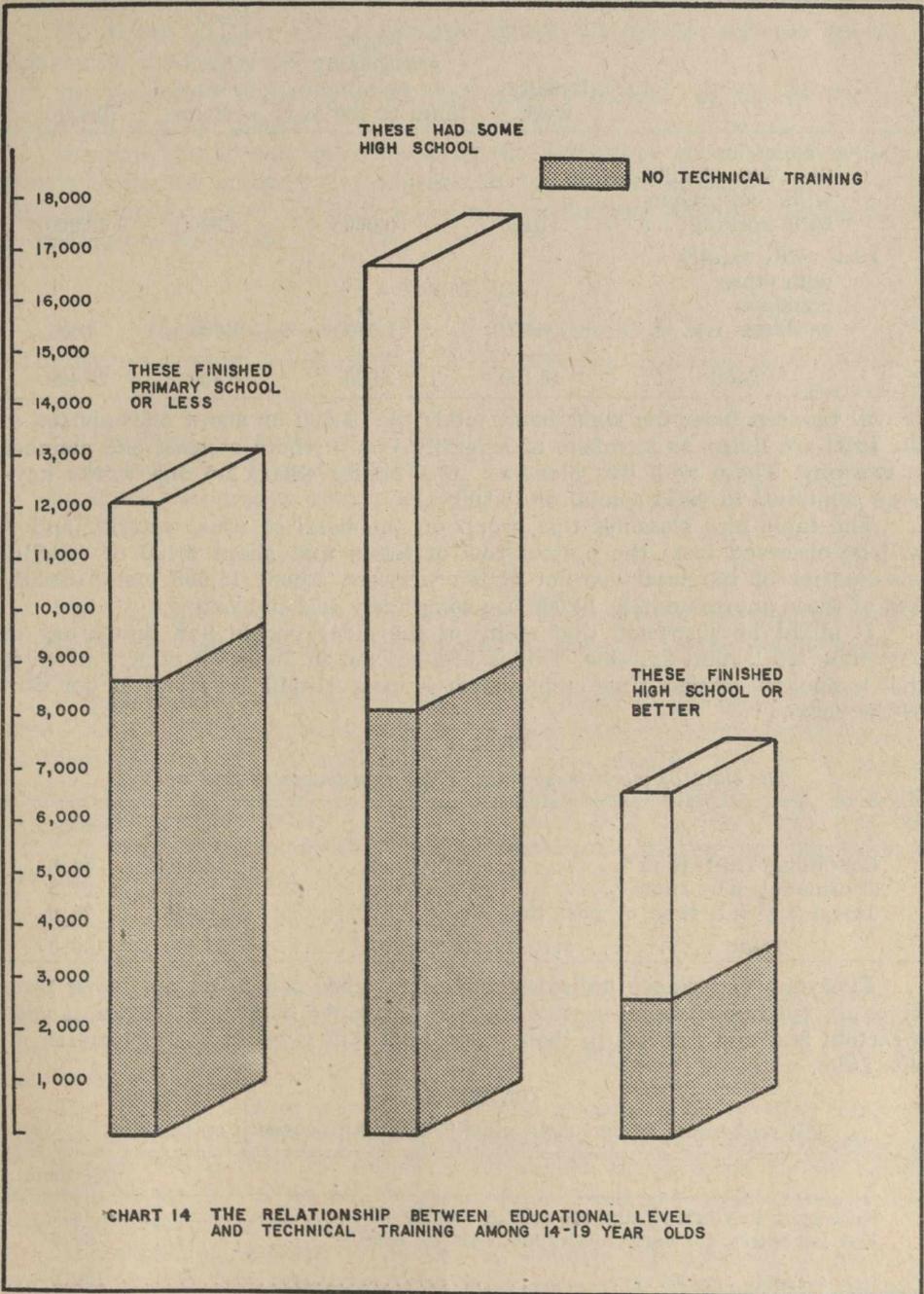


TABLE XI

The family composition and usual activity of all registrants 65 and over

	Usually work	Work occasionally or at certain times of the year	Keep house, retired or stay at home	Total
Live alone or live with family with no mem- bers working ...	11,100	2,900	4,800	18,800
Live with family with other members working	4,000	1,000	1,600	6,600
Total	15,100	3,900	6,400	25,400

It will be seen from the right hand totals that 6,600 or about one-quarter of the total are living as members of a family group where at least one member is working. Those who live alone or in a family where no one works have been combined to yield a total of 18,800.

The table also classifies this group on the basis of usual activity and it will be observed from the bottom row of totals that about 6,400 or roughly one-quarter of the total are not active workers. About 15,000 work usually and of these approximately 11,000 are completely self supporting.

It might be suspected that many of the older people find temporary or part time work most suitable. This is brought out in **Table XII** which indicates that temporary or part time employment is most suitable in about 45 per cent of the cases.

TABLE XII

The kind of work most suitable for registrants 65 and over

	Number	Per cent
Continuing full time	13,900	54.8
Continuing part time	5,500	21.6
Temporary full time or part time	6,000	23.6
Total	25,400	100.0

Everyday experience indicates that some older people do not work from necessity but in part because working is an ingrained habit and because it adds a certain zest and interest to their lives. **Table XIII** gives some information on this issue.

TABLE XIII

All registrants 65 and over, classified by the necessity of working

	Per cent
Necessary to work to support self or family	65.7
Not necessary to work to support self or family	34.3
Total	100.0

From this one may conclude that about one-third of the total are not required to work to support themselves or their families but have some other source of income to sustain them.

Senator SMITH (*Queens-Shelburne*): You did not get any information with regard to the sampling of those who might be receiving retiring or superannuation allowances?

Dr. JAMES: No we did not, Senator Smith. We did not ask any questions relating to their financial conditions.

Dr. DEUTSCH: I should think that quite a number of the 34 per cent group are in that category.

Mention has already been made of the difficulties encountered by older people in finding suitable employment. In this connection it is interesting to examine the extent to which this group is technically trained. This question is explored in **Table XIV**.

TABLE XIV

The technical qualifications of all registrants 65 and over

	Per cent
Not technically trained or qualified	46.2
Partly technically trained or qualified	20.8
Completely technically trained or qualified	33.0
Total	100.0

The fact that about two-thirds of the total are not technically trained at all or only partially so is an additional obstacle to the employment of people in this age group.

Although these statistics indicate that as many as one-third of this age group have no firm attachment to the labour market, a substantial number of them are, in fact in need of work to some degree. This is in part a qualitative judgment based on notes or comments added to the questionnaires. The statistics unfortunately do not throw much light on the urgency of the need or on the psychological or financial difficulties which may be entailed for this older age group.

V. MARRIED WOMEN

It has already been noted in the general review that between 60 and 70 per cent of the women registrants are married. This seems to be a high proportion. It is not irrelevant to note that about 85 per cent of these women are claimants.

The view is held in some quarters that a good many of these married women are really in the process of withdrawing from the labour market or at least are not anxious for full time permanent employment. In the course of planning the survey an effort was made to frame the questions in such a way that some objective analysis could be made.

One point of interest, of course, is whether the husband is working regularly or not. The results indicate that there were 76,200 married women registered for work and of these 59,300 had husbands who were working full time. Another 8,700 of the husbands were working less than full time.

These results are displayed in **Table XV** below.

TABLE XV

Married female registrants, by date of marriage and employment status of husband

Date of marriage	Husband not working or working less than full time	Husband working full time	Total
1959-1960	4,200	17,600	21,800
1957-1958	2,000	9,500	11,500
before 1957	10,700	32,200	42,900
Total	16,900*	59,300	76,200

*The total consists of 8,200 husbands not working and 8,700 husbands working less than full time.

The table also shows the date of marriage. It is interesting to observe that of those whose husbands are working full time, nearly twice as many were married in 1959 or 1960 as in 1957 or 1958. Altogether roughly 50 per cent of these women were married in the last five years.

Senator CONNOLLY (*Ottawa West*): There is nothing to indicate why the married women registered for work did not stay at home to do housework.

Dr. JAMES: Some of the subsequent comments will throw some light on this particular question, senator.

Senator CONNOLLY (*Ottawa West*): Thank you.

Dr. JAMES: These results are displayed in part in **Chart 15** which follows. This does not show the employment status of the husbands but breaks the registrants down into claimants and non-claimants. It is clear from this that claimants predominate heavily among the married women.

In **Chart 15** the shaded section of the column refers to the number of claimants, and the white section, of course, refers to the non-claimants; and one can read from the scale on the left hand side the approximate number in each category.

Senator CONNOLLY (*Ottawa West*): Generally speaking, the non-claimants are people who do not qualify for benefits or who are seeking jobs for the first time, I suppose?

Dr. JAMES: That is so.

When one looks at the age distribution of the married women registrants as summarized in **Table XVI** it seems obvious that by far the largest proportion are in the age bracket 14-44 with those in the 25-44 year old group predominating.

TABLE XVI

Married female registrants, by age groups and employment status of husband

Age group	Husband working or work- ing less than full time	Husband working full time	Total
14-24	4,500	19,900	24,400
25-44	8,300	31,600	39,900
45 and over	4,100	7,800	11,900
Total	16,900	59,300	76,200

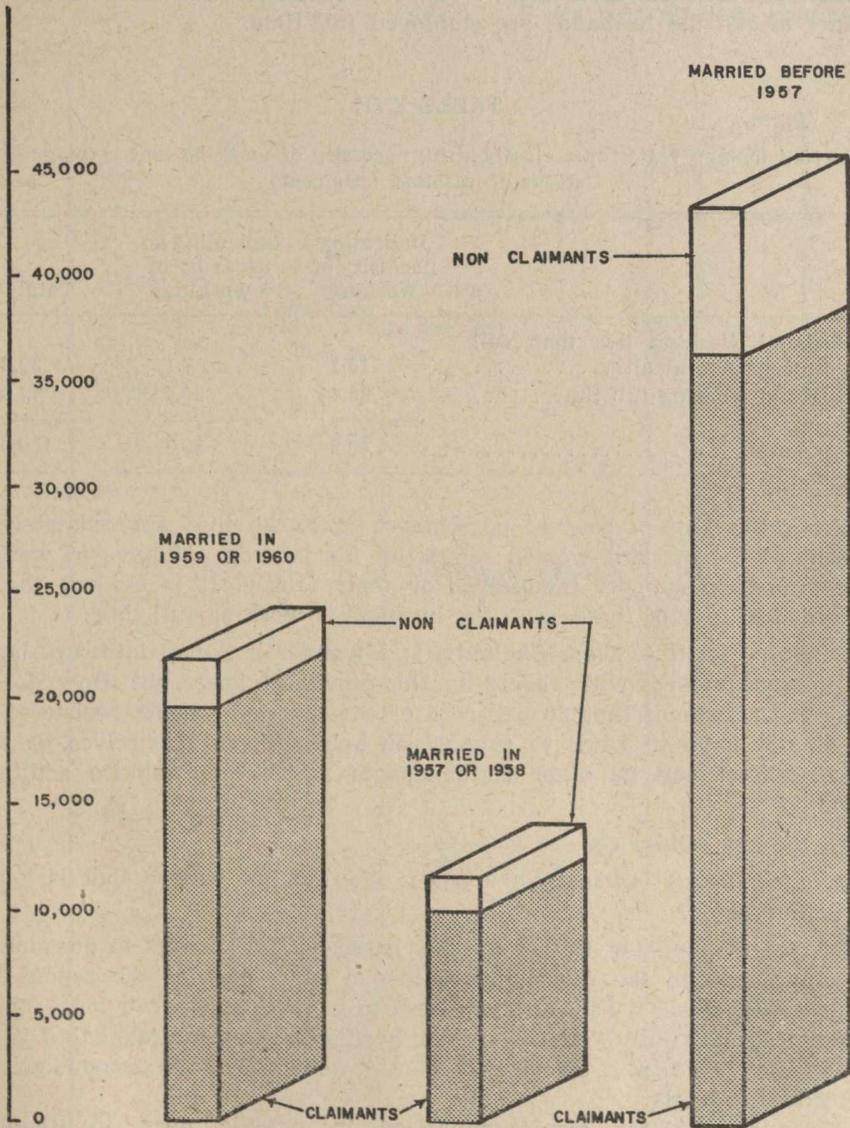


CHART 15 MARRIED WOMEN REGISTRANTS CLASSIFIED BY DATE OF MARRIAGE AND CLAIMANT STATUS

Two further questions should be explored. First, whether these married women have to work to support themselves or their families. Second, what kind of work is most suitable.

The results of the question concerning the necessity of working are summarized in **Table XVII** below. As will be noted the table also shows whether or not the husbands are employed full time.

TABLE XVII

Married women registrants classified by necessity of working and employment status of husband (per cent)

	Indicating necessity of working	Indicating no necessity of working	Total
Husband working less than full time or not at all	15.1	7.1	22.2
Husband working full time	25.4	52.4	77.8
Total	40.5	59.5	100.0

From the bottom row of percentages it seems that approximately 60 per cent of the married women registered for jobs do not have to work to support or help support themselves or their family. It is evident that in the great majority of these cases the husband is working full time.

Senator SMITH (*Queens-Shelburne*): I wonder if I may interrupt before you proceed further, with regard to the previous paragraph? How do you justify the statement that 60 per cent of the married women registered for jobs do not have to work to support or help support themselves or their family? There may be other circumstances which may require additional income.

Dr. JAMES: Quite so.

Senator SMITH (*Queens-Shelburne*): You do not believe that is a pre-dominating factor?

Dr. JAMES: Senator, this analysis is based on the answers to question 21, which is shown in the questionnaire in the early part of the report. The specific question was asked, "Do you have to work to support or help support yourself or your family?" If the answer to this question indicated that it was not necessary that is, if answers 2, 3 or 4 were given, the respondent was classified accordingly.

These results are also summarized in graphic form in **Chart 16** which shows numbers rather than percentages. The height of the left-hand column which represents the married women registrants who need to work shows a little over 30,000 in this category to judge from the scale on the left. The corresponding column for the women who don't have to work is slightly more than 45,000.

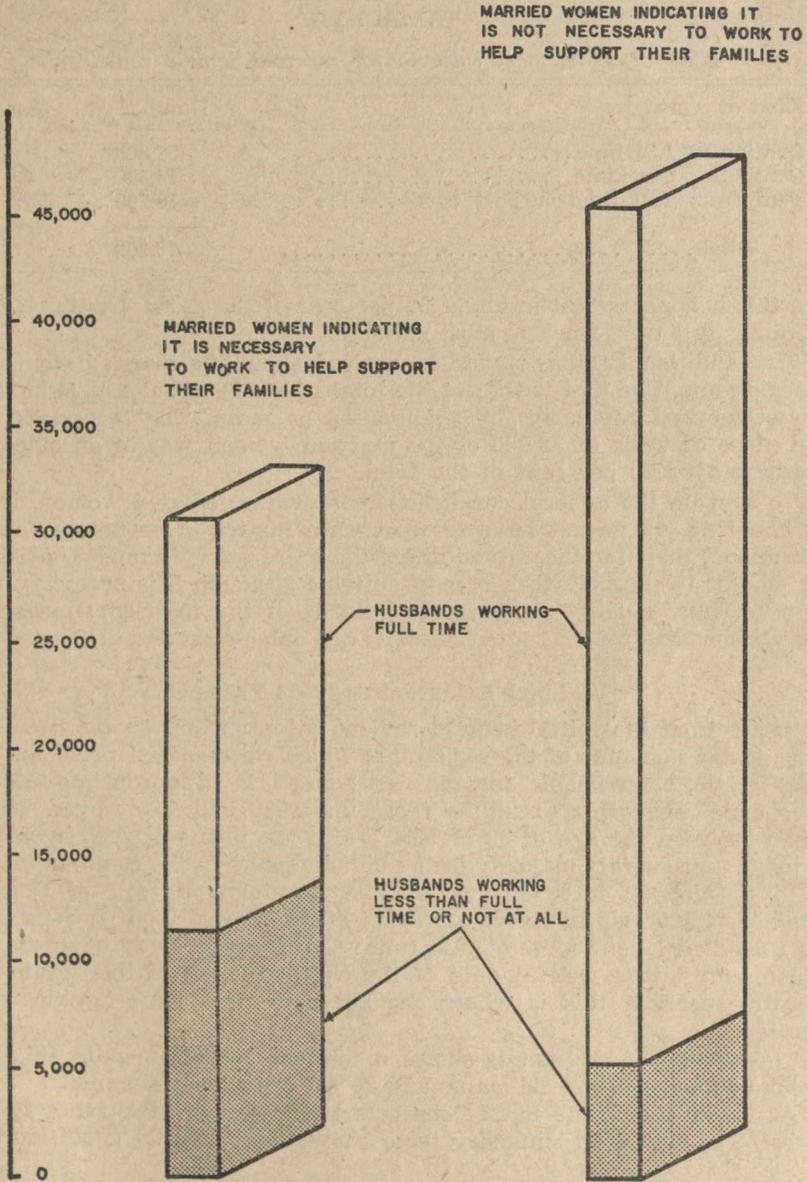


CHART 16 MARRIED WOMEN REGISTRANTS CLASSIFIED BY NECESSITY OF WORKING AND EMPLOYMENT STATUS OF HUSBANDS

With respect to the second question concerning the kind of work which is most suitable for the married women registered for jobs, the survey results are summarized in **Table XVIII** below.

TABLE XVIII

Kind of work most suitable for married female registrants

Kind of work	Number	Per cent
Continuing full time	51,800	68.0
Continuing part time	14,300	18.8
Temporary full time or part time	10,100	13.2
Total	76,200	100.0

From this it appears that in about 30 per cent of the cases something less than continuing full time work is most suitable.

Two additional things should be noticed about the married women among the registrants. The first is that of the total of 76,200 about 27,000 or one-third had not worked regularly for six months or more. The second is that the usual place of work of 33,000 of the married women was in an office. This is something over 40 per cent of the total.

To sum up the general conclusions concerning married women, it appears that about 45,300 do not have to work as a matter of economic necessity to help support their families. In addition, there are an additional 7,000 for whom part time or temporary work is most suitable although it is necessary for them to work. Thus, roughly 50,000 or two-thirds of the married women seem to have a somewhat tenuous attachment to the labour market.

VI. MALE REGISTRANTS 20-64 YEARS OLD

Apart from the initial general review, attention has so far been focussed on particular segments of the registrants which raise special problems, namely, young people, older people and married women. It is appropriate now to turn to the male registrants excluding those under 20 and 65 or over. This group of men between the age of 20 and 64 are in the prime of their working lives and make up the great majority of the breadwinners in the community. According to the labour force survey of The Dominion Bureau of Statistics in September, 1960 men in this age bracket made up just about two-thirds of the total Canadian labour force at that time. Any analytic study of unemployment problems must take careful note of the characteristics of this group because, generally speaking this is where the heads of dependent families are concentrated.

The survey of registrants shows a total of 182,700 men in this category of whom 80 per cent are claimants and 20 per cent non-claimants.

As noted above, the family characteristics of men registrants 20-64 is of interest. The following summary table shows their marital condition.

TABLE XIX

Marital status of male registrants 20-64

Single	56,400
Married	116,100
Other	10,200
Total	182,700

One point to note here is that the married registrants make up about 64 per cent of the total while the Dominion Bureau of Statistics figures show that about 80 per cent of the total labour force in this age bracket are married.

Whether the men in this age group are the sole earners in the family is naturally a matter of concern. The information available in this question is summarized in **Table XX** below.

TABLE XX

Male registrants 20-64 with and without other workers in their families

Other persons are working in their families	67,000
Live alone or no other person in family is working	115,700
Total	182,700

It is clear from **Table XX** that in about one-third of the cases, the males in this age group are not the sole earners.

These breakdowns are illustrated in the two diagrams in **Chart 17** which shows the percentage corresponding to the two tables above.

Mention was made earlier of the heavy concentration of all male registrants in manufacturing and construction occupations. This is again brought out in **Table XXI** which refers to the 20-64 age group.

TABLE XXI

Usual place of work of male registrants 20-64

	Number	Per cent
In an office	13,100	7.2
In a factory, plant or mill	63,900	35.0
On construction work	47,200	25.8
In a store or restaurant	9,100	5.0
Farming, fishing, in the woods or in a mine ..	14,100	7.7
Other	35,300	19.3
Total	182,700	100.0

From the percentage column, it appears that construction and manufacturing account for about 60 per cent of this group.

Another issue of considerable significance is, of course, the duration of unemployment for these registrants in the 20-64 year age group. The question actually asked referred to the number of months since last working regularly and the results are summarized in **Table XXII**.

TABLE XXII

Number of months since last regular work for male registrants 20-64

	Number
Less than 1 month	28,300
1-2 months	41,800
2-4 months	35,600
4-6 months	19,700
6 months or over	37,400
Other	19,900
Total	182,700

Special interest attaches to the first group and the last group. Slightly over 28,000 had been out of work for less than one month and about another 42,000 for between one and two months.

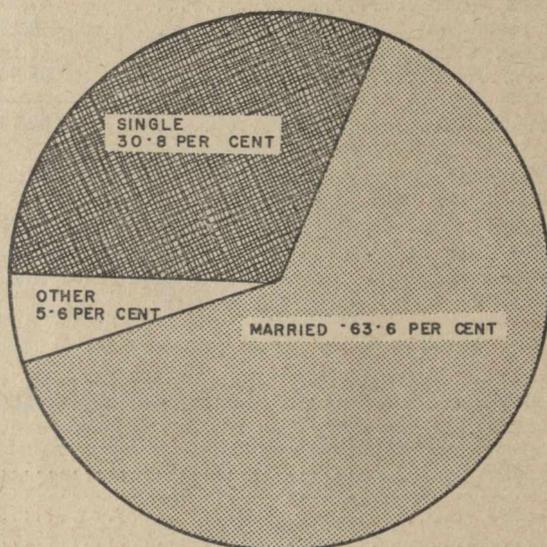
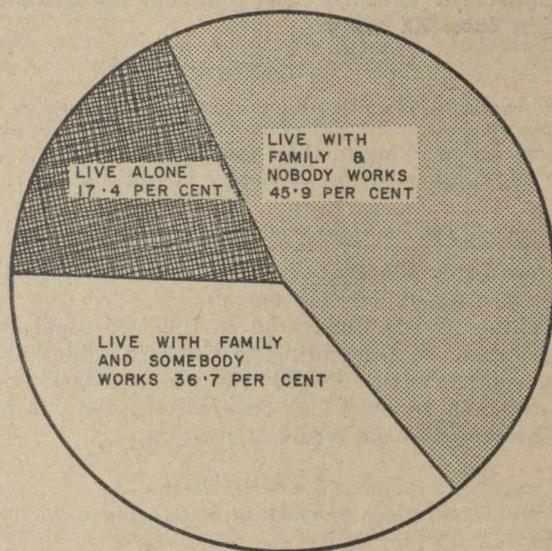


CHART 17 FAMILY CHARACTERISTICS OF MALE REGISTRANTS 20-64 YEARS OLD

The final group listed as "Other" includes about 18,600 with steady jobs at the time of the survey and a small number who had never worked regularly. The fact that about 10 per cent are classified as having jobs deserves some further comment. This arises out of the method of conducting the survey. It will be recalled that the sample of registrants was selected on September 22 which was a Thursday but that the enumeration did not begin until the following Monday. This figure of 18,600 must be looked on as an estimate of the number of people who had found jobs in the interval between the time they registered and the time of the survey. In any case, it appears that about 47,000 or 25 per cent either had jobs or had been out of work for less than one month.

There is considerable differences between the claimants and the non-claimants with respect to the length of unemployment. This is illustrated in **Chart 18** which shows the percentage distribution of the claimants on the left and the non-claimants on the right.

It is evident to the eye that there is a concentration of the non-claimants in the categories that have been out of work for six months or more and in the employed group.

The employment status of the registrants in the 20-64 age bracket can be looked at in another way by an analysis of the question concerning their work activity in the week previous to the survey. This information is summarized in **Table XXIII**.

TABLE XXIII

Employment status of registrants in week preceding the survey

	Number	Per cent
No job or off work for other reasons	152,100	83.2
Worked part of previous week	15,200	8.3
Worked full previous week	15,400	8.5
Total	182,700	100.0

This classifies the registrants on the basis of what they did during the week previous to completing the questionnaire: i.e., whether they had a job or were off work, whether they worked part of the week or whether they worked the full week. Roughly 30,000 were thus working either part time or full time in the week preceding the survey.

This matter will be referred to again briefly in the concluding section, but in the meantime attention will be directed to some other features of the aggregate registrant population, primarily their educational level and the characteristics of the recent immigrants among the registrants.

VII. EDUCATIONAL CHARACTERISTICS AND OTHER MISCELLANEOUS FINDINGS

When one examines the educational level reached by the registrants two striking facts emerge. The first is that the highest grade attained in school is surprisingly low on the average. The second is that the women registrants seem to be appreciably better educated than the men.

Table XXIV shows in absolute and percentage terms the estimated distribution of the registrants in terms of the highest school grade completed.

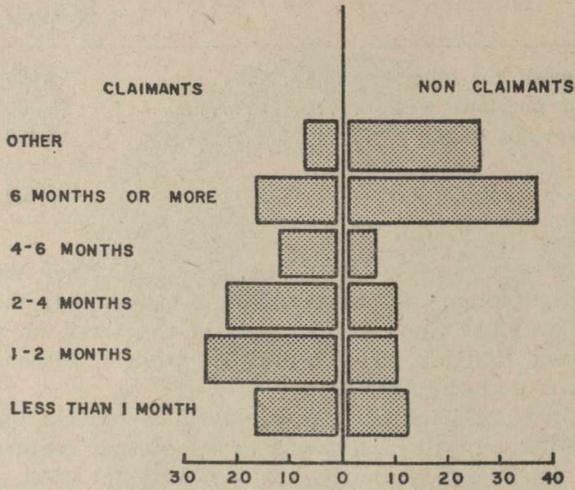


CHART 18 PERCENTAGE DISTRIBUTION OF CLAIMANTS AND NON CLAIMANTS BY NUMBER OF MONTHS SINCE LAST REGULAR WORK

TABLE XXIV

Highest school grade passed by all registrants

	Number	Per cent
None	7,900	2.3
Some primary school	73,600	21.7
Finished primary school	80,900	23.9
Some high school	115,200	33.9
Finished high school	42,200	12.4
Some college	12,400	3.7
Finished college	7,100	2.1
Total	339,300	100.0

From this it seems that about 48 per cent of the registrants did not go beyond primary school with another one-third having some high school. It might be noted that because of an unfortunate ambiguity in the question some respondents may have interpreted "college" to refer to business college with the result that the last two categories probably overstate the number with university training.

The preponderance of the group with some high school education is shown clearly in **Chart 19** which recapitulates graphically the data in **Table XXIV**.

When the educational level of men and women is examined, it is clear that the average educational level among the women is higher. This is illustrated in **Chart 20** which indicates that a considerably higher proportion of the men did not progress beyond the level of primary school.

It is not surprising to note that age has a considerable bearing on educational level. This question is explored graphically in **Chart 21** which compares the educational attainments of those under 45 and 45 and over.

The top half of the chart refers to male registrants and it is quite obvious that among the younger age group a significantly larger proportion had at least some high school education. One may also be struck by the fact that of the males 45 and over nearly 70 per cent completed primary school or less. Basically the same situation is evident in the lower section of the chart which deals with women registrants. It is clear that the proportion of women under 45 with some high school education is noticeably greater than for the older group.

The extent to which the registrants are technically trained or specially qualified for some occupation has already been looked at briefly for both young people and older people. Now when the total population of registrants is considered the situation is seen to be much the same as it was with academic education.

For both men and women the largest single group evidently does not possess any special training or qualifications. About 40 per cent of the male registrants and a similar proportion of the female registrants are in this category.

This analysis is displayed in a diagram in **Chart 22**.

One can judge from the scale in the left that less than one-third of the registrants are classed as completely trained. While it would be a mistake to try to interpret these categories with any precision, it does seem to be quite clear that a very substantial proportion of the registrants are either unskilled or semi-skilled.

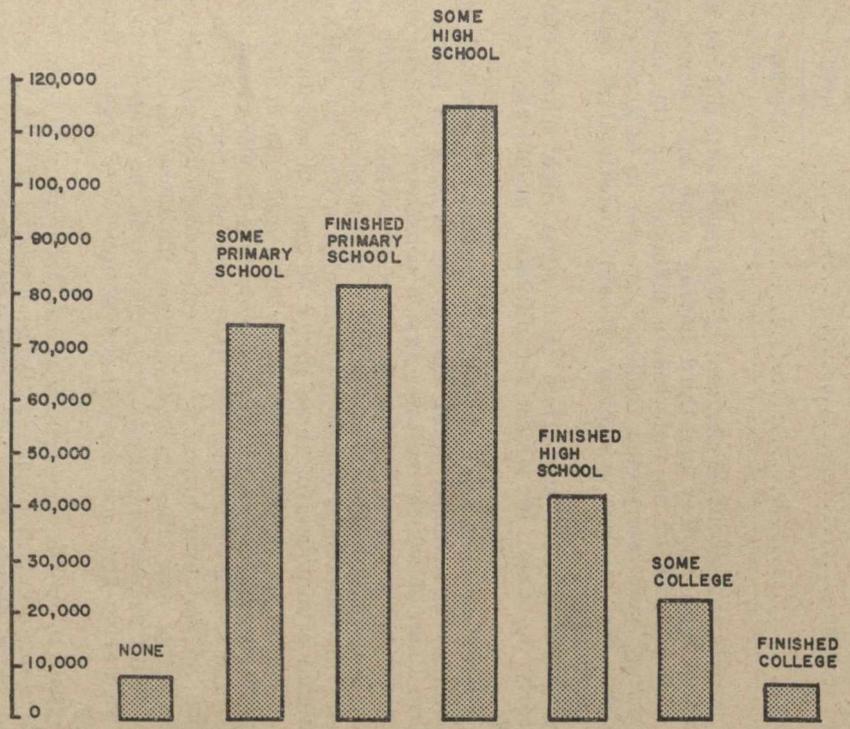


CHART 19 ALL REGISTRANTS BY EDUCATIONAL LEVEL

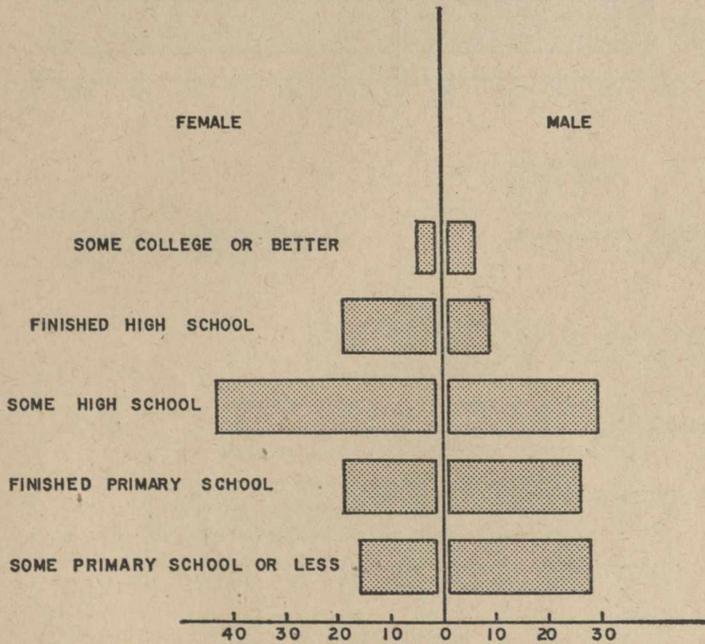


CHART 20 PERCENTAGE DISTRIBUTION OF MALE AND FEMALE REGISTRANTS BY EDUCATIONAL LEVEL

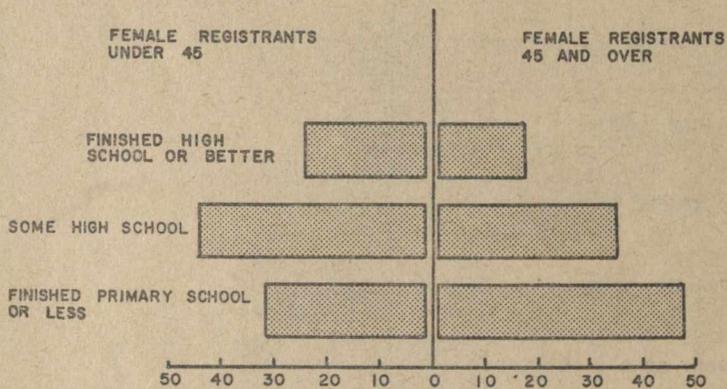
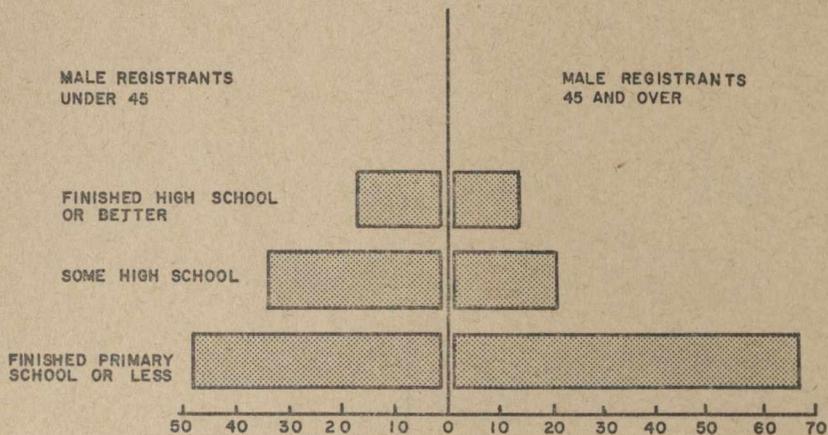


CHART 21 PERCENTAGE DISTRIBUTION OF MALE AND FEMALE REGISTRANTS UNDER 45 AND 45 & OVER BY EDUCATIONAL LEVEL

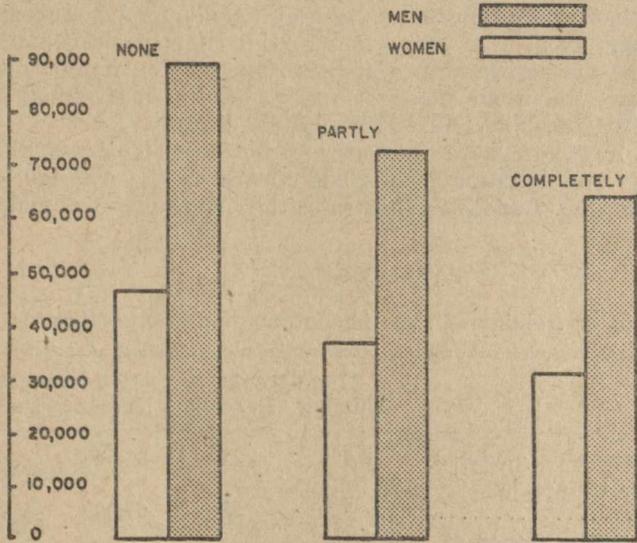


CHART 22 THE LEVEL OF TECHNICAL SKILL OR TRAINING AMONG MALE AND FEMALE REGISTRANTS

One of the questions was designed to elicit from the registrants their opinion on what would either help them find work or get a better job. The choices offered were: (a) more general education; (b) more technical skill or training; (c) more job opportunities or something else. It is interesting to note that age seems to have a strong influence on opinions in this field. Among the men under 45, about 46 per cent designated more education or technical skill or training as most important while in the group over 45, the proportion dropped to about one-quarter. The same general pattern could be observed among the women.

In drawing up the questionnaire, an attempt was made to identify recent immigrants to this country on the basis of the question, "Have you moved from another country in the last five years?" The analysis yielded an estimate of 24,600 immigrants among the registrants of whom two-thirds were men and the balance women.

Senator BURCHILL: Of course, you would have to rely on their own answers as to whether they considered themselves technically qualified, would you not?

Dr. JAMES: Yes, sir.

Senator SMITH (*Queens-Shelburne*): How was that question framed, with regard to that?

Dr. JAMES: That will be shown in question 5, I think.

Senator SMITH (*Queens-Shelburne*): That is a good, clear question.

Dr. DEUTSCH: It is not ambiguous.

Dr. JAMES: While information on the labour force status of all immigrants during the last five years is not such that any precise comparison can be made, it appears that the proportion of immigrants among the registrants is not very different from the proportion among the general population. The analysis of some of the significant characteristics of the immigrant group such as, for example, the usual place of work and the number of months of unemployment did not show any striking differences.

In one respect, however, there does seem to be some significant difference between immigrants and non-immigrants and that is in the average level of technical skill or training. **Table XXV** illustrates this for the case of males only.

TABLE XXV

Levels of skill or training of male immigrants and non-immigrants

	Immigrants		Non-immigrants	
	Number	Per cent	Number	Per cent
Not technically train or qualified	4,600	27.9	84,300	40.4
Partly technically trained or qualified	4,700	28.1	67,900	32.5
Completely technically trained or qualified	7,300	44.0	56,700	27.1
Total	16,600	100.0	208,900	100.0

It appears from this that about 44 per cent of the immigrants are technically qualified compared to about 27 per cent among the non-immigrants.

This relationship is illustrated graphically in **Chart 23**, which shows the percentage distribution by level of skill for immigrants and non-immigrants separately.

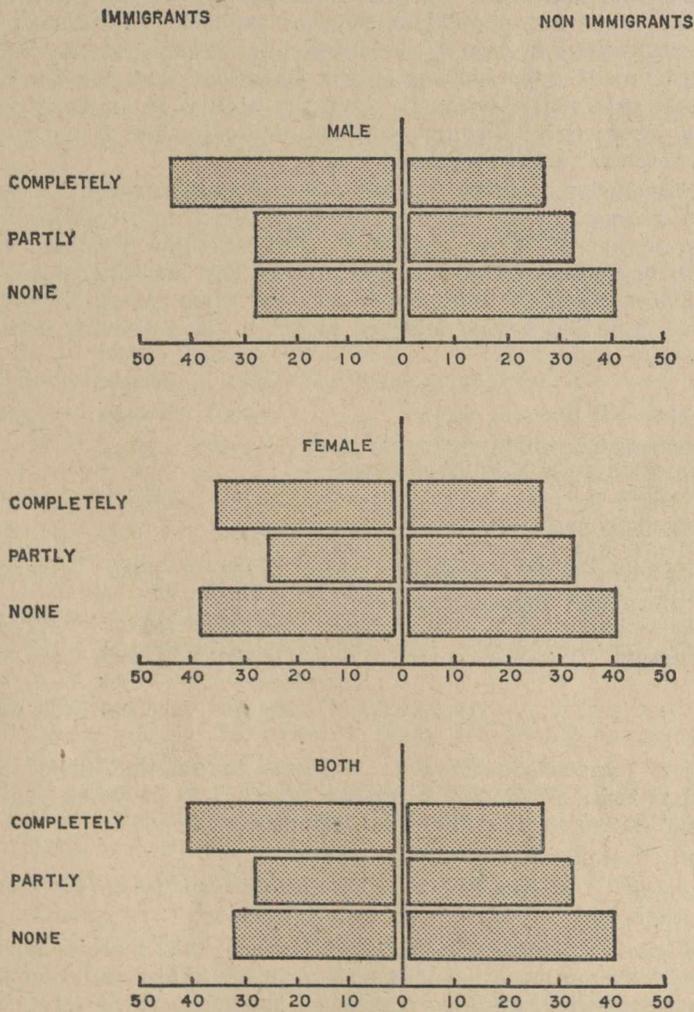


CHART 23 PERCENTAGE DISTRIBUTION OF TECHNICAL SKILL OR TRAINING OF IMMIGRANTS AND NON IMMIGRANTS AMONG REGISTRANTS

The proportionately larger number in the skilled group among the immigrants stands out clearly in the top panel, but the difference among the women is not nearly as marked.

Some of these questions could be pursued further but because of the limitations of time, it now seems desirable to see what conclusions can be drawn from the assortment of tables, charts and comments.

VIII. CONCLUSION

Only three general conclusions will be drawn in this final section.

The first, and this has been a persistent theme throughout, is that the attainments of the registrant population both in terms of educational levels and technical qualifications are, on the average, low. Because of the changing character of employment opportunities in the Canadian economy inadequate education or inadequate skills seriously limit the ability of an individual to compete for jobs. There is nothing novel in this deduction but it is important enough to merit emphasis and repetition.

The second conclusion is more complicated and controversial. In essence, it is that certain groups among the population of registrants covered by the survey probably ought not to be regarded as full-fledged members of the labour force or as being unemployed on the basis of any meaningful definition of these terms. Estimates of the numbers in some of these marginal categories have been derived from the survey and are shown in the following listing.

	Men	Women	Both
1. Those working full previous week	17,900	4,600	22,500
2. Married women for whom it is not a necessity to work to support themselves or their families		44,500	44,500
3. Others, excluding married women, for whom it is not a necessity to work to support themselves or their families	20,400	6,400	26,800
4. Those for whom part time or temporary work is most suitable	12,100	10,400	22,500
5. Other registrants	175,100	47,900	223,000
Total	225,500	113,800	339,300

Senator SMITH (*Queens-Shelburne*): It seems to me that about 50,000 of the men of that total of 225,500 could be referred to as what you have talked about here as being in a marginal category.

Dr. DEUTSCH: That is correct.

Senator LEONARD: The number 5 group are not really to be included along with the other four, except by way of contrast?

Dr. JAMES: This is to emphasize, Senator Leonard, that there is no overlapping among these groups, and that they add up to the total population. These are, as I have just suggested, mutually exclusive categories. In order to make the construction of the list clear it should be explained that all registrants falling in category 1 were separated first, and then those in category 2, and so on, with the result that there is no overlapping. These figures, therefore, will not always agree with the figures given earlier.

Senator LEONARD: Of the total we are dealing with, some 339,300 registrants, 116,300 would fall into the category of those who probably ought not to be regarded as full-fledged members of the labour force?

Dr. JAMES: With one exception. This includes a group of 22,500 people who had actually worked the full previous week. Presumably, they would be counted in the labour force. It is groups 2, 3 and 4 that are probably in the marginal categories.

Dr. DEUTSCH: You will note it says, "ought not to be regarded as full-fledged members of the labour force or as being unemployed..."

Senator LEONARD: Those 22,000 fall in the last column?

Dr. DEUTSCH: Yes.

Senator THORVALDSON: In regard to the chart, just what is the significance of the words "Those for whom part-time or temporary work is most suitable"? What do you mean by, "is most suitable"?

The CHAIRMAN: That in their own opinion they need to be unemployed for a certain part of the week, I suppose.

Dr. JAMES: Again, to supplement the comment, I would say it is based on question 17. We simply asked the question, "What kind of work suits you best?"

Dr. DEUTSCH: This is their own answer to that question.

Senator THORVALDSON: That is their own answer?

Dr. DEUTSCH: Yes. In other words, they are looking for temporary work or part-time work, and they would prefer that to full-time work, in their own opinion.

Senator SMITH (*Queens-Shelburne*): Is there any overlapping between the information in No. 1 and the other categories, 2, 3 and 4?

Dr. DEUTSCH: No.

Senator THORVALDSON: In regard to No. 1, I was wondering what is the significance of that in this particular chart—namely, "Those working full previous week". Why is that put in there as part of this chart? Is that to indicate they have just gone off work and might get work in a few days?

Dr. DEUTSCH: Out of the total number of people registered at the local offices, and these are figures usually reported month by month, we found in the survey that of the 339,300 registered for work, 22,500 had been working fully the previous week. I think that Dr. James comments on this will come later.

Dr. JAMES: I have a very brief comment to make on it. So far as the figures themselves are concerned, it seems reasonable to regard the first category as employed.

Their presence is explained primarily by the fact that a time lag may occur between the time a registrant finds a job and the records of the National Employment Service are amended.

Senator LEONARD: They are not supposed to be there.

Dr. DEUTSCH: They are not supposed to be there at all.

Senator LEONARD: It is not supposed to show people who are merely seeking to change jobs. You had already excluded them before you made your survey, but for some reason or other they are listed, even though they appear to be employed.

Dr. JAMES: As you recognize, there is a very rapid turnover of people on these lists. Many of them find employment, and it takes a certain period of time before the National Employment Service is notified and removes them from the live file.

Dr. DEUTSCH: In other words, there is a tendency to overstate the total registration of unemployment, at least as shown by that particular week.

Senator LEONARD: There is, on the other hand, a time lag between a man becoming unemployed and becoming a registrant.

Dr. DEUTSCH: That could be true also, and it would not be shown here.

Senator SMITH (*Queens-Shelburne*): May we put it this way: To get the best information in our minds—and Senator Leonard has made a calculation and come up with the figure 116,300—we should deduct from 116,300 the figure 22,500, to show the number that could be placed in the marginal category of persons in the labour force and who want to be there. From that we can get a percentage figure of the total.

Dr. JAMES: That is correct.

Senator CAMERON: Would it be safe to assume that the percentage of persons who are not employed, and who are caught in the time lag factor, would be roughly equivalent to 22,500 that were employed the previous week? Have you any information to indicate that?

Dr. JAMES: We can take only what may be called a snapshot of the situation at any given moment of time. As I explained, the particular reference date was Thursday, September 22. We have to tie ourselves pretty well to the situation at that moment; although, we do recognize that it is essentially a dynamic situation. The status of these people is changing with great rapidity and some persons are coming onto the rolls while others are going off.

Senator CAMERON: But if it were reasonably safe to assume that those becoming unemployed would offset this figure that would make the other figures more accurate in terms of the situation at any given moment.

Senator LEONARD: There would be another figure of those who had not registered but who had become out of work that day or the previous day, but it would not necessarily correspond with the 22,500.

Dr. JAMES: No. We would find it very difficult to suggest any relationship between these magnitudes—we have no information on that subject. I suppose it depends partly on the speed with which people report to the local office of the Unemployment Insurance Commission.

Senator SMITH (*Queens-Shelburne*): Dr. James, could you tell us how close is the total of 339,300 to the average for 1960 of unplaced applicants? This is my point: would the week of September 26-30 be pretty close to the annual average of unplaced applicants for the year 1960?

Dr. DEUTSCH: We had the average figure for 1960 in Mr. Denton's report. I do not have it here, but it was to the order of 400,000.

Mr. DENTON: That was the Labour Force Survey, roughly 400,000.

Senator THORVALDSON: With respect to these questions—I know I was rather premature in asking my question—the information asked for is shown on pages 69 and 70.

Dr. DEUTSCH: Perhaps we might finish this prepared material and thus avoid that repetition.

Dr. JAMES: Categories 2, 3 and 4 have already been discussed in the body of the report and it is not necessary to dwell on them in detail. It should be pointed out however that the classifications are based on answers given by the respondents and reflect their own views. In the light of this, one can only conclude that there are some systematic influences at work which lead many of these people to register for jobs although their membership in the labour force is clearly often marginal. It seems fair to suggest that many of them work only when they desire to do so or when jobs are readily available but that they are not fully committed to working for a living as a primary activity.

The final conclusion, and this deserves special attention, is that we have been analyzing a particular group in the population, namely those registered for jobs with the National Employment Service in September. At any given time there are genuinely unemployed people who are not registered with the National Employment Service but this survey throws very little light on their characteristics or circumstances. Any conclusions and findings in this report relate *only* to the first group mentioned above, that is, the registrants, and cannot be applied to the latter group without more information and appropriate qualifications.

Senator ROEBUCK: Dr. James, at page 68 you refer to inadequate education and inadequate skills which seriously limit the ability of the individuals to compete for jobs. That is one of the important conclusions you draw in your survey. But is this not true, that if we try to meet the difficulty by providing persons with better education and more adequate skills, it would only enable them to compete for and obtain jobs by putting somebody out of work? That would not help us much towards finding a cure for the problem. In other words, it would benefit the individual who had the greater education to compete more successfully. Is there any indication that that would help very much in curing the problem of unemployment, when one individual is successful at the expense of another?

Dr. JAMES: I think there is a great deal of substance in what you say, Senator Roebuck. The information given out is that there are many vacancies available in the economy at the present time for people with appropriate technical and educational qualifications. The precise numbers of such vacancies I could not estimate, but I know by looking in the Sunday section of the *New York Times* and at classified advertisements in newspapers generally, that there is a continuing need for people skilled in particular lines of work. For example, many kinds of electronic equipment require skilled tradesmen, artisans or operators and there appears to be a significant shortage of people in these categories.

Senator ROEBUCK: That is a partial answer to my question, thank you.

Dr. JAMES: May I comment still further, Senator Roebuck? My feeling is that in the next few years there will be an increasing shortage of skilled labour because of the fact that the population in the 25 to 44-year group will not grow as much as in the younger groups. This will be where the bulk of the skilled labour is situated. This means that although the population in general will grow, this age group of 25 to 44 will not grow very much. There will be, therefore, in the next ten years a significant unfilled demand for skilled labour.

Senator CAMERON: That could be offset to some extent five years from now by the effects of technical training programs being initiated now.

Dr. DEUTSCH: Yes.

Senator ROEBUCK: We are getting the technically trained artisans from England as we did 25 to 30 years ago. They are not coming here as they once did. At one time nearly all our skilled artisans were immigrants.

Senator SMITH (*Queens-Shelburne*): Is there any sort of definite information as to the number of jobs going begging, jobs requiring technical training? I have heard it said by people with whom I associate that they cannot get technicians and draftsmen, but just how many such jobs are there vacant? You are rather impressed when a friend tells you he is looking for a couple of draftsmen or technicians, but if there are a thousand of those jobs vacant it does not affect the general employment situation.

Dr. JAMES: The National Employment Service, so far as I am aware, maintains a list of unfilled vacancies but I would judge that this by no

means covers the whole universe of vacancies. So far as I know there is no aggregate figure that could be trusted in this field. One would have to make a very wild guess, and partly this is because in the face of the lack of skilled labour people downgrade jobs and have them done by relatively unskilled people.

Senator ROEBUCK: The reverse is sometimes true, the people with greater skills are given jobs requiring less skill, and this is because of their inability to secure exactly the right qualifications for a particular job. I am thinking of engineers being employed as technicians. We have heard something to that effect. The engineers were complaining that instead of being given engineering work they were employed as technicians and that a greater than necessary skill was used and in some degree wasted, the point being that we need more technicians.

Senator BLOIS: In your studies have you come to any conclusion as to the number of married women who presently are registered for unemployment insurance who would not be looking for work if their husbands had work? Recently I talked with the managers of two unemployment insurance offices. They told me that a great many of the married women who had registered in their offices for work would not, and could not, accept work if their husbands had jobs. I am wondering if there is a sufficient number of these people throughout the dominion to cut down the unemployment force quite materially?

Dr. JAMES: I do not think we can throw much light on that question in general except in relation to the kind of work that is most suitable for them. For example, a woman may indicate that part-time work is most suitable for her but this may be because she has certain domestic or family responsibilities that keep her at home. On the other hand, if her husband were out of work she might be free to take a full-time job.

Senator BLOIS: Two people I spoke to felt that in their vicinity quite a number of people would be in that category. I wonder if the same situation prevails across Canada? One manager referred to a case where recently a restaurant owner applied to him for someone to take cash during the noon hour for a period of an hour and a half. In no time at all nine married women applied for the job. What I am getting at is that some of these surveys cannot be too reliable, for some of these people just want a limited amount of work.

Dr. JAMES: I think this is so. One of the results indicated in this report is that approximately 30 per cent of married women wanted something less than continuing, full-time employment. This is likely to be an understatement, really.

Senator LEONARD: Dr. James, dealing with this group of 44,500 married women for whom it is not a necessity to work to support themselves or their families. The question has been raised whether they belong to the labour market at all. You have not broken that down as between claimants and non-claimants for unemployment insurance.

Dr. JAMES: This was done somewhat indirectly, Senator Leonard, in one of these charts which indicated that about 85 per cent of the married women were claimants.

Senator LEONARD: Were claimants?

Dr. JAMES: That is right, and only 15 per cent were non-claimants. We have not actually broken this particular question down in this connection but I would suggest that the same sort of ratio probably prevails.

Senator LEONARD: They are subject to what qualifications with respect to their entitlement to continue to draw unemployment insurance? They must accept a position if it is offered to them?

Dr. JAMES: That is so. I believe there are certain specific conditions laid down; that is to say, the conditions of work must be comparable to their last employment and the rates of pay must be comparable within certain limits, and they must be available for work and capable of doing the work, and so on.

Senator LEONARD: If that is offered to them and if they do not accept it they lose their entitlement to unemployment insurance?

Dr. JAMES: This is my understanding, yes.

Senator BLOIS: I think that is only for a limited time, something like six weeks, and then they can go back again and get it.

Dr. JAMES: I cannot pretend to be an expert on the details of the regulations of the Unemployment Insurance Commission. I do know that if a job is offered which appears to be suitable and is refused the individual is subject to disqualification. I believe that these disqualifications are, generally speaking, for a specific limited period.

Senator SMITH (*Queens-Shelburne*): I wonder if our conclusions would be affected by a consideration of the fact that no survey had been taken of seasonal unemployment, and a period had been missed when there was no seasonal unemployment? Do you feel our conclusions would be affected one way or another if the sampling had been taken of the survey, say January 22 or February 22?

Dr. JAMES: You would clearly have a very different mix in the population. Obviously you would have a very much larger group of people who were subject to seasonal unemployment.

Senator SMITH (*Queens-Shelburne*): In other words, what we are dealing with here is what has been referred to as the hard core of unemployment.

Dr. DEUTSCH: Partly because of time table problems the survey was designed to deal with those registered for jobs at a time of the year when there is probably very little or no seasonal unemployment. This study therefore does not give any information on the seasonality of employment, because of the time of the year it was taken. But of course some of the more general conclusions might apply—some of the conclusions regarding married women, perhaps; there is not so much seasonality there. In general, however, the survey does not attempt to give you any information on the seasonal aspects of unemployment.

Senator ROEBUCK: May I make an observation? This of course is just one wing that we have been dealing with this morning. We have been talking about the unemployed, and I want to congratulate Dr. James on the detailed analysis he has made.

Some Hon. SENATORS: Hear, hear.

Senator ROEBUCK: I would like to ask him, however, if we might not be able to draw more accurate conclusions if we had a survey of the other wing. This is an analysis of the unemployed. We have been inquiring here why the man is employed by the employer. If we had an equal analysis of the employer, as to why he does not employ the man, we might perhaps draw more accurate conclusions.

Dr. DEUTSCH: If I might answer that question, I think, senator, in the subsequent hearings of this committee it has been arranged that many of the industrial organizations and groups will be represented, and there should be quite a large number of briefs received by the committee from employers and employers' associations. I think you will then have an opportunity to question them and also to hear their story about why they are not employing more people. This is the material that is still coming to the committee, principally from the organization and groups, and so on, that are mainly employers.

Senator ROEBUCK: Thank you.

Senator SMITH (*Queens-Shelburne*): Dr. Deutsch, when Mr. Judek comes to talk to us about chronically depressed areas in Canada, would he have some information with regard to seasonal unemployment?

Dr. DEUTSCH: I think he has some information, because those depressed areas are where seasonal unemployment is a large factor. He will have some information on the nature and the causes.

Senator CAMERON: I would be interested to know what percentage of these people are refusing work that has been offered to them. Shall we have someone coming to us to throw some light on that, because there is quite a current belief that many people who are offered jobs find an excuse for not accepting what is offered. Could we get any information on that?

Dr. DEUTSCH: I suppose, senator, you might have some opportunity of questioning the employer groups that are coming before the committee on that question.

Senator CAMERON: And people from the Unemployment Insurance Commission?

Dr. DEUTSCH: The unemployment insurance officers who are dealing with this information might throw some light on this.

Senator CAMERON: I would like to have it.

Senator HORNER: I am wondering, doctor, if there is perhaps not too much stress being placed upon technical training, and if higher vocations may not be a cause for unemployment. In my experience in the country, I have found that in a land like Canada, where mines and forests predominate, a man should have nothing to fear if he is capable of raising \$75 to buy a little power saw and go into the woods, and by doing so he might very well make more money than a college professor. In a country like Canada it is impossible for everyone to work in an office, and there are many jobs that need to be filled by men who are simply willing to work, such as on the farms, but it is almost impossible to hire anyone because of the lack of cards available for unemployment insurance. I wonder if, we set to work as Senator Cameron suggests, and set up technical training programs, many of us would not find it a disappointment in years to come. After putting in four or five years of training many may feel that they had been well prepared to do jobs that were useful and well paid, without taking higher training. I think it is very easy in a country like Canada to over stress the question of higher education.

Dr. JAMES: The only comment I would make is that technological or technical changes in industry and manufacturing in other areas have been occurring so rapidly over the past few years that there is a greater need for people with some degree of training.

Senator HORNER: You are speaking of those who have an aptitude for that type of vocation?

Dr. JAMES: Yes, I agree. Even today a woods worker must be skilled in the maintenance of power equipment, whereas some few years ago all you had to do was to have a sharp saw.

Gentlemen, this is my swan song today. I must return to my regular activities. Before I do so, I want to indicate that in the preparation of this survey we had available rather slender resources or perhaps limited resources would be more appropriate. We therefore had to depend very heavily on the assistance and co-operation of other government departments and agencies. I want to indicate, if I may, my own personal sense of indebtedness to some of these people, and I am sure I speak for the committee as well.

In particular I would like to thank the members of the Unemployment Insurance Commission themselves, the Director of Employment and the Director of Insurance and their staffs, as well as the staffs of the local offices who took care of the exacting business of selecting the sample and distributing the questionnaires and sending them to Ottawa.

One of the early problems encountered in the survey was printing the large number of questionnaires and other documents, and Mr. Shaw and Mr. Carson of the Government Printing Bureau were uniformly cooperative and spared no effort to meet our urgent deadlines. In printing this report and others, Mr. Leger of the St. Patrick street unit of the Government Printing Bureau gave us extremely efficient service.

I would also like to mention my particular debt to Mrs. Margaret Wylie who helped to prepare the questionnaires for punching in a most competent way.

The Dominion Statistician and his staff were especially helpful at all times. Mr. Angus McMorran and his associates in the mechanical tabulating division gave invaluable assistance in the conversion of the questionnaires to punched cards.

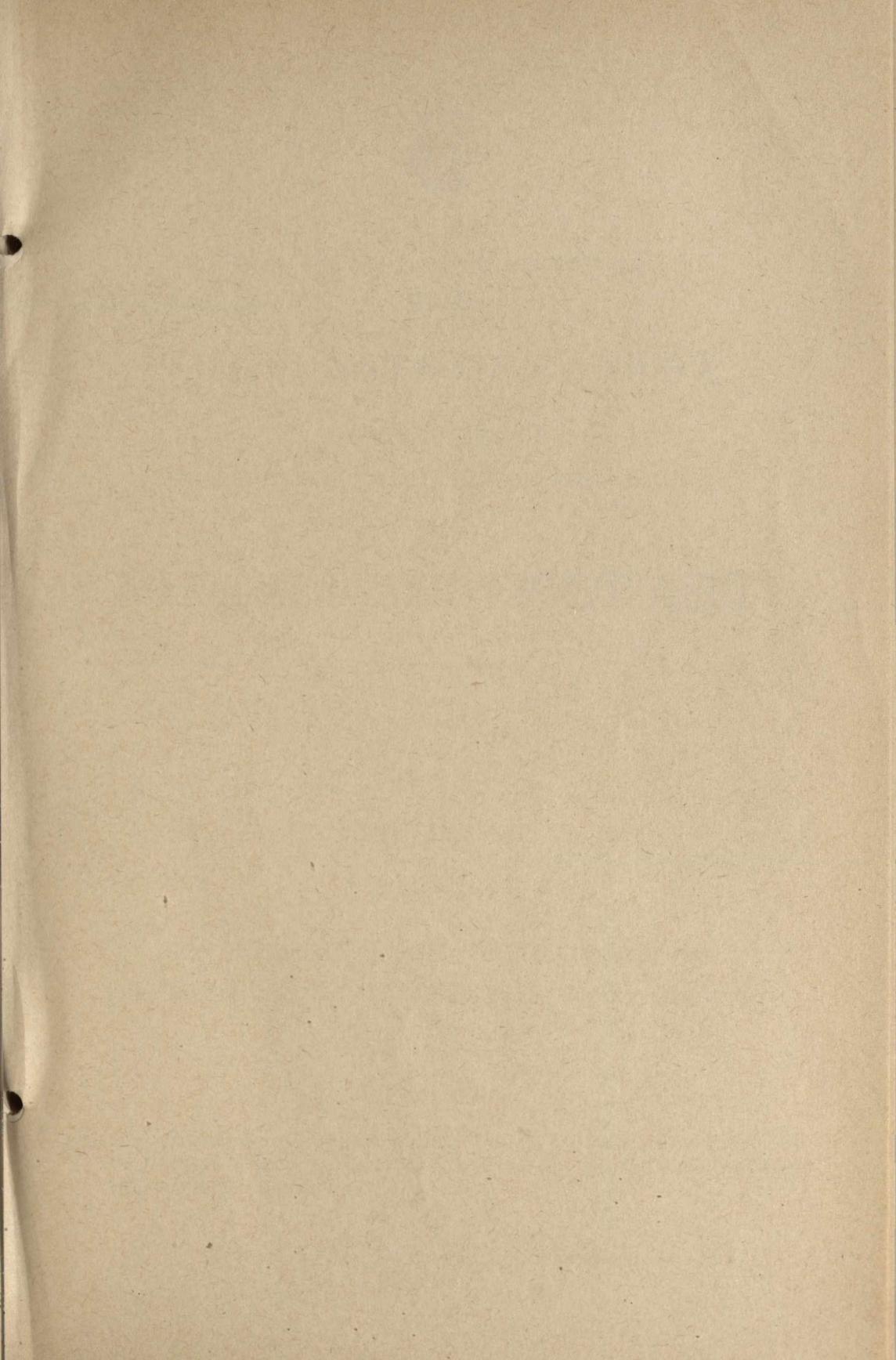
I would also like to mention that the International Business Machines Company Limited undertook to prepare the final tabulations of all data on their IBM 650 electronic computer. Mr. Stevens and Mr. Rogers of that company helped enormously to carry out this work.

I would like to say how pleasant it has been to work with members of the continuing staff of the Senate. I owe a special debt of gratitude to John Hinds for his skilful and unstinting assistance on every occasion. I might add also that it has been a great pleasure to be associated with Dr. Deutsch in this work. He has been knowledgeable, amiable and above all amenable to persuasion on some of the statistical niceties.

Senator BURCHILL: Mr. Chairman, I would like to say that I am very much impressed with this work by Dr. James. He has done a great job and I am sure we are all very much indebted to him.

Senator CAMERON: Mr. Chairman, I would like to add my voice by saying that this is one of the best documents in the sense of simple, concise English and the avoidance of any excess verbiage of any university document we have had for a long time.

The committee adjourned.





Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 5

THURSDAY, JANUARY 26, 1961

The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Canadian Labour Congress: Mr. William Dodge, Executive Vice President;
Dr. Eugene Forsey, Director of Research; Mr. Russell Bell, Assistant
Director of Research.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i> <i>Shelburne</i>)
Burchill	Inman	Thorvaldson
Cameron	Irvine	Vaillancourt
Choquette	Lambert	Wall
Connolly (<i>Ottawa West</i>)	Leonard	White
Courtemanche	MacDonald (<i>Queens</i>)	Wilson—(33)
Croll	Macdonald (<i>Cape Breton</i>)	
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Asetline moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Méthot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

Office Memorandum

Subject: [Illegible] Date: [Illegible]

To: [Illegible]

From: [Illegible]

Reference is made to [Illegible]

It is recommended that [Illegible]

Very truly yours, [Illegible]

[Illegible]

MINUTES OF PROCEEDINGS

THURSDAY, January 26, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 10.00 a.m.

Present: The Honourable Senators Smith (*Queens-Shelburne*), *Deputy Chairman*, Blois, Brunt, Buchanan, Croll, Haig, Hnatyshyn, Horner, Inman, Irvine, Lambert, Leonard, MacDonald (*Cape Breton*), Pratt and White—15.

The following representatives of the Canadian Congress of Labour were heard:—

Mr. William Dodge, Executive Vice-President.

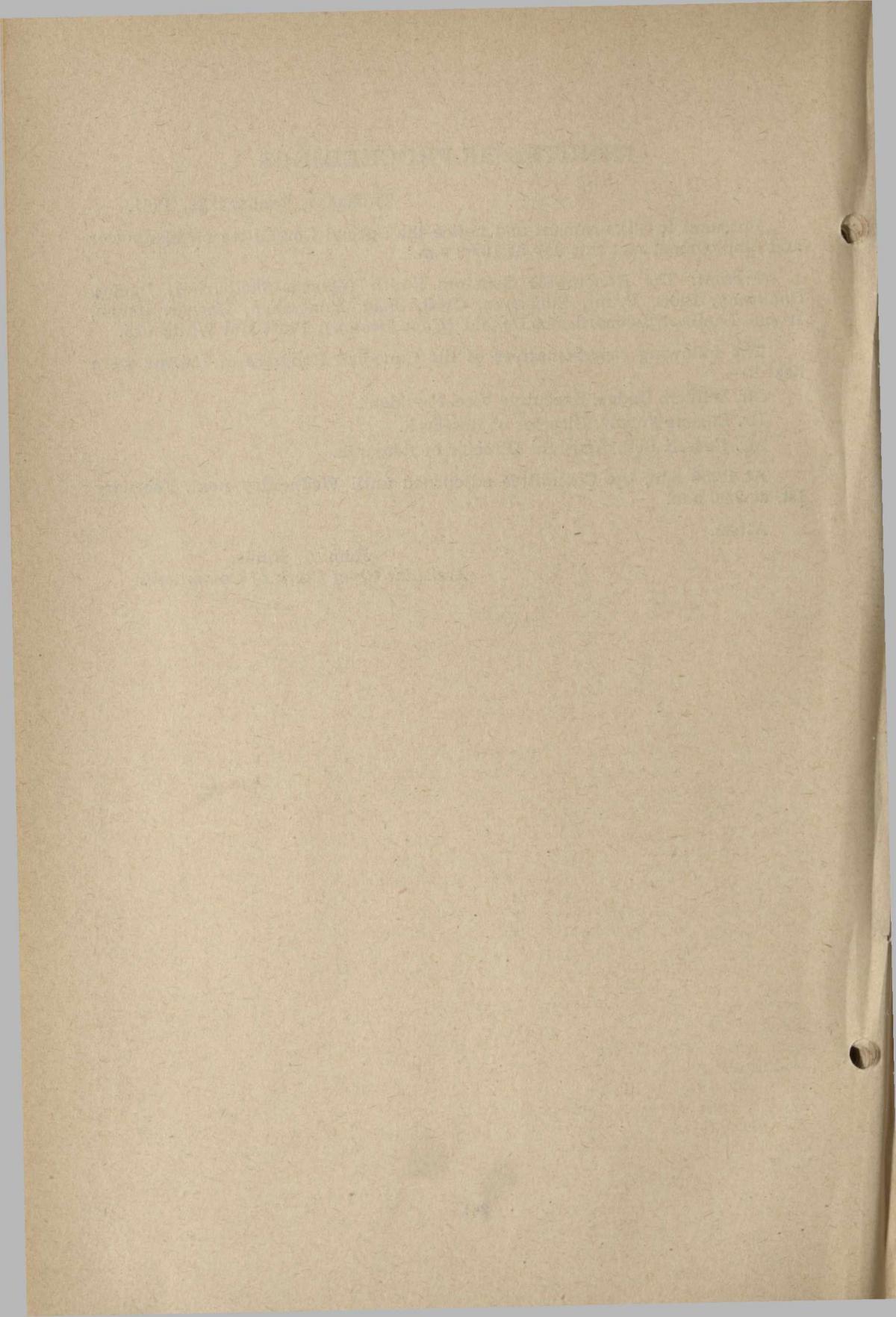
Dr. Eugene Forsey, Director of Research.

Mr. Russell Bell, Assistant Director of Research.

At 12.30 p.m. the Committee adjourned until Wednesday next, February 1st, at 9.30 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.



THE SENATE
SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT
EVIDENCE

OTTAWA, Thursday, January 26, 1961.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 10 a.m.

Hon. DONALD SMITH (*Deputy Chairman*) in the chair.

The DEPUTY CHAIRMAN: Honourable senators, I see a quorum, and call the meeting to order.

We are of course very glad to have with us this morning representatives from the Canadian Labour Congress. I regret that Mr. Jodoin is not with us, but the Congress is represented by Dr. Eugene Forsey, who has made many appearances before Senate committees and is well known to all of us; Mr. William Dodge, one of the vice-presidents of the Congress; and Mr. R. Bell, a research officer with the Congress.

It is my understanding that Mr. Dodge will be reading selected portions of the submission of the Congress. I would suggest that the brief, which is quite voluminous, be incorporated *in toto* in the record of our proceedings; and after the presentation by Mr. Dodge of the portions of the brief which he wishes to bring to our particular attention, the meeting will be thrown open for questioning of the various witnesses who are here today. If that procedure is satisfactory to honourable senators, I would now call on Mr. Dodge.

Hon. SENATORS: Agreed.

Mr. William Dodge, Vice-President, The Canadian Labour Congress: Mr. Chairman and members of the committee, this brief is, as the chairman has said, voluminous and I am sure you would be quite bored if I took up your time dealing with the many statistical passages which appear in it. So I am going to try to select passages which highlight our general approach to the question of unemployment and the solutions which we have been proposing. I hope that in this way I can cut short the proceedings so far as we are concerned and also make the brief more interesting to you.

(The brief in full follows.)

The Canadian Labour Congress congratulates the Senate on appointing this Committee. There is no subject which more urgently demands investigation, none on which it is more important to cast the fullest possible light. Our human resources are our greatest resources. The fullest and best use of those resources is a primary duty of society. Waste of those resources is a social scandal and tragedy, and, for the people concerned, often a personal disaster. Those resources are being wasted now, and the waste is not getting smaller but bigger. This is not just a matter of seasonal increase. It is not just a matter of recession. It is a long-term trend: in each recession, unemployment is worse than in the one before; in each recovery, it settles down at a higher level than in the one before. That is the fact which leaps to the eye from Mr. Denton's Chart 4 at p. 27 of your record of proceedings. That is why the Canadian Labour Congress calls unemployment "Canada's Number One problem."

The Congress also congratulates this Committee on having armed itself from the beginning with a research staff, and an exceptionally competent one. This not only immensely lightens your own labours, and those of the witnesses who appear before you. It has already provided the general public with a mass of invaluable material on this whole subject. Much of what the Congress itself might otherwise have felt it necessary to say your staff has already said, and said much better, and with an authority which no statements by an interested party could have.

Precisely because it is an interested party, a vitally interested party, the Congress naturally welcomes most warmly not only the appointment of this Committee, and the admirable work of its staff, but also the opportunity of appearing before you. After all, the Congress, perhaps more than any other organized body in the country, represents the people whose talents and energies are being wasted now, or in danger of being wasted soon, by unemployment. Of the total labour force, well over 80 per cent are either "paid workers" (wage and salary earners) or unemployed (people who are looking for jobs as wage or salary earners). Most of the unemployed who formerly had work were wage earners rather than salary earners. Most of the unemployed who have never had work are looking for jobs as wage earners rather than salary earners. The number of theoretically organizable workers in the country (paid workers, less managerial and professional, less clerical and financial) is now probably around 3,325,000. The Congress, with over 1,100,000 members, can certainly claim to represent a very large proportion of these, and a larger proportion of actual wage earners. It may also, with some justice, claim to represent at least an equivalent proportion of the 528,000 unemployed. So it has a very large interest in, and a very deep and intimate concern with, the subject you are investigating. It has also a very strong right to be heard on that subject.

The problem of unemployment is not a single problem but a bundle of many problems. There is, accordingly, not one answer but a bundle of answers. The Congress proposes to comment briefly on each of the six main kinds of unemployment, the part it is playing in the present situation, and what can be done about it. It proposes also to examine certain widely held, but not always firmly based, notions about the causes of our unemployment, notably those theories which blame the whole thing, or much of it, on organized Labour's stupidity or greed or both.

RECESSION UNEMPLOYMENT

First, there is recession unemployment. This undoubtedly is a contributing factor in our present situation. But it is not, so far at any rate, a large one.

Our industrial production index, seasonally adjusted, reached a peak in January 1960, at 173.5 (1949=100). It went down a little in February, recovered part of the loss in March, dropped much more steeply in April, recovered a little in May, fell again ever so slightly in June, reached a low for the year in July, at 164.3, and then climbed steadily to an October figure of 168.0. The October index was only 3.2 per cent below the January peak, and 2.3 per cent above the July low, and the index had risen for three successive months. In the last recession, in December 1957, the same number of months from the start, the industrial production index was 6.5 per cent below the March 1957 peak, and had reached the recession low, after falling for seven successive months.

In production, then, the present recession manifestly is nothing like as bad as the last. But unemployment is much worse. Unemployment in December 1957, was 6.5 per cent of the labour force (seasonally adjusted). In October 1960, the same number of months after production started down

unemployment was 7.6 per cent of the labour force (again, seasonally adjusted). (These are the new, revised figures of unemployment; see *Canadian Statistical Review*, Supplement, November 1, 1960, and subsequent issues.) Putting it another way: if we got back to the level of unemployment at the peak of production, in January 1960, we should still have 6.1 per cent unemployment. This is better, but it is still over twice as high as the figure Lord Beveridge considered consistent with full employment (on which, see below). If we got back to the lowest seasonally adjusted figure of last year, when production was still rising, we should still have 5.4 per cent, or 1.8 times as high as Beveridge's full employment figure.

If someone says that Beveridge's 3 per cent is an unattainable theoretical ideal, he can discover his mistake by looking at D.B.S. Labour Force figures. The average rate for 1947 was 2.2 per cent; for 1948 it was 2.3; for 1949 it was 2.8; for 1951, it was 2.4; for 1952 it was 2.9; for 1953 it was barely over 3.0. In the whole period 1946-1953 inclusive, the annual average was over 3 per cent only twice: in 1946 at 3.4, and in 1950 at 3.6. "What man has done, man can do"; what Canada has done, Canada can do.

So our present unemployment problem is not mainly, or even substantially, a matter of recession, of a down-turn in production. If we could get production back to where it was in January 1960, before the down-turn began, about four-fifths of our present unemployment problem would still be with us.

SEASONAL UNEMPLOYMENT

Second, there is seasonal unemployment. This also is undoubtedly a contributing factor in our present situation, and will be a larger factor before the winter is over. It always is. Seasonal unemployment is a perennial problem in Canada, and a major one. The Department of Labour, in its recent study of the subject (*Labour Gazette*, May 1960, p. 454), estimates that "under reasonably full employment conditions, and with a labour force of about six million, some 250,000 persons (about 4 per cent of the labour force) are seasonally unemployed at mid-winter". As present employment conditions are far from "reasonably full", and as the present labour force is nearer 6,400,000, seasonal unemployment this mid-winter will certainly be higher. But the mid-winter peak of unemployment is likely to be over 700,000. So it is plain that seasonal unemployment, though a large factor in our present situation, is probably not responsible for much more than a third of the whole.

FRictional UNEMPLOYMENT

Third, there is "frictional unemployment". This is partly the unemployment inseparable from a free society, in which workers are free to choose their jobs and free to leave them. In a free society, even when there are enough jobs to go round, and even if the available workers are the right kind for the available jobs, and in the right places, there will always, at any given moment, be some people unemployed. There will always, at any given moment, be some people who have left one job and not yet got another, always some people en route from job to job, always some people in process of changing jobs. But if there is full employment, there will always be as many unfilled vacancies as there are unplaced workers; the number of people moving from job to job will never be large (Beveridge put it at a maximum of 3 per cent of the total); and the unemployed will never be unemployed long.

There is, of course, a further element in frictional unemployment: the imperfect mobility of labour between occupations, between industries, between places, between regions. Even when there are enough jobs to go round, the

available jobs and the available workers may not match. The jobs may be skilled, the workers unskilled. Or the skills required may be of one kind, and the skills available of another. Or the jobs may be in the West and the workers in the East; or the jobs in the cities and the workers in the country; or the jobs in English-speaking Canada and the workers French-speaking. Frictional unemployment can, therefore, go far above the Beveridge 3 per cent, and you have already had some evidence that in Canada at present it does. Rapid technological change, such as we are going through now, is bound to have this effect.

STRUCTURAL UNEMPLOYMENT

Fourth, there is structural unemployment, unemployment resulting from changes in the structure of industry as a whole, changes in the industrial "mix"; unemployment resulting from the decline, relative or absolute, of certain industries. The disappearance of the carriage and wagon industry, the harness industry, the coal oil lamp industry, put workers in those industries on the street. Sometimes they got other jobs pretty quickly, sometimes they did not. The absolute decline of the coal industry and the rubber footwear industry, the relative decline of the agricultural implement industry, the railways, and some sections of the textile industry, have put workers on the street. Again, sometimes they have got other jobs pretty quickly, sometimes not. Such structural changes contribute to unemployment not only by actually putting workers out, but by reducing opportunities for employment in such industries. This may be as big a problem as the actual lay-offs or bigger.

Some structural changes are the result of technological changes. The carriage and wagon and harness industries were knocked out by the internal combustion engine. The coal industry has been laid low by oil, gas and hydro power. Some sections of the textile industry have been hit by the development of man-made fibres.

Other structural changes are the result of changes in the pattern of international trade. The rubber footwear industry, and some sections of the textile and clothing industries, have been hit very hard by import competition.

Some structural changes are the result of technological changes and international trade changes working together.

The most striking instance of structural unemployment in Canada is, of course, agriculture, where very rapid technological change (and some changes in the pattern of international trade) have pushed a very large number of people right off the farms, and drastically reduced the opportunities for farm employment. You have already had evidence of this (for example, Mr. Denton's, at pp. 15-21 of your record of proceedings); and the Department of Labour has just published a special report, Trends in the Agricultural Labour Force in Canada from 1921 to 1959 which underlines the point, with a wealth of detail. The agricultural labour force in 1946 was 1,186,000. By 1960, it had dropped to 675,000. In spite of much larger production, well over half a million jobs had just disappeared. The Gordon Report forecast a further drop. So does Mr. Denton. The biggest drop has been in unpaid family workers (from 360,000 in 1946 to 125,000 in 1960), though paid workers have also dropped very considerably (from 147,000 to 110,000).

REGIONAL AND LOCAL UNEMPLOYMENT

Fifth, there is regional and local unemployment: regional and local pockets of persistent unemployment. Our unemployment is not evenly spread across the country, in good years or in bad. Certain regions have a rate consistently higher than other regions, and higher than the national average. This stands out very clearly in Mr. Denton's Table 14, at p. 28 of your record of proceedings.

In each of his periods, 1950-54, and 1955-59, and 1960, unemployment in the Atlantic provinces was very decidedly worse than the national average, and the gap between the Atlantic figures and those of Ontario and the Prairies (which are consistently the regions with the lowest unemployment) is even more striking. In every one of the three periods, the Atlantic percentage is twice as high as the Ontario or Prairie percentage, or more than twice as high.

Quebec also, in Mr. Denton's table, shows unemployment consistently worse than the national average, and, by an even wider margin, consistently worse than Ontario and the Prairies.

The new, revised unemployment statistics, which have appeared since Mr. Denton compiled his table, merely confirm the conclusions just noted. The only year of the period in which Atlantic unemployment was less than double Ontario was 1954. It was always more than double the Prairie rate, and in four years of the eleven (including three of the last four), it was more than triple the Prairie rate.

Mr. Denton's table shows British Columbia unemployment consistently higher than the national average, and of course considerably higher than Ontario or the Prairies. Examination of the year-by-year figures, however, shows why the British Columbia 1955-59 average rate was so very little above the national average: in 1955 and 1956, it was actually appreciably below the national average. In every other year of the period, it was above the national average, though in the years 1954 and 1957-1959 inclusive, generally not much above.

Some of these regional variations are partly seasonal. Seasonality is most marked in the Atlantic provinces and Quebec, and least marked in Ontario. This comes out clearly, for the period 1956-1959, in Chart 9 of the Labour Department's special study of seasonal unemployment (*Labour Gazette*, May 1960, p. 456). In 1960, the pattern has, in general, been much the same.

This is one example of how different kinds of unemployment overlap. Indeed, it shows that we should speak rather of "aspects" than of "kinds". If we could get rid of seasonal unemployment, a considerable part of the "regional" unemployment east of the Ottawa River would disappear. On the other hand, of course, one could equally well argue that a considerable part of "seasonal" unemployment is "regional", the product of conditions peculiar to certain regions, and that if we could get rid of unemployment in those regions a considerable part of the "seasonal" unemployment in the country as a whole would disappear. It is not profitable to pursue the argument very far. But it is worth noting that there is overlapping, and that a policy designed primarily to deal with one aspect of unemployment may have important effects on another aspect, or aspects.

Similarly, some of the regional unemployment is the result of structural changes, which may hit one region harder than others. An obvious instance is, of course, the Nova Scotia coal industry.

On local pockets of unemployment, you have, or shortly will have, before you a special study by one of your own research staff, which, the Congress understands, picks out and analyzes eighteen local labour market areas which have suffered from chronic, persistent, substantial labour surplus.

LONG-RUN, CHRONIC, GENERAL UNEMPLOYMENT

Sixth, there is long-run, chronic, general unemployment: the gruesome fact to which the Congress drew attention in the very first paragraph of this submission. It might be argued that this is simply the sum of all the other kinds of unemployment. It might also be argued that in the main it is just structural unemployment from technological change writ large. In either case,

of course, there is nothing qualitatively new about it. But, though all this is true, it is not the whole truth, nor the most significant truth, of the situation. All the kinds of unemployment we have been describing up to this point are old friends, or rather, old enemies. But, till fairly recently, in general, we could say that heavy unemployment hit us only in recessions or depressions. It was cyclical. Get rid of recessions and depression, get rid of "boom and bust", and you would get rid of the big, mass unemployment. What was left might be sizable, but it could be coped with by training and re-training, by assisted movement of workers, by inducing new industries to come to depressed areas, by special aid to depressed industries, by an improved National Employment Service. In "good" years, when production was rising, unemployment was low enough to be manageable. The main problem was to get rid of the "bad" years.

This is no longer so. Since the last war, we have had no depression, and no very serious or prolonged recession. The 1949-50 recession was almost imperceptible: the index of industrial production, seasonally adjusted, went down, from December 1949 to January 1950, by 1.8 per cent, and then started up again; and the 1950 real Gross National Product (constant dollars) did not go down at all. The 1953-54 recession was bigger and lasted longer, but it was not very formidable: the industrial production index, seasonally adjusted, went down, from July 1953 to November 1953, by 3.5 per cent, and then started rather haltingly up again; and the 1954 real GNP went down only 2.9 per cent. In the next recession, the industrial production index, seasonally adjusted, went down, from March 1957 to December 1957, by 6.5 per cent, and then started rather haltingly up again; and real GNP in 1957 was only 0.3 per cent below 1956, with 1958 up again above both 1957 and 1956, though not much. In the latest recession, so far, as we have seen, industrial production, seasonally adjusted, went down, from January 1960 to July 1960, by 5.3 per cent, and the indications are that the 1960 real GNP will be above 1959, though again not much.

On the whole, then, since the war, we have not had any serious or prolonged down-turns in production. They have been bad enough, and prolonged enough, no doubt; but not by any means bad enough or prolonged enough to account for unemployment on the scale that faces us now.

Moreover, for some time after the end of the war, in the "good" years, unemployment was fairly low. Rapid technological progress, and other factors, were throwing people out of employment, yes; but, on the whole, they were finding other jobs. There were seasonal ups and downs, of course; but in "good" years the annual average percentages of unemployment were not bad.

The 1946 average was 3.4 per cent of the labour force; but 1946 was a year of reconversion. In 1947 the average was 2.2, in 1948 it was 2.3, in 1949 it was 2.8. In 1950, the brief recession at the beginning of the year pushed the March unemployment percentage to 6.8, and this brought the annual average to 3.6; but the other three quarterly figures (monthly figures did not begin till November 1952) average almost the same as for the same three quarters of 1949: that is, 2.6 against 2.4. The 1951 average was back to 2.4, and 1952 was 2.9. In 1953, the onset of the recession began to show up in the last couple of months; but, even so, the annual average was only 3.0. In the "bad" year 1954, the average rose to 4.6, and the unemployment effects lingered on into 1955. But for the second half of that year, the average percentage, 2.9, was not much above the 2.6 average for the last six months of 1953. In 1956, the first few months, though better than in 1955 or 1954, were still bad; but the last six months showed an average of 2.3, and the average for the years was 3.4.

So far, broadly speaking, except for the reconversion and recession periods, average annual unemployment had not been heavy. For the seven years 1947-1949, 1951-53, and 1956, the annual average rate was 2.7 per cent of the labour force.

But there was one ominous sign of things to come: in the second recession, the unemployment rate was higher than in the first, and in the second recovery it settled down at a higher level than in the first. The 1950 average was 3.6; the 1954 average was 4.6. After the first recession, the annual average fell back, in 1951, to 2.4; after the second, it fell back, in 1956, to 3.4.

In 1957, unemployment began to worsen markedly even before production turned down, and by the last three months of the year it was running at nearly double the year before. In 1958, a "bad" year, the average rose to 7.1, a new post-war high, and drastically above the previous 1954 record of 4.6. More alarming still, in the recovery year 1959, with production on the whole rising, the unemployment rate fell back only to 6.0, well above, or rather, badly above, any pre-1958 recession figure. In 1960, with only a mild downturn in production, unemployment rose to an annual average of 7.0 per cent.

LABOUR FORCE AND JOBS

What is the explanation of this?

In simple terms, in the earlier period (1947-1956), on the whole, though rapid technological progress was causing immense shifts and dislocations in employment, the increase in the total number of jobs was keeping pace with the increase in the labour force. People who lost jobs were finding others. New entrants to the labour market, whether Canadians or immigrants, also were finding jobs. In the last three years, while the dislocations and shifts have continued, the increase in the total number of jobs has not been keeping pace with the increase in the labour force. People who lose jobs have not been finding others to the same degree as formerly. Nor have new entrants to the labour market, whether Canadians or immigrants, and this though the number of immigrants has fallen off markedly.

From 1947 to 1953, the labour force increased by 455,000. The number of jobs increased by 403,000. All but 52,000 of the extra people in the labour force, almost 89 per cent, found jobs.

From 1953 to 1956, the labour force increased by 385,000. The number of jobs increased by 350,000. All but 35,000 of the extra people in the labour force, almost 91 per cent, found jobs.

From 1956 to 1959, the labour force increased by 446,000. The number of jobs increased by 270,000. No less than 176,000 of extra people in the labour force, or over 39 per cent, did not find jobs.

In each of these cases, the comparison is between two "good" or relatively "good" years, which makes contrast between the first two cases and the third the more alarming.

It must be emphasized that in the earlier periods as well as in the later big shifts and dislocations were taking place. We are not comparing what happened in two periods of relative stability or stagnation with what happened in a later period of rapid change. We are comparing three periods of rapid change.

From 1947 to 1953, the agricultural labour force shrank by 263,000. Employment in forestry dropped 10,000. So the non-farm, non-forest economy had to try to find jobs for the extra 455,000 people in the labour force, plus the 273,000 pushed off the farms and out of the forests. And, on the whole, it did.

An increase in the number in fishing and trapping took care of 3,000. Public utilities absorbed 21,000, mining 22,000, finance and insurance and real estate 34,000, transportation and storage and communication 51,000, construction 99,000, manufacturing 125,000, service industries 154,000, and trade 181,000: a total of 690,000. There were 728,000 to be absorbed. That left 38,000 extra unemployed. (The discrepancy between this and the 52,000, above, results from the fact that the total number of jobs is on the basis of the new Labour Force definition of "employed", which excludes people on temporary lay-off, while the figures for the various industrial groups are still available, down to 1959, only on the old basis, which considered people on temporary lay-off as having jobs.) The growth of other industries was large enough to absorb nearly all the extra people in the labour force plus the people pushed out of agriculture and forestry.

From 1953 to 1956, the agricultural labour force shrank by a further 83,000, and fishing and trapping employment by 6,000. So the non-farm, non-fishing-and-trapping economy had to try to find jobs for the extra 385,000 people in the labour force, plus the 89,000 pushed off the farms and out of the fisheries and off the trap-lines. Again, on the whole, it did.

Public utilities took 8,000, transportation and storage and communication 10,000, mining 25,000, finance and insurance and real estate 29,000, forestry 35,000, manufacturing 48,000, construction 64,000, trade 65,000 and service industries 146,000: a total of 430,000. There were 474,000 to be absorbed. The growth of other industries was again large enough to absorb nearly all the extra people in the labour force plus those pushed out of agriculture and fishing.

From 1956 to 1959, the agricultural labour force shrank by a further 84,000. Fishing and trapping employment dropped 5,000, forestry 25,000, mining 30,000. So the rest of the economy had to try to find jobs not only for the extra 446,000 people in the labour force but also for the 144,000 pushed out of farming, mining, forestry, and fishing and trapping. This time, it fell very far short of doing so.

Public utilities took 8,000, transportation and storage and communication 10,000, finance and insurance and real estate 22,000, construction 25,000, manufacturing 53,000, trade 63,000, and services industries 216,000: a total of 397,000. There were 590,000 to be absorbed. The growth of other industries fell 193,000 short of doing it.

GOODS INDUSTRIES AND SERVICE INDUSTRIES

There is one other aspect of these changes which deserves attention: the shifts between employment in the goods-producing industries (agriculture, forestry, fishing and trapping, mining and quarrying, manufacturing and construction) and the service-producing industries (transportation and storage and communication, public utilities, trade, finance and insurance and real estate, and service industries proper).

In 1947, the goods-producing industries provided a total of 2,832,000 jobs, and the service-producing industries 2,012,000.

In 1953, the goods-producing industries provided 2,808,000 jobs, and the service-producing industries 2,453,000. Employment in the goods-producing industries had shrunk by 24,000; but in service-producing industries it had expanded by 441,000.

In 1956, the goods-producing industries provided 2,891,000 jobs, and the service-producing industries 2,711,000. In the three years from 1953, employment in the goods-producing industries had expanded by 83,000, and in the service-producing industries by 258,000.

In 1959, the goods-producing industries provided 2,825,000 jobs, and the service-producing industries 3,030,000. In the three years from 1956, employment in the goods-producing industries had shrunk by 66,000, and employment in the service-producing industries had expanded by 319,000.

Over the whole twelve-year period, there had been virtually no net change in employment in the goods-producing industries (the slight apparent fall is the result of the slightly different basis of the industry figures of jobs in the two years), despite the fact that the actual quantity of goods produced must have just about doubled. On the other hand, there had been a net increase of over 1,000,000 jobs in the service-producing industries. It may be added that in 1958, for the first time, employment in the service-producing industries (2,895,000) was larger than in the goods-producing industries (2,827,000). But the margin in favour of the former was only 68,000. By 1959, it had grown to 205,000.

ECONOMIC GROWTH, 1947-1959

Why did the increase in jobs on the whole keep pace with the increase in the labour force in the earlier periods, and fail to keep pace in the last three or four years?

The answer, the Congress submits, lies largely in the varying rates of economic growth in the post-war years.

From 1947 to 1953, real Gross National Product (or, strictly, Gross National Expenditure, which is the same total each year in current dollars), in constant, 1949 dollars, rose by 34.6 per cent. (For the three years 1950-1952 inclusive, the average annual rate of growth was 7.0 per cent.)

From 1953 to 1956, real GNP rose 14.5 per cent. (In each of the two years 1955 and 1956, the rate of growth was 8.6 per cent.)

From 1956 to 1959, real GNP rose 4.0 per cent. (The highest rate of growth in any year of the three was 3.5 in 1959.)

It is not hard to see why employment kept pace with labour force in the first two periods and failed to do so in the third.

What lay behind the rapid growth in the first two periods, and the lack of it in the third?

Immediately after the war, a host of forces combined to give the economy a massive push; pent-up wartime demand for peacetime goods; "easy money"; veterans' gratuities; return of compulsory savings; the abnormal European demand for goods to repair the devastation of war. Then came the Korean war and the subsequent defence build-up.

After the 1954 recession, the private investment boom gave the economy another massive push.

Defence expenditures and private investment expenditures are both still very substantial. But the steam has gone out of both.

Defence expenditures in 1959 were \$347,000,000 lower than in 1953, and as a proportion of GNP they had fallen from 7.6 per cent to 4.5 per cent. There is certainly no prospect of any substantial increase. Clearly, defence cannot be relied on to give the economy the big, new, massive push it needs.

Nor can private investment. Total private investment in 1960, if it comes up to the estimate in the official mid-year survey of intentions, will still be below its 1957 peak, and there is not the slightest sign of its making the very big spurt which would be needed to touch off any substantial improvement in our rate of growth.

Nor can we count on exports, which, in the past, have sometimes been a major factor in providing and sustaining a high rate of growth. True, exports are going up, but not to anything like the extent necessary to get us back to our pre-1956 average growth rate.

NOT ENOUGH JOBS TO GO ROUND

It has been necessary to go into all this at perhaps tedious length, because there are people who argue that there is no real shortage of jobs; that workers are just too lazy, or too choosy, to take the jobs there are; or that they have not the education and training to take the jobs there are.

The laziness-choosiness theory of unemployment seldom proffered publicly, but widely held, enjoys at least the respectability of age. It used to be put forward in the Great Depression of the 1930's. It has cropped up again in every post-war recession. It is a striking example of the survival of the unfittest.

For a moment's rational reflection, a moment's examination of the evidence, is enough to demonstrate its absurdity. As recently as 1956, we had (on the average, over the year) less than 200,000 unemployed. In 1960, we had 448,000, well over twice as many. True, the labour force had increased by over 600,000; but, even so, unemployment rate in 1960 was over twice as high as in 1956. Does anyone in his senses seriously believe that, in those four years, a great tidal wave of laziness engulfed about a quarter of a million of our workers? Have a quarter of a million who had jobs four years ago suffered a moral collapse? Or are a quarter of a million of the new entrants, native or immigrant, well over a third of all new entrants, just loafers and good-for-nothings?

Or take, not annual averages, but, for example, the figures for November in the two years: 149,000 in 1956, and 429,000 in 1960. The number unemployed very nearly tripled. The labour force went up 606,000, and unemployment 280,000. Very nearly half the increase failed to find jobs. Laziness? On that scale?

Of course there are always people who "won't work". There always have been. There always will be. But anyone who can believe that they make up something like a third to a half of net addition to the labour force over the last four years can believe anything.

The other argument, that the unemployed have not the education and training to take what jobs there are, is in a very different category. Undoubtedly this is true of a great many. But the unemployment problem we face now is not simply one of fitting available workers to available jobs. That is part of it, but only part, and not the biggest part. Our workers need more and better education and training. Many of them need re-training. But not all the education, training and re-training in the world will turn the unemployed into employed unless there are jobs for them to go to. The most highly qualified professional or technical worker or craftsman, unemployed, is just as unemployed as the most completely unskilled labourer, unless there is a job of the right kind for him to go to.

If there are enough jobs to go round, then getting rid of unemployment is very largely a matter of education, training and re-training. But if there are not enough to go round, then, though education, training and re-training remain important, the first thing we have to do is create the jobs.

Very plainly, now, there are not enough jobs in Canada to go round, nor is there any sign that natural economic forces, the mechanism of the market, or the kind of economic policies we have generally followed hitherto, will provide enough jobs in the near future.

For proof of this, it is not necessary to go beyond the evidence which your own research staff has provided. Mr. Denton's careful analysis at pp. 16-27 of your report of proceedings, amply establishes that the economy simply has not been growing fast enough "simultaneously to absorb additional labour force members and to provide the number of new jobs necessary to reduce

unemployment to pre-recession levels" (p. 20). His analysis at p. 15 makes it equally clear that in the next five years, though the rate of growth of the labour force is not likely to be substantially higher than in the last five, "a substantial increase in employment will be needed . . . if all of the additional people in the non-farm labour force are to be absorbed and if the existing pool of unemployment is to be . . . brought down to, say, 3 per cent." The necessary increase for the five years he puts at 970,000 to 1,070,000 in non-farm jobs, an 18 to 20 per cent increase. The increases we actually achieved in the two preceding five-year periods were 15 per cent from 1950 to 1955, and roughly 17 per cent from 1955 to 1960. The rate of increase in non-farm jobs necessary to provide full employment, therefore, is rising steadily. The indications are that, if the economy is left to jog along as it is, the necessary increase will not be forthcoming.

For the four years 1957-1960 inclusive, the average annual rate of growth in real GNP was about 1.5 per cent. For the same four years, our unemployment rate averaged 6.2. Contrast this with the seven years 1950-1956 inclusive, when our average rate of growth in real GNP was 5.6 per cent, and our average unemployment rate was 3.5. It seems plain that we cannot have full employment in Canada, cannot get unemployment down to Beveridge's full-employment 3 per cent maximum, with anything less than an annual real growth of 5 per cent.

Senator HORNER: You mentioned the Beveridge Report. Do you mean the report made by Lord Beveridge of England?

Mr. DODGE: Yes, Sir William Beveridge. The basic irreducible minimum he stated was a feature of the present economy.

I am going to emphasize this next section because it contains what I think you could regard as the nub of our approach to the question of unemployment in general—it is what we think the key to the whole situation, so I want to stress that part of our submission.

A BIG, NEW, MASSIVE PUSH: THE PUBLIC SECTOR

To get our growth rate up to that level and keep it there, we cannot rely on defence expenditures, on private investment, on exports. Something fresh is needed, and something fresh on a very large scale. The Congress believes that the big, new, massive push the economy needs can come only from a big, new, massive expansion in the public sector of the economy.

What does "the public sector" mean? Government spending (national, provincial, municipal) on goods and services: hospitals, schools, provincial universities, roads, parks, recreation centres, housing, slum clearance and urban redevelopment, public development and conservation of resources, child welfare services, technological and scientific institutions.

A massive expansion in the public sector, therefore, means a massive increase in government spending on these things. It does not mean makeshift, "make-work", public works programmes of the kind which were common in some countries during the Great Depression; programmes hastily contrived to meet a temporary situation, and often contributing more to disallocation and waste of resources than to getting rid of unemployment. Public expenditures of this kind would at best have only short-run effects on unemployment. They could not provide the sustained high rate of growth in GNP to meet the sustained high rate of growth in the labour force. What the Congress proposes is a planned, long-term, sustained expansion of our social capital, of our public services, of investment in the development of our human capital.

Is there room for such expansion, need for it?

The Canadian Federation of Mayors and Municipalities, recently told the Government of Canada: "In every municipality across Canada there exists a

great and growing backlog of essential community requirements, of which the more urgent are the following: housing (new . . . and rehabilitated . . .); hospitals; schools; recreation facilities; renewal of blighted areas in the central cores of our cities; civic centres; streets, highways, bridges, public transit—to facilitate movement in our rapidly growing cities; underground services for water supply and sewage disposal.”

As the Congress itself told the Prime Minister's Conference on unemployment a few months ago:

Education alone provides an enormous field for expansion. The Canadian Conference on Education, three years ago, said that by 1965, total expenditure on education would have to increase almost two-and-a-third times over, simply to provide for the extra enrolment resulting from extra population, without anything for better quality or extra services.

That there is room for both better quality and extra services, few would deny. Soviet competition has forced the whole of North America to take a very hard look at its education, and the results have not been uniformly encouraging. Awful gaps, not to say abysses, have appeared; and if we are even to keep pace with the Soviets let alone do the kind of job which a free society ought to be doing for its people, we shall have to bridge these gaps, and do it fast. That will cost money, a lot of money; and most of it will have to come from the public authorities. A rapidly changing technology also demands extra educational services, to provide vocational training for youth, to re-train workers in depressed areas and depressed industries. This also will cost money, a lot of money; and much, perhaps most, of it will have to come from the public authorities. Industry can and should do part of the job itself; but it cannot do it alone.

Senator LEONARD: Where is that quotation taken from?

Mr. DODGE: That is an extract from our brief to the Prime Minister's Conference on Unemployment now published in the form of a pamphlet.

There are still many who seriously under-rate the economic value of public investment. They tend to regard social capital at best as a necessary evil, and always as an overhead cost which the private sector of the economy must support. Consequently, they quickly conclude that the less spent on the public sector the better.

This is a completely false concept, because it ignores the extremely important economic inter-relationship between public and private capital. From a strictly economic point of view, i.e., apart altogether from social values, public capital may be just as productive in creating wealth as private capital. For example, the trucking industry would not survive long without a network of highways; the shipping industry is highly dependent on canals and locks provided by the public sector; commercial planes are the beneficiaries of huge sums of public investment in air terminals and all the other costly paraphernalia necessary for regulating modern airways; private industry is dependent on schools and universities for the general education and the technical, scientific and professional training of its people, and it has borrowed a mass of technology developed by governments in the prosecution of wars. One could go on and on without beginning to exhaust the many examples of how public investment has made immense contributions to the production of private goods and services.

Important as public capital has been in the past in this respect, it is becoming even more important with the growing complexity of technological and scientific research. For example, the massive U.S. public investment in space research is now beginning to pay off for private industry. The American Tele-

phone and Telegraph Company, using the space technology developed by public investment, is planning to launch its own satellites for communications purposes. Already it has been forecast that satellites will soon be used to improve world-wide telephone service, to relay live television around the world, to improve weather forecasting, and to guide the navigation of ships and high flying planes.

The development of radar, of jet propulsion, of atomic energy, and now of space research, would not have been possible without the massive amounts of capital invested by governments. As developments in technology and science become even more complex, public rather than private capital may well play the more significant role in the future in financing the "know-how" which will be used in private industry.

Education, which is largely financed by public expenditures, is being increasingly recognized as a very important source of economic growth. Economists have been inclined to talk almost solely in terms of investment in machinery, in plant, in physical resources, virtually ignoring the equally, if perhaps not more important, need for investing in the educational, scientific and technological training, and general welfare of human beings.

Dr. Walter W. Heller, recently appointed chairman of the President's Council of Economic Advisers by President Kennedy, in a submission to the hearings before the Joint Economic Committee of the Congress of the United States on Employment, Growth, and Price Levels, stated (pp. 2990-1):

The 1959 annual report of the National Bureau of Economic Research, reporting on its various studies of economic growth, concludes that: "production in the United States has risen twice as fast as labour and tangible capital input combined, over the past two-thirds of a century" that "a large part of the explanation of the rise in production remains to be determined" but it is already clear that the role of tangible capital goods in raising labour productivity, while significant, "has not been the dominant one," and the large and growing investments in education and in science and technology, i.e., in building up the stock of human capital, have been even more important.

A somewhat different view of the same problem is provided by the National Bureau's study, *Basic Facts of Productivity Change*, by Solomon Fabricant. This shows that in terms of average percentage rates of change, physical output increased 3.1 per cent annually from 1919 to 1957, while total input of manhours and tangible capital increased only 1 per cent annually, leaving a 2.1 per cent annual increase, or two-thirds of the total, to be explained in terms of increases in intangible capital and improvements in efficiency.

Prof. Theodore Schultz of the University of Chicago has been testing the hypothesis that the explanation for the remaining two-thirds is to be found largely in the rapid accumulation of human wealth represented by training, education, and additional capabilities based on health and new knowledge.

Further, his preliminary studies lead him to the strong belief that the return on human capital exceeds "by a wide margin" the return realized on the stock of nonhuman capital.

Even though preliminary, these various findings call for a careful re-consideration of our policies to promote growth. The gains to be realized, for example, from giving up tax revenues in the form of liberalized depreciation allowances may not be in considerable part the wrong kind of gains, but may be smaller than those we could achieve by investing an equivalent amount in the education, training, health and welfare of human beings, or in the advancement of knowledge through more liberal support of both basic and applied research.

These findings contradict the conventional view that physical capital goods are primarily responsible for increases in labour productivity. They clearly suggest that investment in the education and well-being of people has a very important economic value as well as a human welfare value.

THE PRIVATE SECTOR

The Congress does not suggest that the proposed expansion of the public sector should be at the expense of the private sector. What we want is not a shift from private goods and services to public goods and services, leaving the total just about the same. What we want is a much bigger and steadily increasing total, and a great expansion of the public sector as a means, and the only visible means, of achieving that increased total.

It should, indeed, be emphasized that expansion in the public sector means also expansion in the private sector. There is a multiplier effect: more schools, for example, means more construction, more work for construction workers. More construction means more business for building material firms, more work for building material workers. More work for construction and building material workers means more business for the food and clothing industries, and the rest. More business for these industries means more work for their workers. More schools also mean more teachers (and, if they are to do their job, better qualified and better paid). More and better paid teachers mean more customers for industry, and so, more jobs for industrial workers.

Some people may object that this expansion of the public sector will produce an economy top-heavy with construction, and a consequent aggravation of the problem of seasonal unemployment. This is a misconception. What is proposed involves, indeed, many more buildings; but the buildings have to be furnished and maintained and staffed. The Congress is not proposing schools without desks and tables and lab equipment, hospitals without beds and apparatus; schools without teachers, hospitals without doctors and nurses and orderlies. More construction, yes; but also vastly more services; and again, of course, there is the multiplier effect. This would be considerable. In the United States, it has been estimated that each additional dollar of public spending adds two dollars or more to private spending.

Clearly, this expansion of the public sector cannot be done by the national Government alone. Much of what the Congress proposes falls within the jurisdiction of the provinces. But, equally clearly, the national Government will have to provide the leadership and most of the money. No province, not even the strongest and wealthiest, can do it alone. Some provinces are too poor to shoulder even a moderate proportion of the cost. The national Government alone has the necessary financial strength. Besides, what is at stake is much more than just employment, or "property and civil rights in the province". It is nothing less than national survival. In the face of Communist growth and Communist full employment (at an appalling cost in human freedom and human dignity, granted; but still, spectacular growth and undeniably full employment), this country cannot afford to fall back, or to stand still, or even to grow slowly or by fits and starts; and it certainly cannot afford mass unemployment. The Western world cannot afford these things.

TEMPORARY DEFICIT FINANCING

How can we expand the public sector without reducing the private sector? Obviously not by taxation, which would merely take from one to give to the other. The only way we can do it is by a certain amount of temporary deficit financing. How much? Enough to restore full employment.

But no more and no longer than is necessary to restore full employment. The Congress is not proposing unlimited or permanent deficits.

Will the limited and temporary deficits it is proposing mean inflation? No, because our economy is not running at capacity, or anywhere near capacity. We have idle plant and idle men. If the economy were going full blast, deficits would produce inflation, because there would be no extra goods and services to satisfy the extra money demand created by the deficits: the extra money would simply bid up prices for the existing supply of goods and services. But the economy is not running full blast; far from it. So, if we can put its idle plant and idle men to work, it can produce the extra goods and services to meet the extra money demand created by the deficits. It will not be a case of more money chasing the same quantity of goods, but of more money providing a market for the extra goods the economy is perfectly capable of producing.

It should be noted that the increased growth which would result from the proposed limited and temporary deficit financing would automatically bring in larger tax revenues even without any change in tax rates. These increased revenues could then be used to help finance the enlarged public sector. Once full employment had been achieved, the budget could be balanced, or the Finance Minister could budget for surpluses as a means of preventing inflation.

After all, one of the primary functions of the budget is to help regulate the economy, help keep it as free as possible from either inflation or deflation. To be against deficit financing is just as foolish as to be against balanced budgets or budget surpluses. Some situations call for deficits, some for balanced budgets, some for surpluses. Deficit financing during the inflationary middle 1950's would have been a mistake, so is the attempt to balance the budget in the deflationary early 1960's. We are in danger of fighting the last (economic) war, the war against inflation, when we ought to be fighting the present (economic) war, the war against unemployment.

If a part of productive capacity is idle, as a large part of ours is today, temporary budget deficits are not only economically possible but essential if the idle capacity is to be set to work. Fiscal and monetary policies are the most powerful instruments we have for regulating the economy. They are powerful precisely because they are flexible. To take up the dogmatic position that the budget must always be balanced is to destroy the flexibility of this instrument, and so render it largely useless as an economic regulator.

Senator HORNER: Where would you stop deficit financing?

Mr. DODGE: When the desired result was obtained.

Senator ROBERTSON: Will you elaborate on what you call "the desired result"?

Mr. DODGE: We are stressing that we would raise the rate of growth sufficiently to bring the rate of unemployment down to the Beveridge criterion of 3 per cent. We believe that the Government should invest in the public sector in increased deficits to the point necessary to achieve this; watch the indicators, price levels and so on, and at this point should begin to balance budgets, or begin to budget for surpluses in order to prevent inflation from taking place. We believe that the Government can by watching indicators and using this flexible instrument, the budget and fiscal policy, regulate the economy so far as growth is concerned.

Senator ROBERTSON: I can see your argument in that respect, but after four years of deficits, and the likelihood of larger ones yet to come, with growing unemployment, to what extent would it be necessary to increase deficits in order to correct the situation?

Mr. DODGE: We talk about a big, massive push to the economy, and we think that can be provided by investment in the public sector. We also say that incurring deficits will provide a sufficiently massive push to have a multiplier effect on the private sector of the economy which would produce

additional tax revenues. We do not think anyone need be frightened by the possibility of a deficit arising as a result of large governmental expenditures.

Senator ROBERTSON: I was searching for some sort of yardstick, now after four or five years of deficits and with unemployment growing, as to how great the deficits would have to be in order to correct that situation.

Mr. DODGE: That of course is a matter for experiment.

Senator ROBERTSON: It is perhaps not easy to say.

Mr. DODGE: Perhaps I should read and emphasize this portion from Dr. Armstrong, which might help to clarify the situation.

Senator HAIG: Some of us would like to know, if you propose to increase expenditures would there not be a demand for increased taxes to meet those expenditures?

Mr. DODGE: No, not a demand.

Senator HAIG: Do you think this country will run on a debt basis?

Mr. DODGE: Yes, I do.

Senator HAIG: Your face is redder than mine.

Mr. DODGE: We have said that we do not believe in deficit financing as a constant practice, but we do believe that in dealing with a situation such as we have, any other policy would be just nonsense. I think we have strong support for this point of view.

Senator HAIG: You get support from the people who do not pay taxes, but the people who pay taxes won't like a deficit budget. That is human life.

Senator LEONARD: Mr. Chairman, could we go ahead with the brief?

The DEPUTY CHAIRMAN: I think it would be helpful if we make notes of the points raised by some honourable senators, and go ahead with the presentation of the brief.

Senator HAIG: Mr. Chairman, I would like to know why you let everybody else ask questions, and the minute I get into the fight you stop the questioning.

The DEPUTY CHAIRMAN: No, Senator Haig. I am not making a ruling; I am only suggesting that it would perhaps be more orderly if Senator Robertson, for instance, did not interrupt, and that we went ahead with the presentation of the brief without interruption at this stage.

Senator ROBERTSON: I apologize, Mr. Chairman.

The DEPUTY CHAIRMAN: Of course, we are in the hands of the committee.

Senator HNATYSHYN: We do not have sufficient time to ask questions at this stage. Let us hear the brief.

Mr. DODGE: I stress that I am not an economist, but a labour official representing the Congress. I have economists with me, and if I get bogged down in this rather intricate and complex problem, the economists will help me out.

Senator HORNER: Have you two economists with you?

Mr. DODGE: Yes sir.

Senator HORNER: Do they agree?

Mr. DODGE: Yes, I think they do. Perhaps I should go ahead and read Dr. Armstrong's view.

Senator CROLL: Forgive me for asking, but who is Dr. Armstrong?

Mr. DODGE: He is an economist on the staff of McGill University and has written extensively in the journal *Canadian Business* on current economic trends.

Dr. FORSEY: He writes their regular quarterly *Economic Forecast*.

Senator CROLL: Thank you.

Mr. DODGE: (Reading):

DR. ARMSTRONG'S VIEWS

Dr. D. E. Armstrong, writing in *Canadian Business* in July last, found ". . . disturbing . . . the number of public figures who, right at this moment, describe inflation as our most pressing problem. The reason why this particular preoccupation with a past problem is alarming is that the correct policy for fighting inflation is exactly the wrong policy for dealing with unemployment."

Dr. Armstrong scoffed at the suggestion that "there was something irresponsible about the extent of the government's deficit financing during the last recession," and particularly at the suggestion that the improvement in the bond market was the result of "the more responsible attitude being taken by the government in balancing its budget." This, he said, "is not just nonsense, it is dangerous nonsense. . . . The actions of the bond market can be explained quite adequately in terms of expectations about the movement in the rates of interest. But more important, it is wrong, in my view, to imply that the recent government deficit was not in the best interests of the country. . . . There was nothing irresponsible about the implementation of fiscal policy, certainly with respect to the size of the deficit."

Some people are also frightened of an increase in the public debt. There is no ground for this fear. Our public debt is low in relation to our national production, and the ratio has been going down. In 1953, net public debt as a percentage of Gross National Product was 44.6; in 1959, the percentage was only 33.8. This is an impressive reduction.

Dr. Armstrong points out that

". . . government debt outstanding now is, on a per capita basis, considerably smaller than it was 15 years ago. If the situation should require it in the next couple of years, there would be nothing at all alarming about the government's incurring a deficit even larger than that built up during the last recession."

The Congress would add that there would be still less cause for alarm if the money borrowed to meet the deficits were used for solid investment in the public sector, of the type the Congress has just been proposing.

The Congress is not afraid of the limited and temporary deficit financing which it believes is necessary to produce adequate and sustained growth. But it holds no brief for deficit financing as such. If the job that needs to be done can be done without deficit financing, the Congress will be delighted.

MR. COYNE'S SPEECH

It therefore noted with intense interest the October speech of the Governor of the Bank of Canada, in which he said, among other things:

"Whatever degree of assistance the people of Canada decide to provide to the unemployed—even up to the point of guaranteeing them incomes equal to that which they had when they were employed, if that should be the decision of the community—can be provided without resort to large-scale government deficits or monetary inflation. . . .

"Similarly as regards the problem of providing employment for the unemployed on direct government projects. There is no financial obstacle to governments at all levels expanding their operations so as to provide useful and productive work for the entire number of the unemployed, including suitable work for the skilled as well as the unskilled, the clerical and technological as well as manual workers. . . . If and to the extent that it is found necessary

or desirable to provide employment directly through government projects, whether national, provincial or municipal, suitable financial methods can be found to meet the cost and share the burden without resort to large-scale deficit financing or monetary inflation.

"These various methods," Mr. Coyne continued, "may require an increase in government expenditures or a decrease in the yields from some existing kinds of taxes at existing rates, but this does not mean that they must lead to a massive increase in government deficits. Some of them would in fact bring in greater revenues to governments. Moreover, there may be other government expenditures, of less use in promoting production and employment, that could be decreased, and there are numerous ways of increasing the revenues of government on all levels which would render large-scale government deficits and rapid growth of debt as unnecessary as they are undesirable."

You might observe a slight note of skepticism creeps in here.

This is splendid news. The Congress is only sorry that Mr. Coyne has not, to its knowledge, given the public any inkling of precisely how all this could be done, any spelling out of the "suitable financial methods", or the "various methods" of which he speaks with such airy confidence. He has given us no hint of which taxes might, if any of his "various methods" were adopted, bring in smaller revenues, or which taxes "would in fact bring in greater revenues". He has not specified which government expenditures "could be decreased". He has not mentioned a single one of the "numerous ways of increasing the revenues of governments on all levels" which he assures us are available.

The Congress is, of course, aware that it is not Mr. Coyne's business to decide the tax or spending policies of any government, national, provincial or municipal. But there is nothing to prevent him saying to hard-pressed Finance Ministers or provincial Treasurers or mayors: "You people, of course, decide policy; but if you want to do thus-and-so, here are half-a-dozen sound and easy ways of doing it. Take your choice." Indeed, it seems to the Congress that if he really knows so many of the answers, it is his duty to tell governments and the public what they are.

MONETARY POLICY MUST SUPPLEMENT FISCAL POLICY

The fiscal policy of deficit financing to increase the rate of growth must, of course, be implemented by the appropriate monetary policy. It will not do for the Government to meet the deficit simply by borrowing from the public, borrowing savings which would otherwise have been available for private investment. This would merely transfer spending from the private to the public sector, with no increase in the total. To produce the necessary increase in the total, the deficit will have to be met by borrowing from the banks, thus increasing the money supply. This increase, as already argued, will not be inflationary, because we have excess plant and idle men which can produce the extra goods to match the extra money.

The Congress has been greatly disturbed, and at times bewildered, by the general monetary policy which the Bank of Canada has been following in recent months. This policy has not been related to economic trends, and, indeed, has even run counter to the policy they would seem to require. Furthermore, recent pronouncements by the Governor of the Bank of Canada indicate that there is to be no change in the Bank's policy.

First, the present monetary policy is not designed to cope with the major economic problem today, which is the lack of adequate over-all growth of our economy. According to the latest banking statistics available, the Bank of Canada is still following a relatively tight money policy. By its ability to regulate the cash reserves of the chartered banks, the central bank regulates

the nation's money supply. Soon after January 1960, when the industrial production index (seasonally adjusted) reached its peak, it became clearly apparent that general economic activity was slowing down. However, from February through November 1960, cash reserves were held below the level of cash reserves for January 1960; only in December 1960 was the level raised somewhat above January 1960. Furthermore, the daily averages of cash reserves for the whole of 1960 were lower than for 1959. Had there been considerable inflation in Canada in 1960, instead of a recession, such a policy would have made sense. However, inflation was virtually non-existent, while the slowdown of the economy contributed to post-war record levels of unemployment in the closing months of 1960.

The Congress does not regard monetary policy as a cure-all. But it is simply not possible to achieve the rate of economic growth necessary for full employment without the active assistance of monetary policy. Fiscal policy, no matter how good, will achieve little if monetary policy is pulling the other way. There must be effective co-ordination of the two if steady economic growth and stability are to be realized.

Second, the Bank of Canada's policy has resulted in Canadian interest rates being considerably higher than those in the United States. This has naturally encouraged Canadian borrowing in the New York money market, which in turn helped to maintain the premium on the Canadian dollar. It is well known that a premium on the Canadian dollar encourages imports and discourages exports. At a time when we need to expand our exports, as well as assist our hard-pressed secondary industries, any premium on our dollar is most certainly not in the national interest. However, it is not necessary to labour this point here, because various export industries have calculated the losses which they have sustained as a result of the premium, and this information has undoubtedly been made available to you. We find it strange, however, that the Governor of the Bank of Canada, who has repeatedly advocated a reduction in both capital inflow and imports, has helped to create the very conditions which have led to increases in both!

The recent measures undertaken by the Minister of Finance have caused much of the premium to vanish. It is by no means certain, however, that this will prove to be more than a temporary remedy. The most effective means to assure that our dollar would stay approximately at par with the American dollar would be to lower our interest rates, thus removing the incentive for Canadian borrowing in the American money market.

Third, the instability of the bond market and the accompanying wide swings in interest rates must be attributed in part to the management of the Bank of Canada. Although other factors also contributed to the wide fluctuations in treasury bill and bond yields, the Bank of Canada could certainly have played a significant role in reducing these fluctuations.

Furthermore, interest rates have sometimes moved in a direction that was not at all warranted by economic conditions. That is precisely what happened last October and November, when it is hardly too much to say that interest rates shot up. No one could seriously argue for one moment that general economic conditions during that period justified any such rise.

An unstable bond market naturally arouses suspicions among investors, which makes it that much more difficult for governments to borrow. It can be a serious handicap for a government that finds it necessary to undertake deficit financing as a means of stimulating economic recovery.

Fourth, the Bank of Canada has failed to give guidance to the financial community and the general public with regard to the direction of its monetary policy. One reason for this is perhaps because the Bank of Canada does not have a fixed bank rate. ("Fixed" does not, of course, in this context, mean

"invariable", but "deliberately set, and deliberately changed from time to time by the Bank".) It is true that because of the infrequent borrowings which the chartered banks make from the central bank, a fixed rate could not have the intrinsic importance which it has in some other countries. But a fixed rate in Canada could still serve a useful purpose as a signal of the direction of monetary policy. At the present time, the central bank's discount rate is adjusted on a weekly basis, at a margin of one-quarter of one per cent above the average tender rate for ninety-one day treasury bills. However, the wide fluctuations in the treasury bill market make this rate meaningless as a guide to the Bank's policy.

SEASONAL UNEMPLOYMENT

Getting the growth rate up to the necessary level, and keeping it there is indispensable to the solution of our present unemployment problem. But by itself it will not solve the problem. Without an adequate growth rate, measures to deal with seasonal or structural or regional or frictional unemployment can accomplish little. With an adequate growth rate, the right measures for dealing with these specific aspects of the problem can work. But providing enough jobs to go round (over the year as a whole, over industry as a whole, over the country as a whole) will not render such specific measures superfluous. We cannot conquer unemployment without both a general remedy for the general evil and specific remedies for the particular evils. We cannot achieve full employment by equalizing a shortage of workers in one season or one industry or one region with a surplus of workers in another season or another industry or another region. We must have enough jobs, and we must match the workers and the jobs.

One of our worst specific problems, as already noted, is seasonal unemployment. Here the Congress can do little but reiterate the proposals it made to the Winter Employment Conference of August 1958.

At that time, it suggested that the mid-winter peak of seasonal unemployment "might rise as high as 200,000". The Department of Labour, as already noted, has since put the figure at 250,000 "under reasonably full employment conditions". The Congress suggested that the cost of seasonal unemployment was "of the order of \$70,000,000". The Department of Labour (*Labour Gazette*, May 1960, p. 445) put it at \$275,000,000 for the period October 1958-May 1959 (which was, of course, rather worse than normal, but, the Department suggests, not much). The Department adds that even a one-third reduction in seasonal unemployment would save enough to do any one of the following: "(1) put 24,000 persons to work full time for one year; or (2) build 7,500 single-unit dwellings at \$12,000 per unit; or (3) put 15,000 students through a four-year university course on scholarships of \$1,500 per year, or (4) increase the investment in schools and other educational facilities by 30 per cent for one full year."

The Congress proposed to the Winter Employment Conference, first a careful inquiry into the facts. This has been partly met by the Labour Department's study just quoted, and by a more intensive study on the Coast by the British Columbia Research Council, with the co-operation of the Department. Further intensive Dominion-Provincial studies are under way in Nova Scotia and New Brunswick, where the problem, as already noted, is particularly serious. Much, no doubt, remains to be done; but at least we now know a great deal more than we did two-and-a-half years ago; and the extra knowledge has only made action more urgent, and effective action more feasible.

The Congress also, in 1958, suggested a series of measures that might be considered: the introduction of a counter-seasonal bias into the Bank

of Canada's interest rate (the Bank would first, of course, have to make up its mind to have an interest rate policy at all); capital cost allowances "perhaps a little more onerous in the summer, a little less—or even a great deal less in particular areas—in winter"; a counter-seasonal bias in the expenditures of Governments and Crown Corporations. The Congress pointed out the "major role" of construction in seasonal unemployment (the Department of Labour study has since put it at 41 per cent: *Labour Gazette*, June 1960, p. 584), and suggested, accordingly, the possibility of lower interest rates on winter construction; winter exemption of building materials from sales tax, and perhaps other winter tax relief; Dominion aid to provinces and municipalities for winter public works; perhaps direct subsidies to individuals and firms to encourage them to do what the Government had been asking them to do.

The general object, of course, was and is to make it "slightly less advisable to do certain things in summer and slightly more desirable to do them in winter", in order to "keep the economy fully employed at all times". The Government had long exhorted people to "Do It Now!" in winter, but the exhortations had not been very effective. Individuals and firms, provincial and local governments, needed some financial inducement to do more work in off-season periods.

A good deal has since been done, or is now about to be done, along these lines. Dominion Government expenditures have been given a counter-seasonal bias. The Government has established, and considerably expanded, its Winter Works Incentive Programme. This is all to the good. But it fails far short of what is required. Seasonal unemployment of a quarter of a million workers is a scandal. It calls for an all-out, vigorous, comprehensive and sustained offensive, such as the Congress proposed in 1958, to get rid of it. The precise forms the offensive should take, the precise point to which it should be pushed on any particular front, may not always be immediately clear. The answer to any such difficulties is still the same answer the Congress gave in 1958: "Find the facts, estimate, test, revise!"

STRUCTURAL UNEMPLOYMENT

Structural unemployment is economically, socially and politically one of the toughest kinds of unemployment. For here we are faced not with industries which might have been, industries which, accordingly, might have given employment, and might now give it if we could bring them into existence. We are faced rather with industries which exist or have existed, but which are dying or dead; industries which actually are still giving employment, but employment which is shrinking, or industries which have given employment but give it no longer. The problem is the more acute where the industries are not dead, but dying, and where, accordingly, owners, management and workers alike can still hope for a cure.

Where the industry is dying because technological change has made it obsolete, there is not much that anyone can do except to ease the transition and try to provide alternative employment, locally or elsewhere, for the displaced workers (with, of course, re-training, or help in moving, or both, where necessary). Attempts to keep alive the carriage-and-wagon industry or the harness industry or the coal-oil lamp industry against the competition of the automobile or the electric light would have been futile.

IMPORT COMPETITION: TARIFFS NO PERMANENT ANSWER

Where the industry is dying, or seriously ill, because of import competition, the situation is different. The obvious, simple, easy (deceptively

easy) solution to the problem is to slap on a quota or a tariff stiff enough to stop the imports or reduce them to negligible proportions. There are times when this may be the only thing to do, at least temporarily. But as a general, permanent policy for dealing with unemployment arising from import competition, this simple, easy policy has several serious defects.

First, it might run counter to our obligations under GATT.

Second, it would undoubtedly provoke retaliation by the countries whose imports we cut down. Everybody knows what would happen if we raised the tariff on American goods, which, of course, make up over two-thirds of our imports: American retaliation could knock the stuffing out of a variety of Canadian industries. What about other countries. In the first nine months of 1960, we exported about \$400,000,000 more to Europe than we imported from it. We exported about \$59,000,000 more to Asia (except the Middle East) than we imported from it. (Our imports from the Middle East were almost entirely crude oil. On everything else, we had an export surplus of over \$14,000,000.) Our trade with our twenty biggest customers (after the United States) showed an export surplus of over \$400,000,000. Our trade with the twenty countries (after the United States) from which we bought most showed an export surplus of over \$180,000,000. Our trade with Japan, our fourth biggest customer after the United States, showed an export surplus of \$45,049,426, our exports to Japan being over half as big again as our imports. So if we raised our tariffs against Europe and Asia, and they retaliated, we should almost certainly suffer more than they would.

Third, a tariff increase could, in certain cases, have the effect of merely prolonging the agonies of industries which have no real prospect of surviving without massive aid from the taxpayer and the consumer, on a scale which those unfortunate beings will not and should not, tolerate for long.

Fourth, it could seriously damage our export trade. In the long run, broadly speaking, we cannot export unless we are willing to import. If we stop other countries from getting the means to pay us for our exports, then they simply cannot buy. It may be added that if the Western world chokes off imports from Japan and the underdeveloped countries, the result will be to force them to find markets in the Communist bloc, with consequences far-reaching, but far from agreeable.

On the other hand, there is not the slightest question that we cannot allow abrupt market disruption by a sudden flood of imports of a particular commodity or group of commodities. This is, of course, especially true where the flood shows signs of being merely temporary. But even if it appears that, in the long run, the Canadian industry concerned cannot compete, even with a reasonable degree of protection, we still cannot allow it to disappear overnight. The dislocations involved must be spread over a reasonable time, so that proper provision can be made for alternative employment, or income, for those displaced.

The Congress understands that this problem is now under study by GATT and the ILO, with a view to effective international measures to deal with it. The Congress, with the AFL-CIO, is suggesting that GATT might establish either an annual review procedure or a specific complaint procedure to deal with market disruption. Under the first, each member nation would be required to report what had been done in the preceding twelve months to improve wages and working conditions in industries in which tariff concessions had been granted by importing countries and in which imports had increased. These reports could then be reviewed by all interested parties and discussed during the regular GATT sessions, or at international conferences of the interested parties. Under the complaint procedure, where a union or a firm in a particular country believed it was faced by unfair competition based on unfair labour standards in the exporting country, it could

ask its Government to take the complaint directly to GATT. There the exporting and importing countries concerned could confront each other. GATT, with the help of the ILO, might work out an agreement, perhaps involving temporary voluntary quotas by the exporting country, or a temporary export tax, or measures to improve wages and working conditions in the exporting country.

The Congress hopes that the GATT study will be pushed forward as fast as possible, and will lead to a prompt and satisfactory solution. Meanwhile, of course, we have some domestic stop-gap defences which the Congress hopes will be used, with vigour, but also with prudence.

IMPORTS MAINLY AMERICAN

It must be emphasized that market disruption, or import competition generally, does not come simply from low-wage countries (which, incidentally, are not necessarily low-cost countries, since their productivity is often abysmally lower than ours). On the contrary, much of our most serious import competition comes from the highest-wage country in the world, the United States. American competition is formidable not because the Americans are sweating their labour, nor because we are overpaying ours, nor because American workers are industrious and energetic while Canadian workers are slow and lazy. The Gordon Commission's Report and studies disposed pretty thoroughly of any fables of that sort. American competition is formidable because American industries operate on a large scale, and so can secure the maximum economies of mass production, while most Canadian secondary industries operate on a relatively small scale, and so cannot secure those economies.

There are, of course, some Canadian secondary industries for which the Canadian market is large enough to make possible the maximum economies of mass production; large enough to give them just as long runs of a particular product as their American or other external competitors. There are also some Canadian secondary industries which have free or preferred access to external markets which, added to their Canadian market, give them just as long runs as their competitors. But, even in these, there may be difficulties, because there may be so many individual firms that no one firm can get long enough runs; each one has to operate on too small a scale to get the maximum economies of mass production.

The Congress suggests, therefore, that, for such industries, the Government should give careful consideration to deliberate encouragement of rationalization: organization of the industry into units large enough to get the maximum economies of mass production. The country cannot afford the luxury of wasteful cut-throat competition in such industries. Still less can it afford to subsidize them, either directly out of public funds, or indirectly, out of the consumer's pocket, by higher tariffs.

"SELECTIVE FREE TRADE?"

The Congress suggests also that there may be Canadian secondary industries which could compete against all comers if they could reach agreement with their counterparts in the United States (or other countries) to assign the production of certain products for a joint open market to one country or the other. This is the situation which now prevails in the agricultural implement industry, where the whole North American market (north of the Rio Grande) is open to firms in both countries, but where, in fact, Canadian firms specialize in some lines while American firms specialize in others. This is an example of Dr. Hugh Keenleyside's "selective free trade". The Congress thinks the idea is worth exploring, and suggests that the Government might

take the initiative in the matter. Obviously, nothing can come of such explorations unless the American industries concerned, and the American Government, are prepared to make reciprocal concessions. But conceivably they might be.

Efficient secondary industries in Canada might also be helped by tax and capital cost concessions. But they would have to prove that their difficulties arose from the limited size of the Canadian market, and not from technological backwardness, inefficient management, or the fragmentation of the Canadian industry into uneconomic units.

REGIONAL AND LOCAL UNEMPLOYMENT

The most acute and persistent case of regional unemployment in Canada is, of course, the Atlantic provinces. The Congress proposals for dealing with regional unemployment will therefore concentrate on this region. The general principles will apply equally well to others.

The first general principle that can be laid down is that this region does not want a dole. It wants to be able to earn a decent living on the same basis, and roughly the same level, as the rest of the country. It does not want to go on relief. It wants full employment at a standard of living roughly equal to the national average.

This does not rule out subsidies, or tariff protection for Atlantic industries. Industries in other parts of the country already get subsidies or protection, or both, and often could not exist without them; and the Congress has just proposed further measures to help secondary industries situated mainly in central Canada. But, in the Atlantic provinces and elsewhere, the subsidies or the protection should be based on some coherent principle, and on ascertained facts about each industry's need and its prospects of survival with the moderate degree of subsidy or protection which is all the taxpayer will put up with. The fact that a particular industry, in this region or elsewhere, is in distress does not automatically entitle it to any help it asks for. Bolstering up dying industries, or industries ill adapted to the region, is very poor policy. The proper policy is to help industries which are reasonably well adapted to the region and have a reasonable prospect of making a go of it; and the help should be of the kind which will direct their efforts in the most economic direction.

That is the second principle.

Third, the help should be primarily directed towards developing the resources of the region, not towards trying to give it industries based on resources elsewhere. There may be exceptions, but, in general, the region is too far away from external resources to make it anything like economic to try to build up, for example, an aluminum smelting and refining industry based on British Guiana bauxite.

Fourth, the aim of a full employment policy for this region should not be "population at any price". It should not be simply work for as many people as possible, regardless of what they get for it. We do not want to make this region a large slum, with people working on sub-standard wages or under sub-standard conditions. The aim should be full employment for as large a labour force as can be absorbed at standard wages. This may mean accepting, not a smaller population than the present one, but a smaller population than the region might have if the aim were simply population, at any price.

Fifth, there is more at stake here than simply economic considerations. On pure economic grounds, Canada itself ought not to exist. We pay something for its existence. On pure economic grounds, some of the industries and people of the Atlantic provinces, perhaps a good many, ought perhaps to move out. But, just as Confederation was intended to preserve British North America, so it was intended to preserve the historic communities which made up, and still make up, British North America. It was not intended to fling Quebec, Nova

Scotia, New Brunswick, Prince Edward Island or Newfoundland into a melting pot (nor Ontario either, but there is no danger of that). It was intended to give them a chance to develop their own lives in the context of the wider life of the nation. We must not, and cannot, disregard the economic: there is a limit to the price the taxpayer can be persuaded to pay. But we must not, and cannot, disregard the non-economic either. We must try to promote as much diversification of industry in this region as we can without paying an exorbitant price for it.

Sixth, the resources of the region mean not physical resources, but economic resources. Coal in the ground is not necessarily an economic resource. It may be too costly to mine, or too costly to transport to the main markets, or both. Of course what is not an economic resource today may be one tomorrow, because of some new invention or discovery; and what is an economic resource today may not be one tomorrow, for the same reason. So any policy will have to be flexible, and will have to include provision for research into ways of making un-economic physical resources of any size into economic resources.

In the light of these principles, what can we do?

The Congress is convinced that the solution to the problem must be sought mainly along five lines.

CAPITAL PROJECTS COMMISSION

First, the Gordon Commission's policy of "considerable expenditures of capital on basic public facilities designed to encourage development of the resources of the region. These would include, but should not be limited to, the provision or reconstruction of adequate power and co-ordinated transportation services." The Commission found that this development "would seem to be beyond the financial competence of the provincial governments concerned." It accordingly recommended that the national Government should provide a "substantial sum for capital projects in the Atlantic area to be spread over a relatively short period of years", to "strengthen the basic economic structure of the area as a whole". It also recommended a Capital Projects Commission, to prepare a co-ordinated plan, with a list of priorities, and to supervise the expenditure of the national grants.

This has not been done. The Congress thinks it should be. True, the present Government has helped establish the Beechwood power development, the Maritime power grid, and other projects of the kind contemplated by the Gordon Commission. This is excellent, as far as it goes. But it does not go far enough. There is still, as far as the Congress knows, no co-ordinated plan, no clearly thought out scale of priorities, no single authority charged with the specific task of supervising the carrying out of projects under such a plan.

This central development planning is, the Congress thinks, essential. It will help to give the Atlantic provinces the solid economic base which is indispensable to the success of the other measures which are needed. It will help the four provinces to help themselves, to stand on their own feet, to face the tough economic struggle of the decade which is just opening.

But it would not by any means do the whole job of solving the Atlantic region's special unemployment problem. Expenditures on the capital projects would provide employment, both directly and indirectly, while they were in progress, but no longer. The basic resource industries whose development they would help, would provide permanent, and no doubt growing, employment, but only a limited amount. For these industries (power, pulp and paper, base metals, etc.) are highly capital-intensive. They use a great deal of capital and relatively little manpower. And they tend to become more and more capital-intensive. As a recent excellent study by the Atlantic Provinces' Economic Council has shown, the Atlantic industries with the best record of growth, and the best

prospects of growth, are generally highly mechanized, and likely to get more so; high-productivity industries, in which even a large increase in production will probably mean only a small increase in employment. They still form the main basis for a sound, self-sustaining, viable Atlantic economy. But they most certainly will not provide employment, directly or indirectly, for the whole natural increase in the Atlantic labour force.

There are two special cases among the resource industries.

The first is Nova Scotia coal. Here the fact must be faced that no conceivable policy that has a chance of being adopted, or deserves to be adopted, can produce any substantial increase in employment. Judge Rand's recent report makes a series of proposals which, the Congress thinks, deserve the most serious consideration. But even if all his proposals, or any others that are feasible, are adopted, we shall be very lucky if employment in this industry gets no smaller than it is now. One of the main problems of the Atlantic region is, and will continue to be, to find work for ex-miners and for those who, in the hey-day of coal, would have been miners.

The second special case is the tourist industry. This is one Atlantic resource industry which is capable of very great development, and which is not capital-intensive but labour-intensive. True, it requires a good deal of public capital for its "infrastructure", in the form of roads, parks, campsites and so forth. But the industry itself uses relatively little capital, and a relatively high proportion of labour. It is not, and for the most part cannot become, highly mechanized. With the immense natural attractions of the Atlantic provinces, their relative accessibility to the great centres of population in the northeastern States, the continuous growth of affluent leisure all over the continent, and the consequent continuous increase in demand for recreational facilities and services, here is an industry natural to these provinces which can provide a very considerable amount of extra employment if we make the necessary initial public investment. It need hardly be pointed out that this fits in admirably with the general policy of promoting growth in the public sector which the Congress has been advocating.

A second means of dealing with the Atlantic region's special unemployment problem is transportation policy. The Royal Commission now sitting has heard an immense amount of evidence on the disadvantages under which these provinces labour because of their distance from the main Canadian markets. Presumably it will recommend whatever changes it thinks necessary to give Atlantic businesses the transportation facilities and transportation rates which are economically justified. Presumably also it will recommend any subsidies to either the facilities or the rates which, though not justified in cold, economic terms, are nevertheless, in the Commission's opinion, necessary in the public interest. Certainly the Atlantic provinces, like the rest of the country, are entitled at least to the former, the facilities and rates which are economically proper. There is no reason under the sun why other regions should receive hidden subsidies at the Atlantic region's expense. In the light of history, the region is also entitled to something extra, within reasonable limits. Clearly, the national Treasury cannot be expected to subsidize transportation for any and every Atlantic industry which finds itself hard up; clearly the general taxpayer will stand for only so much, and will insist that any industries he helps shall be reasonably efficient. He should also insist that they meet reasonable labour standards.

Just how much extra employment a coherent, rational, humane transportation policy would provide in the Atlantic provinces no one can say. But there can be no question that transportation policy can be a powerful instrument for dealing with the economic troubles of the Atlantic region. On the other hand, it cannot be a magic wand. The Atlantic provinces are a long way

from the main centres of population and industry in Canada. (The New England market is, of course, close; but it is also, unfortunately, largely closed, by the American tariff.) Carrying goods a thousand miles or so costs money. With the best transportation policy man can devise, it will still cost money. This is an inescapable handicap Atlantic industry faces. It is more serious for some industries than for others, but it exists for all. It can be reduced. But it cannot be removed.

A third method of helping to provide employment in this region is to channel Government purchases there whenever it can be done without loss to the taxpayer. The Government of Canada cannot be expected to "Buy Atlantic" regardless of price or quality, and certainly ought not to "Buy Atlantic" regardless of fair labour standards. But it can reasonably be expected to "Buy Depressed Areas", Atlantic or otherwise, whenever price, quality and labour standards are equal.

It has sometimes been suggested that provincial Governments and municipalities in the Atlantic provinces should "Buy Atlantic" regardless of price or quality, at any rate up to a differential of, say, 15 per cent. Of this suggestion, all that need be said is (a) that, if the taxpayers of those provinces and municipalities choose to subsidize local industries, they can do so, and the local industries in question will undoubtedly benefit; (b) that the taxpayers in question will have to pay more taxes, which they will refuse to do beyond a certain point (and the poorer the community, the nearer the point); and (c) that this will leave them with less money to spend on other things, which will cut down the local market for those other things. In fact, whenever its merits (and they are highly dubious, to say the least), this policy can only operate within very narrow limits. No provincial Treasurer, and no Mayor, will deliberately spend much more for any goods than he has to; and if he tries, the electors will see to it that he is not Treasurer or Mayor for long. The Atlantic provinces and their municipalities, the poorest provinces and municipalities in the country, are the last that can afford to squander their taxpayers' money in this fashion.

LOCATION OF INDUSTRY

Fourth, there is location-of-industry policy. Left to itself, industry will put its plant where it expects to make the most profit. This may involve the creation of a whole new town, with large public expenditures for streets, lighting, water, sanitation, schools, hospitals, libraries, parks, etc., large private (and perhaps public also) expenditures for new housing, large private expenditures for new shops, considerable private expenditures by workers who move in to take the new jobs. To the company which has decided to put the plant in this particular place, all this is a matter of no account, except to the extent that the company has to pay its share of taxes. The bulk of the public expenditures, and of many of the private expenditures also is paid for by other people. There is an immense new, social cost, but hardly any of it is paid by the company.

On the other hand, somewhere else in the country, there may be an old town which already has the streets, the lighting, the water, the sanitation, the schools, the hospitals, the libraries, the parks, the housing, the shops, and the available labour, all just crying out to be used because the local industry is dead or dying. The new industry, left to itself, may find it more profitable to go to the new town; but the nation as a whole may be losing heavily by having to scrap one whole complex of social capital and social services and build a new lot, and either move the workers from the old town to the new or else maintain them in idleness in the old. The public loss (which,

in this sense, includes the loss of the private home-owners and shopkeepers in the old town) may be greater than the private profit. Where it is, it would be worth while, on a sheer dollars-and-cents basis, for the public authorities to offer the private firm a financial inducement large enough to get it to put its new plant in the old town.

Sometimes, of course, the thing would be impossible: the new industry might have to put its plant close to raw materials or power which simply were not available anywhere near the old town. Sometimes the cost of getting a new industry to an old town would be prohibitive. But sometimes the thing can be done, and will save the nation money; and when it can be done, it should be done. The recent Budget made a small, hesitant move in this direction, in the form of double depreciation for one year for new industries in depressed areas. Much more has been done, in some other countries, on a much larger scale, for many years, and is being done now. Much more can and should be done here.

In the next few pages we give you the results of some studies we have been making of the policy in this regard practised in the United Kingdom, Belgium, Western Germany and Sweden. Our studies, may I say, are continuing and we will probably have information regarding a number of other nations before we are through.

UNITED KINGDOM

In Great Britain efforts to cope with this kind of unemployment date back to the 1930's. In 1934 a Special Areas Development and Improvement Act was passed to deal with areas where there was particularly heavy unemployment. In 1937, the Barlow Commission on the Distribution of the Industrial Population reported that the existing distribution of industry was one of the causes of localized unemployment, and that the problems thus engendered were national in character and a national policy was needed if they were to be solved.

In 1944 the Government adopted a white paper on "Employment Policy". In 1945 under the Labour Government, Parliament passed a Distribution of Industry Act based in large part on the 1944 White Paper and the Barlow Report. The Act established "development areas", and the Board of Trade was empowered to acquire land, erect buildings, make loans to trading or industrial estate companies, and to make grants or loans toward the cost of improving local services. This was followed by the Town and Country Planning Act of 1947 which was designed to discourage the growth of industry in certain areas of heavy concentration and to encourage the expansion of industry in the development areas. Among other things, this Act provided that without an industrial development certificate issued by the Board of Trade, no industrial building of more than 5,000 square feet could be erected. The Board of Trade could deny a certificate to a firm planning to locate or expand in a congested area although it could not compel firms to go to the development areas. A special committee, the Development Areas Treasury Advisory Committee, was established to assist the Treasury in making grants or loans to enterprises in the development areas. This power could be exercised when it was felt that the project "had reasonable prospects of commercial success, with the loan or grant, and that the applicant was unable to obtain the necessary finance or the requisite terms from other sources."

In 1958 Parliament passed the Distribution of Industry (Industrial Finance) Act, to permit the Treasury, subject to certain conditions, to provide loans or annual grants to any sound project that was likely to reduce unemployment in an area where unemployment was high and persistent. The Board of Trade had to be satisfied that the loan or grant would lead to a

reduction of unemployment in the area and that the Treasury was satisfied that the undertaking was likely to be ultimately successful without further financial assistance. A list of such areas was compiled, the criteria being that these places showed a rate of unemployment over a period of time of 4% or more, excluding temporary unemployment. Threatened unemployment could not be taken to account. The Act was not sufficiently effective and was replaced by the Local Employment Act which became effective April 1, 1960.

Fundamentally, the latest Act continues the previous policy, that aid is to be available to "any locality in Great Britain in which, in the opinion of the Board of Trade, a high rate of unemployment exists or is imminent or is likely to persist (whether seasonally or generally)." The establishment of specific criteria to determine which areas meet this general requirement is left to the Board of Trade. Aid to areas of high unemployment consist of construction of industrial centres on land acquired by purchase, agreement or condemnation; loans and grants to private companies to induce them to locate in such areas, improvement of basic community services; and the acquisition and improvement of abandoned, unsightly, or neglected land to provide for industrial use or generally improve the neighbourhood.

Financial assistance usually ranges from 50 to 100 per cent of the required investment capital. Where factories owned by the Board of Trade are rented to would-be employers, the rental itself is subject to negotiation by a government official. Loans are repayable over a period of years but typically run between 10 and 20 years. To be eligible for financial assistance the establishment must be willing to locate in an area designated for assistance and convince the Treasury that it has a reasonable chance of success and will eventually be able to continue profitably without Government assistance.

The requirement of a certificate under the Town and Country Planning Act of 1947 was carried forward into the new Local Employment Act. The latter requires the Board of Trade to decide whether to grant a certificate on the basis of "the need for providing employment in localities of high unemployment."

It has been stated that "the British Government has done more to influence the location of industrial plants—at least since the end of World War II—than other governments in the free world." Thus, although assistance has been provided for workers willing to move to the job, the stress has been on bringing the job to the worker. One criticism which has been made of the British measures is that they have failed to provide for an organized effort to retrain workers in order to increase their occupational mobility. The location of industry in development areas, it has been suggested, might have been easier in the first instance if new establishments had been able to start with a nucleus of trained workers. The availability of trained workers might also be a greater inducement for industries to locate in the development areas.

BELGIUM

In Belgium, as in Great Britain, the emphasis is on assisting labour surplus areas by financial and other means. The present program is based on the Regional Development Law of July 18, 1959.

In order to be eligible for assistance under the Law, an area must satisfy at least one of the following criteria: (1) that there is a significant amount of permanent unemployment both absolutely and relatively as a percentage of the labour force; (2) that there has been a significant emigration from the area bringing its population below the minimum required for economic progress; (3) that a substantial proportion of the labour force is required to

commute to work under unfavourable circumstances, whether such commuting is seasonal, weekly or daily; and (4) that there is an actual or threatened loss of major economic activities resulting in a material decrease in the area's income. The Law also specifies that the combined population in the development areas cannot exceed 15 per cent of the total national population at a given time. The Government reserves the right to select for assistance only those areas which in its opinion suffer the worst economic and social difficulties.

Assistance may take the following forms: construction of business centres by the Government; loans under advantageous conditions; guarantees of loans; grants; and tax incentives to private companies which apply within three years after an area has been declared a development region. Two departments of Government are responsible for the purchase and/or construction of industrial centres. Development corporations may be formed with shares owned by local, provincial and national governments as well as by private interests, but the local government must own at least half of the shares held by these governments combined.

Low interest loans may be obtained from specified banks which are subsidized by the Government in amounts equal to the difference of the actual rates charged and the going rate as determined by the Government. As little as one per cent may be charged on such loans. There is no limit on the amount of the loan itself. The Government may also guarantee the repayment of capital, interest, and other expenses of such loans, subject to a maximum loan amount.

Grants may generally not exceed 20 per cent of the cost of real estate and 7.5% of the cost of equipment, but these figures are subject to increase under special conditions, to 30 and 10 per cent respectively. Here again there is a maximum figure on any single grant. Enterprises which have received loans or grants for the purchase or construction of plants are exempt from real estate tax for five years and the grants themselves are exempt from income tax. The amount of the grant, however, must be deducted from the total investment cost for amortization purposes. Tax concessions may also be granted to businesses which do not receive government loans or grants but which otherwise carry out the purposes described in the Act.

WEST GERMANY

In Germany the Government has since 1951 provided assistance to labour surplus areas. These are known as "development areas". These general criteria were applied: (1) 25 per cent or more of the wage and salary earners in an area of at least 100,000 inhabitants must have been unemployed on five key days; (2) in an area comprising at least a county, 80 or more persons (for whom there were no other employment possibilities) must have been employed in agriculture for every 100,000 marks (approximately \$25,000) of agricultural investment; or (3) in an area comprising at least a county, at least 30 per cent of the agricultural investment must have been destroyed as a result of the war. These criteria were established in 1951 and in 1953 the unemployment requirements were reduced to 19 per cent, and areas with a combination of only 17 per cent unemployed and 60 agricultural workers for each 100,000 marks of agricultural investment were made eligible for assistance.

It should be noted that there is no permanent legislation in Germany which provides for assistance to labour surplus areas. The assistance programme requires the annual approval of the German Parliament at the time that the funds for it are appropriated.

The following types of assistance were available in 1959:

(1) Loans for industrial and handicraft enterprises at 5 per cent for 15-year periods. Special 15-year loans at 3½ per cent were available for new enterprises which expected to create at least one permanent job for a local person for every 10,000 marks credit extended to them.

(2) Loans for tourist enterprises at 4 per cent for 15-year periods, on condition that the number of tourist beds would be increased. Hotels and guest houses could also receive subsidies which had the effect of reducing interest rates by 3 percentage points for three years (5 per cent in exceptional cases) for new construction or modernization of outmoded lodging facilities.

(3) Loans and grants for public, private and non-profit organizations established to improve general economic conditions in an area. Such organizations could receive 20-year loans at two per cent, as well as grants. No limit was set on the amount of individual grants, but the aggregate value of the grants could not exceed 50 per cent of the total amount set aside for the promotion of general economic conditions.

(4) Twenty-year loans at 2 per cent to local communities for the improvement of public facilities such as roads, electricity and water. Even more favourable conditions were available for street construction (25-year loans at two per cent). Local communities also received grants out of federal funds for this type of activity.

(5) Five-year loans at two per cent for agricultural projects such as rural electrification, irrigation, better drainage and the improvement and cultivation of fallow land. While loans were available to public agencies or private organizations, they could be made to individual agricultural enterprises only if this was thought desirable for the general improvement of the community. Grants were also made available to public and private non-profit organizations.

(6) Twenty-year two per cent loans for vocational training to local governments, chambers of commerce and agriculture and other such institutions. Grants were also available. Individual enterprises wishing to initiate or expand vocational training were also eligible for loans under conditions applying to industrial and handicraft enterprises.

The policy regarding labour surplus areas is determined by the Federal Government. The administration of the policy is left to the States which operate under Federal supervision. The Federal Government encourages the States and local governments to add funds to those appropriated nationally but does not make this mandatory.

SWEDEN

Sweden has no program to assist specifically designated labour surplus areas. Its measures are directed to help any area at any time. In broad terms, unemployment is dealt with by: (1) assisting unemployed workers to move where work is available; (2) encouraging the location of new business in an area where it will give work; (3) public works.

The kind and scope of measures to be used in an area are determined by the Royal Labour Market Board. The Executive Council of the Board consists of two representatives from organized employers, two from the central trade union organization, one from the central white collar workers' organization, one representing agriculture and forestry, and one representing women workers. The Royal Labour Market Board operates a national employment service. It also has the responsibility for stimulating labour mobility, both geographical and occupational and for counteracting rising unemployment by putting into

effect employment-creating measures. There is considerable emphasis on vocational training and retraining and encouragement for enterprises to locate in labour surplus areas.

The Royal Labour Market Board maintains an industrial location and research division to influence location of industrial plants and other enterprises. The Division makes analyses of local conditions which are kept up to date and which contain information on population, manpower, availability of sites, communication facilities, local taxes, etc. Loans are used as an incentive to encourage small and medium-sized businesses to locate in labour surplus areas. The Government provides funds for these loans which are handled by provincial business organizations. The Government lends the money to them at 3½ per cent and they in turn can charge about 5 per cent over a ten-year period.

Location-of-industry policy is manifestly much simpler in a unitary than in a federal state. The United Kingdom Government and Parliament, for example, can do things the Government and Parliament of Canada cannot. The United Kingdom Parliament has unlimited jurisdiction. It can therefore confer on the national Government power to interfere with property and civil rights. Specifically, it can confer power to order an industry to go into one area and stay out of another. The Parliament of Canada, on the other hand, has only limited jurisdiction. It cannot confer on the national Government power to interfere with property and civil rights which, with certain exceptions specified in section 91 of the British North America Act, are exclusively provincial. Specifically, it cannot confer on the national Government power to order an industry to go into one area and stay out of another.

But this does not mean that our national Government is powerless in the matter. It cannot order. But it can induce. It can offer subsidies, or tax concessions, or low-interest loans, or special depreciation rates, to coax an industry to go into one area and stay out of another.

In short, the British Government can use both the carrot and the stick. Our national Government cannot use the stick, but it can use the carrot. But the carrot should be enough to get results. Inducements should be great enough to produce results.

This location-of-industry policy, it must be emphasized, should apply not only to the Atlantic provinces but to any area of high, chronic unemployment anywhere in the country.

It is important not to overestimate the extra employment which these various proposals would generate. Professor B. S. Keirstead, one of the best economists in Canada, and himself a Maritimer, made an analytical study, in 1948, of Maritime manufacturing industry. His general conclusions are undoubtedly still valid, and apply also to Newfoundland. The first is that, because of the region's disabilities (e.g., distance from the main markets, and lower productivity of labour) manufacturers generally will avoid putting their plants into the Maritime provinces. His second conclusion is that there are three types of industries which will locate, and expand, in the region.

The first is the resource industries, dealt with above.

The second is industries in which the cost of shipping the product is much greater than the cost of shipping the raw materials. These industries enjoy a sort of natural protection, by distance, from central Canada. They will grow only in response to increased local population and its demand for goods. The main industries concerned are foods and beverages.

The third group is industries in which low wages and certain characteristics of the labour force offset the higher cost of shipping and the lower productivity of local labour; industries like textiles, boots and shoes, and candy. The growth of this last group is clearly not one that unions can regard with

much enthusiasm. It will be tolerable only if we can organize them, and raise both wages and productivity. Unluckily, for employment purposes, raising wages and productivity is likely to cut down, or at least limit, employment opportunities in such industries.

These are the basic economic facts of the situation. They can be modified by wise public policies energetically pursued; but they can be modified only within limits, probably relatively narrow limits.

It is sometimes said that what the Atlantic region needs is a planned economy. In one sense, this is true: without public planning, the Atlantic economy will certainly not advance as it should; natural economic forces have already hit it a series of staggering blows, and, left to themselves, would almost certainly repeat the performance many times over. At best, *laissez-faire* would mean slow, spotty, erratic progress for this region.

But no planning, capitalist, socialist, communist or any other kind, can abolish basic economic facts. Any planners will have to face those facts, and plan within the limits which they impose. Any planners will also have to have a clear idea of what they are planning for. In this specific case of the Atlantic provinces, they will have to decide whether to plan for maximum employment, regardless of standard of living, or whether to plan for the maximum employment consistent with a decent standard of living. The trade union movement can scarcely call for, or support, planning of the former kind.

All this adds up to a conclusion which is far from agreeable: that when everything possible has been done, it is most unlikely that the Atlantic region will be able to provide enough jobs to hold its natural increase of population, let alone provide for any net immigration. It never has been able to, even in its palmiest days. With good luck and good management, it should be able to provide a steadily increasing number of jobs, at decent standards. But, almost certainly, it will continue to have a steady net emigration.

ASSISTED MOBILITY OF LABOUR

That means that any realistic planning for employment in the Atlantic region must include provision for assisted mobility of labour. No one will suggest forcing anybody to move. But, where Atlantic workers want to move to other parts of the country, but cannot afford to, they should be helped. This has been done elsewhere, notably in Britain, Belgium, West Germany and Sweden.

In Britain, encouragement is given to unemployed workers to move to where jobs are available. The unemployed worker is asked by the local employment office whether he is willing to move. If so, he is considered for suitable employment for which no unemployed person is available in the new location. The worker receives free transportation for himself and his family as well as a lodging allowance for a maximum of two years if his dependents are unable to join him. Moving expenses are also paid by the Government and an additional £50 is provided towards legal and agent's fees if the worker has to buy or sell a house, plus £10 for incidental expenses.

Because Belgium is divided into two main cultural and linguistic groups, assisted labour mobility is difficult, and, since the country is small, not very necessary. Commuting within regions is possible. There is no official emphasis, therefore, on assisted mobility, although workers who are prepared to take jobs beyond commuting distance may be compensated for travelling and moving expenses by the government.

West Germany makes loans or grants, to encourage mobility, to all unemployed workers, and to employed workers who have been given notice of dismissal or who, for special reasons, are indeed of another job. Subject to a means test, a worker and his family may receive travel expenses, including

a per diem allowance, transportation of household goods, a family separation allowance, a subsistence allowance to help the worker until he gets his first pay on his new job. The local employment office in the area from which the worker comes determines his employment.

In Sweden, the Royal Labour Market Board has the responsibility for stimulating labour mobility, both geographical and occupational. Since it is felt that relocation of workers is the cheapest and most effective way of dealing with structural unemployment, the Swedish worker who moves from one community to another to get a job is entitled to interest-free loans or grants for himself and his family without a means test. He is entitled to a daily travel allowance for himself and his dependents. If living accommodation cannot be found near the new job, a family allowance is available and may be paid for six months or even a year in exceptional cases to cover rent, with a living allowance for the spouse and each child under 16. There is also a lump sum starting allowance for relocated workers. Where workers move to an area where there is a shortage of housing, the government puts up prefabricated houses for temporary accommodation and makes available funds for mortgage loans. When proper housing is available, the prefabricated houses are dismantled for use elsewhere as required.

We are already providing for assisted labour mobility in Canada, but not as energetically as we should be. The results have sometimes been discouraging. This is not surprising. We may find again, as we have found before, and as Britain has found, that even from ghost towns, and even with ample help from public funds, people are most reluctant to move. But that is no argument for refusing to help them move if they want to; rather the opposite.

This point applies also, of course, to all areas of chronic heavy unemployment. Workers from such areas will be more useful both to themselves and to their country in places where they can produce more and earn more.

The necessity for assisted mobility of labour is much greater in a huge, bi-cultural country like Canada than in small, uni-cultural countries like Britain and Sweden. It does not cost much to move from Birmingham to London. It costs a lot to move from Glace Bay to Edmonton. When a worker does move from Birmingham to London, he moves to a place where the language is at least approximately the same, and where the legal and educational systems are almost exactly the same. When a worker moves from Three Rivers to Calgary, he moves to a place where the language is wholly different, and the legal and educational systems enormously so.

The proposals here sketched out for Atlantic full employment must, of course, be considered in the framework of the Congress' policy for national full employment. Unless we get national full employment, there is precious little hope of Atlantic full employment. If there are not enough jobs to go round nationally, there will be even fewer jobs to go round in the Atlantic provinces. Training and re-training of workers will be especially important for the Atlantic provinces; but they will be no more use there than anywhere else if there are no jobs for the trained and re-trained to go to. And it will be no use helping workers to move from the Atlantic provinces, or any other area of chronic heavy unemployment, to other parts of the country if there are no jobs for them to move to.

LOCAL POCKETS OF CHRONIC UNEMPLOYMENT

On measures for dealing with local pockets of chronic unemployment, you have before you, or soon will have, a special study by Professor Judek, of the University of Ottawa. The Congress understands that Professor Judek has identified eighteen such pockets (mostly, as might be expected, in the Atlantic provinces and Quebec), has analyzed the reasons for the situation

in each case, and has suggested a series of measures for dealing with them. Knowing that this study was being undertaken, the Congress did not attempt an analysis of its own, and is not, therefore, prepared to make detailed recommendations. It will, however, be greatly surprised if Professor Judek's analysis and prescriptions are very different from the conclusions to which its own officers, officials and members have been driven by their own experience and such partial and preliminary studies as they have been able to make.

The Congress is confident that any careful analysis will disclose that local pockets of heavy and persistent unemployment come from a variety of causes, alike only in being all beyond the control of the local communities: resource depletion, technological change, undue dependence on a single industry, or on highly seasonal industries. General policies for dealing with seasonal and structural unemployment will no doubt go some way towards solving the particular problems of these special areas. But the Congress is convinced that something more is required, if only because of the strong local and regional patriotism in this country, and because most of the local labour market areas affected are in Quebec and the Atlantic provinces, where regional and local loyalties are perhaps stronger than anywhere else in the country, and where there is often a strong sense of grievance, of having been neglected by the national Government or left behind by the march of progress. In the absence of special measures, the local pockets of unemployment might well continue to exist, festering sores, even after the country as a whole was enjoying full employment and abounding prosperity.

This problem is beyond solution even by the joint efforts of the local communities and the provinces, important, indeed essential, as local and provincial co-operation will be. The national Government will have to help, with advice, with technical assistance, with money. Some national Government organism will have to be charged with the duty of deciding which local labour markets are in fact suffering from chronic unemployment, and with continuous study of the causes and possible remedies in each such area. Such an organism should have at its disposal a substantial amount of money, to supplement local and provincial funds for improving the public facilities and services in the special areas. There should be special emphasis on training and re-training of workers in these areas, to fit them for such new industries as might come in, or to fit them for the new jobs available elsewhere. The national Government might subsidize low-interest loans to local development organizations to construct factories or provide industrial sites.

A variety of other suggestions may well emerge from Professor Judek's study or from other evidence submitted to you. The Congress does not profess to have a complete blueprint for getting rid of local pockets of chronic unemployment. Probably no one has. Perhaps this Committee will produce one, or at any rate make recommendations which will produce one. For the moment, the Congress contents itself with emphasizing the importance of the problem, the urgency of working out a well-considered, comprehensive, national-provincial-local plan for its solution, and the imperative necessity for putting such plan into effect without delay.

FRICITIONAL UNEMPLOYMENT

In any free society, there is bound to be an irreducible minimum of frictional unemployment. It does not follow that in Canada, at this moment, we have got down to that minimum, and that all the rest of our present unemployment comes from other causes. On the contrary, you have already had evidence that suggests that, even if we got back to where there were enough jobs to go round, our frictional unemployment might still be well above the irreducible minimum.

EDUCATION AND TRAINING

You will recall, in Mr. Denton's evidence, at p. 30 of your report of proceedings, on the much heavier incidence of unemployment among people who had never finished primary school: more than twice the average rate in the week of February 20, 1960. Of course this does not mean that all we have to do is give everybody a high school (or better) education, and unemployment will drop to the level it showed for those who had finished high school, a third of the average rate for that week. But it does suggest giving people all the education they can take might help matters, especially as accelerating technological change is likely to shrink the demand for the least educated and expand the demand for the more educated.

It is also not without significance that unemployment is heaviest among young people. DBS supplementary Labour Force tables (not included in the published monthly report, but available on request) show this plainly.

In September 1959, before the down-turn in production began, the average rate of unemployment for men was 3.9 per cent. For the 14-19 age group, it was 11.4, almost three times as high. September is normally the month of lowest or second-lowest unemployment in the year. November is, of course, a worse month. In November 1959, the average rate of unemployment for men was 5.9 per cent. For the 14-19 age group, it was 13.1, over twice as high.

In September 1960, the average rate of unemployment for men was 5.6 per cent. For the 14-19 age group, it was 12.0, or over twice as high. In November 1960, the average was 7.6; for the 14-19 age group, it was 16.3, again over twice as high.

For men, the group with the next heaviest unemployment was the 20-24 group. In September 1959, the rate for these people was a third higher than the average, in November half as high as the average. In September 1960, unemployment in the 20-24 age group was about two-fifths higher than the average; in November 1960, more than two-fifths higher than the average.

For all other age groups of men, in September 1959 and 1960, and November 1959 and 1960, the unemployment rate was consistently lower than the average.

For women, the figures are not available in such detail, so the picture does not emerge quite so clearly. But in September 1959, the unemployment rate for the 14-19 age group was 6.5, against a general average of 2.5, in September 1960, the corresponding figures were 9.3 and 3.5. For November 1959, the rate for the 14-19 age group was 6.2, against the general average of 2.8; for November 1960, the corresponding figures were 9.3 and 3.9.

It seems very clear that unemployment at present is hitting hardest not the older worker, or even the middle group, but the young workers. This by itself is enough to suggest that more and better education, more diversified education, more training, for young entrants to the labour force, are all imperative.

The newly published figures on unemployment by occupations (DBS Labour Force, December 1960) also suggest the necessity for more education and training. In the first quarter of 1960, "labourers" (labourers and unskilled workers in all industries except agriculture, fishing, logging and mining) made up 21 per cent of the total unemployed; in the second quarter, 19 per cent; in the third quarter, 18 per cent, and in the fourth quarter, 19 per cent. For the whole year, they made up 19 per cent of the unemployed. In every quarter, also, the percentage of the whole number of labourers unemployed was higher than for any other group. In the first quarter 29.7 per cent of all labourers were unemployed; in the second quarter, 19.3; in the third

quarter, 13.5; in the fourth quarter, 19.8. For the whole year, their average rate was 20.5.

These figures by themselves are arresting. But comparison with the average rate of unemployment for the whole labour force makes them simply staggering. In the first quarter, the rate of unemployment among labourers was, as just noted, 29.7; the average for the whole labour force was 9.4. Unemployment was over three times as heavy among labourers as for the labour force generally. In the second quarter, the comparison is not quite as bad: 19.3 against 6.7: unemployment among labourers not quite three times as heavy as for the labour force generally. In the third quarter, the corresponding figures were 13.5 and 5.1: unemployment among labourers only about two-and-a-half times as heavy as for the labour force generally. In the fourth quarter, the rate for labourers was 19.8 per cent, and the general average 6.8: unemployment among labourers was just short of three times as heavy as for the whole labour force. For the whole year, the labourers' rate was 20.5, and the general average rate 7.0, so that, again, the labourer's rate was just short of three times the general rate.

Comparison with the rates for some other groups of occupations is also revealing. The group with the second highest rate, in every quarter, was, as might have been expected, construction workers (skilled and semi-skilled). In the first quarter, their rate was 28.1, only slightly lower than the labourers' rate, and almost exactly three times the general average. In the second quarter, the construction workers' rate was 16.9, rather farther below the labourers' rate, but still over two-and-a-half times the general average. In the third quarter, the construction workers' rate dropped to 9.7 per cent, well below the labourers' rate, but still only a trifle less than twice the general rate. In the fourth quarter, the construction workers' rate was 16.0, still appreciably below the labourers' rate, but about two-and-a-third times the general rate. For the whole year, the construction workers' rate was 17.6, two-and-a-half times the general rate.

The transportation group of occupations was the only other which showed unemployment rates consistently above the general average. In the first quarter, its rate was 14.5, which, though only a little over half the labourers' or construction workers' rates, was still well over half as high again as the general rate. In the second quarter, with a rate of 9.1, this group had unemployment less than half as heavy as the labourers, but well over a third higher than the general average. In the third quarter, the transportation occupations' rate came down to 6.0, still less than half the labourers' rate, but not much above the general rate of 5.1. In the fourth quarter, the transportation occupations' rate was 9.1; again less than half the labourers' rate, but about a third higher than the general rate.

"Primary" occupations (agricultural, fishing, trapping, logging and mining) showed a rate slightly above the general average in the first quarter, the same as the general average in the second, markedly below it (3.1 against 5.1) in the third, and only a little below it in the fourth. For the year as a whole, unemployment in this group of occupations was 6.6 per cent, against a general average of 7.0.

Manufacturing and mechanical occupations had, except in the third quarter, an unemployment rate below the average, though usually not much. For the whole year, their rate averaged 6.6 per cent, against the general average of 7.0.

The service occupations had, in every quarter, an unemployment rate below the average: in the first quarter nearly a third below, in the second quarter about a quarter below the average, in the third quarter about one-seventh below the average, and in the fourth quarter about one-tenth below

the average. For the whole year, their rate was about a fifth below the general average rate.

Office and professional occupations, as might be expected, had consistently the lowest rate: their average rate for the year was 2.4 per cent, and it varied little from quarter to quarter. For the whole year, it was only about a third of the general average rate. In the first quarter, it was less than a third of the general average rate; in the second quarter, a little over a third of the general average rate; in the third quarter, about two-fifths of the general average rate; in the fourth quarter, a little over a third of the average rate.

It is a pity that the DBS figures cannot be broken down for finer occupational groupings. But, with the present data, this is not possible. The Congress understands that, with the more elaborate information which will come out of the 1961 Census, it may be possible to get a much more detailed set of figures. This would be helpful, as the present classifications are so broad and inclusive that the figures under them may often conceal important differences in the sub-groups.

The Congress is glad to note the attention that is being given to training, and the emphasis that is being laid on plans for extending and improving it. The facts given by the Minister of Labour in his recent speeches on the Technical and Vocational Assistance Bill certainly warrant this attention and emphasis, and all the evidence suggests that the Minister was in no way exaggerating the seriousness of the situation. Whether the Bill goes far enough to produce the required results remains to be seen. Something depends on the extent to which the provinces come into the scheme, and how fast they come in, and how fast they then get to work on the training and re-training job. The Congress contents itself, for the moment with saying two things: (1) that, if it turns out that this Bill does not go far enough, then we shall need a new one that does; (2) that even if the Bill turns out to be all that the Government hopes, it will only help people to fill existing jobs; it will not, in itself, create jobs.

Creating jobs is, at present, the major problem. That is why the Congress, in this submission, has deliberately said relatively little on the question of training, important as that is, and has laid its main emphasis on the problem of getting economic growth up and keeping it up. All sorts of people are emphasizing the need for more and better education and training; everybody, indeed, agrees on this. Not so many are talking about the other, and at the moment, much more critical problem; and there is very far from being unanimous agreement on it, though there is a growing volume of opinion among professional economists and informed business men which agrees with the Congress' view that the big job is to get the economy moving again at something like a satisfactory rate.

NATIONAL EMPLOYMENT SERVICE

Obviously, no measures directed against unemployment can have their full effect unless we have a well organized labour market. For this purpose, the National Employment Service must be brought to the very highest pitch of efficiency.

The Congress does not for a moment suggest that the National Employment Service is not already a fine organization, doing a fine job. But it is convinced that NES could do an even better job. The Congress is, indeed, confident that the NES officials themselves could suggest a variety of perfectly practicable, and urgently necessary, improvements. For instance, the Service could undoubtedly improve the quality of its personnel, which, of course, means (among other things) offering better salaries. It could also benefit from better office facilities in many places. In some places, the NES offices are very good; modern

buildings, with adequate space and facilities, in good neighbourhoods. In other places, they are in very old buildings, with poor facilities, and in poor neighbourhoods. Indeed, this is a very moderate description of some of the offices. This kind of thing does not encourage people, especially young people and technical and professional workers, to use the Service.

Last, but not least, employers, for the most part, do not use the Service as much as they should, so that the NES figures of unfilled vacancies may be a most inadequate index of the actual number of jobs available. The Congress does not suggest that employers should be compelled to fill all vacancies through NES. That would be an unwarranted interference with the freedom of both employers and workers. But it does suggest, most strongly, that employers should be compelled to report all vacancies to NES, so that at least the public, and the Government, may have a better idea of how near or how far we are from having enough jobs to go round. Under the present system, it is quite conceivable that a high figure of total unemployment could mask the fact that what was lacking was not jobs, but the right kind of jobs in the right places; and, as a result, public policy might concentrate on producing a larger total number of jobs, when it ought to be concentrating on location of industry, education, training and re-training, assisted movement of workers. The Congress does not, of course, suggest that this is the present situation. It is unfortunately only too clear that our present unemployment problem goes far beyond anything of the sort. But deficiencies in NES can certainly compound difficulties arising from other factors; and improvements in NES can make an important, indeed indispensable, contribution to the solution of the whole complex of problems.

BUILT-IN DEFENCES AGAINST RECESSION

In its policy statement on unemployment last fall, the Executive Council of the Congress advocated "higher old age security, family allowances and unemployment insurance benefits, to restore these built-in stabilisers to their original strength." The reasons why the Congress feels this is necessary have been admirably stated by Dr. D. E. Armstrong, in the article in *Canadian Business* from which this submission has already quoted:

Have we maintained our defense against recession?

To make a thorough comparison of the anti-recession features which exist in our economy now and those which existed in 1946 would be a long and difficult job. It would be comforting to think that somewhere in this country a well qualified group of statisticians and economists were tackling this problem, but since I know of no such study we shall have to make do with a very hasty examination of a very small part of the overall problem. What we shall do is assume that the bread-winner of a typical family is unemployed and compare the ability of that family to maintain its level of consumption in 1946 and in 1960.

For the purpose of our illustration we shall consider a family of five made up of one old age pensioner, two parents, one of whom earns the current average wage, and two children aged 5 and 13 receiving family allowance cheques.

We shall assume that the liquid reserves of this average family in both 1946 and 1960 were made up exclusively of federal government bonds. The family holdings in both periods we shall assume to be equal to the amount of the bonds in the hands of the general public divided by the labour force.

In 1946 the average wage earner received an income of something over \$32 a week, about \$140 a month. In addition, our typical family received \$40 from the old age pension plan and \$13 (\$5 for the 5-year-old and \$8 for the 13-year-old) in family allowance cheques. Transfer payments therefore amounted to \$53, or just over 27% of the family's total monthly income of \$193.

If the wage earner had lost his job in 1946 he would have received unemployment benefits equal to about \$68 a month. This payment, plus the transfer payments of \$53 would have provided the family with a total income of \$121, a drop in income of 37%. We have assumed that our typical family in 1946 held a quantity of federal government bonds equal to the total bonds outstanding divided by the labor force: in 1946 their holdings would have been worth \$2,200. Let us assume that when the wage earner became unemployed, the family decided to use up its wartime accumulation of government bonds to maintain its level of consumption at \$193 a month. Unemployment insurance payments would have helped fill the gap for a year, but even after these benefits expired the family could have continued to spend money at its normal rate for another ten months. In other words, with the savings we have assumed and with the transfer payments in existence in 1946 our typical family could have maintained its level of consumption for 22 months after the wage earner had lost his job.

How would the typical family fare in 1960 under the same circumstances? The average wage is now about \$325 a month in current dollars. If we use the consumer price index as a deflator, the monthly wage works out to \$198 in terms of 1946 dollars. The old age pension has been increased to \$55, and the total family allowance has risen to \$14 (\$6 for the 5-year-old, and \$8 for the 13-year-old). In terms of current dollars total transfer payments for this family have increased from \$53 to \$69; but in terms of 1946 dollars, their value has dropped from \$53 to only \$42. The total income of the family in 1960 adds up to \$240 (1946 dollars). Transfer payments now comprise only 17½% of the family's total income as compared with 27% in 1946. Should the wage earner lose his job in 1960, he will receive \$156 a month in unemployment benefits, or \$95 in terms of 1946 dollars. The total income of the family while the wage earner is unemployed will add up to \$137 (1946 dollars).

Unemployment in 1960, therefore, means a reduction in real income of 43%, as compared with 37% in 1946.

If we again assume that all federal bonds outstanding are equally distributed among members of the labour force, then our typical family will own bonds valued at about \$1,650. In terms of 1946 dollars, they would be worth about \$1,060. If the family uses its bonds to maintain its level of expenditure at the rate of \$240 (1946 dollars) a month, it could do so for only 10 months. Under the same set of circumstances, the typical family in 1945 could have maintained its pre-unemployment level of consumption for 22 months.

There are all kinds of faults to be found with this comparison: for example, it fails to take into account other assets, or the consumers' debts which have grown considerably since the war. But it does at least demonstrate that some of our defences against recession have been eroded away. It also shows that while the unemployment income of the 1960 family may be a bit higher in real terms than that of the 1946 family, the relative and absolute reduction in living standards that will have to be made in response to unemployment is much greater

now than it was in 1946. The significance of this is that our economy may be subject to a greater amplitude of cyclical swings now than it was in 1946. This proposition is certainly borne out by an examination of the postwar behavior of unemployment or of the index of industrial production. While the example we have given may be greatly over-simplified, it does, I hope, give some ground for questioning the assumption which has been made by some of our political leaders that we have been making our economy more and more depression-proof. During the war and immediate postwar period we certainly did erect new and important defences against recession. But since that time we have given the problem very little thought.

The only comment the Congress wishes to add is that the DBS recently published report on Incomes, Liquid Assets and Indebtedness of Non-farm Families in Canada, 1958, suggests that Dr. Armstrong was perhaps over-optimistic in his estimate of workers' holdings of bonds. Table 18 of that report shows that average liquid assets (bank deposits, Dominion Government bonds, Canada Savings Bonds and other bonds) held by families whose head was an "employee", in the spring of 1959, were \$1,126. Families in the under \$1,000 income class have average holdings of \$98, and 68.7 per cent of such families had no liquid assets at all. For the \$1,000 to \$1,999 class, the corresponding figures were \$626 and 58.2 per cent; for the \$2,000 to \$2,999 class, \$585 and 46.8 per cent; for the \$3,000 to \$3,999 class (roughly, the \$325 a month class), \$541 and 39.7 per cent; for the \$4,000 to \$4,999 class, \$781 and 22.1 per cent; for the \$5,000 to \$6,999 class, \$1,217 and 16.1 per cent. And these holdings include far more than the Dominion bonds which are all Dr. Armstrong was talking about. Figures for bonds, Dominion *and other*, alone are available only for the whole group of non-farm families and unattached individuals. For these, the average holding was \$651. Over 80 per cent of all those with incomes of less than \$4,000 had no bonds at all; and even in the \$4,000 to \$4,999 class, 75.9 per cent had no bonds at all. In the income groups above that level, half to two-thirds had no bonds at all. The average holding for the under \$1,000 class was \$256; for the \$1,000 to \$1,999 class, \$515; for the \$2,000 to \$2,999 class, \$499; for the \$3,000 to \$3,999 class \$403; for the \$4,000 to \$4,999 class, \$397; for the \$5,000 to \$6,999 class, \$552.

The figures for Canada Savings Bonds do not help very much. The average holding, for all non-farm families and unattached individuals, was only \$423. Over 80 per cent of all those with incomes of less than \$4,000 had no Canada Savings Bonds at all; about three-quarters of those in the \$4,000 to \$6,999 classes had no Canada Savings Bonds; and about two-thirds of those in the still higher income classes had none either. For the under \$1,000 class, the average holding was \$201; for the \$1,000 to \$1,999 class, \$363; for the \$2,000 to \$2,999 class, \$349; for the \$3,000 to \$3,999 class, \$318; for the \$4,000 to \$4,999 class, \$294; for the \$5,000 to \$6,999 class, \$346; for the \$7,000 to \$9,999 class, \$611.

Lest it be thought that "people's capitalism" has progressed so far in Canada that the bond holdings might be liberally supplemented by stock holdings, it may be added that the same DBS report shows that over 90 per cent of *all* non-farm families and unattached individuals had no stock holdings at all. For those with incomes of less than \$5,000, the percentage with no stock holdings varied from 93.9 to 97.7. For the \$5,000 to \$6,999 class, the percentage with no stock holdings was still 87.5; and even for the \$7,000 to \$9,999 class, it was 79.1.

To sum up: it is perfectly plain that very few Canadian workers who become unemployed are in a position to keep going for long by blowing in their

investments. If we are counting on that as a defence against recessions or, worse, long-run, chronic lack of economic growth, then we are counting on something that is precious little use.

Re-building our defences against recession would involve higher taxes, so perhaps now, when temporary tax reductions are required, is hardly the moment to start. But we should get at it as soon as we can. It should perhaps be added that the Congress does not suggest that when the time comes, the thing can be done by "soaking the rich". This is not a matter of redistributing income among different income groups, but rather of mutual insurance, in a very broad sense. All of us except the very poorest will have to help pay for the necessary measures.

FARM INCOME

There is one other defence against recession which the Congress believes could be strengthened: the economic position of agriculture. High and steadily rising farm purchasing power, especially in a country like Canada, one of the food-baskets of a hungry world, can make a valuable contribution to full employment for Canadian industrial workers, as well as to the welfare of the farm population itself and the needy peoples of the underdeveloped countries. The Congress is not, of course, suggesting that the Government should encourage uneconomic production, or the accumulation of huge farm surpluses. Indeed, the Congress is not itself proposing any specific measures. It feels that is better left to the farm organizations and agricultural economists. None the less, it is convinced that further sound and realistic measures for raising and stabilizing farm purchasing power can be devised and put into effect, especially in conjunction with a World Food Bank such as the Government has proposed to the United Nations.

TAXATION

The question of paying for the measures necessary to restore our built-in defences against recession brings us to the subject of taxation.

This is a vast, as well as disagreeable, subject, and the Congress has no intention of going into it here at any length. It does, however, feel it necessary to say something about the wildly erroneous notions on this subject which often prevent anything like rational discussion.

Here the Congress desires to make its own the comments of a very distinguished and knowledgeable Canadian, Mr. T. W. Kent, former editor of the *Winnipeg Free Press*, speaking to a Conference in Kingston, last September:

How heavy a tax charge is acceptable? According to the conventional wisdom, as it is spoken though not as it is acted on, the burden we bear is already too heavy. It is ruining us by discouraging work and saving and risk-taking . . .

I cannot believe that the attitude has much life left to it. We have, after all, been living with pretty much present rates of taxation for nearly twenty years. What are the evidences of economic ruin? In fact the unique character of our generation is that technological progress is accelerating as it has never done before. Men are discovering, inventing, pioneering on a scale that makes even the nineteenth century static by comparison. Capital is being invested as it never was before. We are employing our human resources far more fully and effectively. We are expanding and improving our material resources, increasing our productivity, adding to our wealth and welfare, as we never did before. With all its faults, this is a generation of economic success, of advance, not of ruin or stagnation. The wringers-of-hands, the we're-rushing-down-a-primrose-path-to-hell school of journalists, have an awful lot to explain away.

I am not, of course, arguing that we owe all this to high taxes. I am not adapting Browning to say "the tax-collector's in his office, all's right with the world". But the fact is that high taxes have not prevented an economic performance that is, by all previous standards, good. The burden of proof is on those who claim that taxes at the present level do economic damage, compared with what would happen if governments spent less and individuals were able to spend more. In what ways would that make the economy more productive and more progressive?

There are only, as far as I know, two possible lines of argument for practical men. One would point to the ways in which we have not done as well as we might, in the last twenty years, and show that this can be attributed to high taxes. I have never seen any convincing argument of this kind.

To construct one, it would be necessary to ask what, despite our achievements, are the conspicuous weaknesses of the past twenty years? In what things can our western society at present take least pride? Four items that surely must be listed prominently are: (1) The slowness of the improvement in our educational facilities—indeed, in some respects their deterioration; (2) Our toleration of urban congestion and decay; (3) Falling behind the Russians in some areas of technology; (4) Failure to develop anything near as good relations as we need with the emerging and developing nations of Asia, Africa and Latin America. There is no need to point out that every item on this list is evidence not of excessive taxation but of inadequate government spending; it suggests that our society would be in better condition if we had had more taxes.

Until recently, the list of weaknesses would have included the strong inflationary tendencies of our western economies. It is hard, however, to see that tendency as evidence of the crippling effects of taxation. On the contrary, it shows how buoyant the economy was despite high taxation: it suggests that perhaps there ought to have been a lower gearing of government spending to taxes—i.e., bigger budget surpluses; but certainly it does not constitute a case against high taxes as such.

If high taxes cannot be blamed for our conspicuous troubles today, the wringers-of-hands could fall back on a more subtle argument. They could say that, while for twenty years we have done all right with high taxes, this is only because a generation brought up differently has retained the attitudes and habits of low-tax days; as this wears off, we will suffer an awful deterioration in the willingness to work, save, take risks and so on. We are living on the moral capital of the past, but after it is exhausted the deluge will come.

One cannot say that this is impossible, but it seems highly improbable. There is, after all, nothing absolute about the size of reward that operates as an incentive. What most of us expect for taking on extra responsibility, or doing extra work, is what people generally get in the same circumstances. If it has been usual for the president of a company to have twice the disposable income of a vice-president, the present president is appalled when tax increases halve the gap. But there is singularly little evidence that in consequence vice-presidents start wanting to stay vice-presidents, or that presidents work less hard than they would have done for the larger incentives of the past. Undoubtedly there are some special cases where high marginal tax rates reduce the amount of work done—especially among people working for fees and commissions and therefore very directly relating personal effort and personal return. But the main motive for taking on extra responsibility is that people like it; they like being respected, they like having power.

The main motive for wanting to be an executive rather than a foreman, a skilled worker rather than a labourer, is that the work is more interesting and gives more satisfaction. Certainly some material difference in rewards is also important, if only as an outward and visible mark of the inward and spiritual satisfaction. But the size of the differential that serves this purpose is conventional; to get what is customary is incentive enough for most people. It follows that, while a sharp rise in tax rates certainly has some 'disincentive' effect at first, it will weaken, not strengthen, as people grow accustomed to the new tax levels.

Broadly similar considerations apply, I think, to saving and investment and most forms of risk-taking. It is hard, in other words, to see that taxation at the levels to which we are now accustomed exercises any large restraining influence on economic activities. The popularity of the idea that it does must be largely attributed to the familiar fallacy of argument from the particular to the general. Obviously the individual business would expand more if it paid less taxes but everything else—including the taxes paid by its competitors—stayed the same. Equally obviously, however, it in no way follows that the economy as a whole would be more productive if we all paid less taxes. We would do different things: we would produce more cars, say, and fewer schools. But even the most fervent critics of government expenditures do not claim that as their point.

Mr. Kent goes on to say that all this is far from meaning that there are no tax problems. There are, and he enumerates some, and says what he would do about them. The Congress likewise recognizes the existence of tax problems, and has ideas about what to do to solve them. But that is not the point here. The point is that if we take fright at the very mention of higher taxes, we may preclude ourselves from doing precisely the things that need to be done.

The plain fact is that we live in a mixed economy. We do some things individually, some collectively. The more we do collectively, the more we shall pay for collectively. The more we pay for collectively, the larger the proportion of our total income that will go in taxes. The proportion is immensely larger now than it was even in 1939. We could not have shot it up to where it is now in a single year. That would have disrupted the whole economy. We could not have shot it up even at the pace we have if the Americans had not been doing something the same at something the same pace. But, within those limitations, the proportion of the national income that goes for collective spending, and the proportion that goes for individual spending, are matters for the people of Canada to decide in the light of the facts in each case. Is it cheaper to do such-and-such a thing (garbage collection, for example, or sewage disposal) individually or collectively? Which will give us the better results? Those are the essential questions to ask, not whether doing the thing collectively will raise the proportion of taxes to national income, or doing it individually will lower that proportion. There is no eternally "right" level of taxation, no particular point beyond which lies disaster. The "right" level is what the community thinks right. It depends on what things it thinks it best to do collectively, and what taxes it will tolerate to pay for them. In this country, this level has changed out of all recognition even in the last twenty years. It can easily change again, and undoubtedly will; and muttering or screaming incantations on the subject is a waste of time, or worse.

WHY "HIGHER WAGES, SHORTER HOURS"?

There is one section of the Congress' employment policy which does not call for higher taxes, lower taxes, or any other direct Government action, but does, in the Congress' judgment, call for Government—and public—understanding and support. That is the section urging the unions to apply the "strongest possible pressure for shorter hours (without reduction of take-home pay), and for higher wages". This has been denounced as simply crass selfishness and stupid greed. But the critics have missed the point, or rather, several points. For one thing, they have overlooked the word "possible". The Congress is not exhorting its affiliates to force employers to shorten hours and raise wages beyond their ability to pay. That would just be silly. If the till is empty, no pressure, however strong, can get anything out of it. But, even though profits generally have been falling, not all the tills are empty, by any means. There are even some industries where profits in the third quarter of 1960 were higher than in the same quarter of 1959. The Congress is simply saying to its affiliates, "When the money is there, go after your share."

What is more important, however, is that the critics plainly do not understand why the Congress believes that shorter hours with the same take-home pay, or higher wages, or both, wherever these things are possible, are an important, indeed an essential part, of any realistic full employment policy.

Some of the critics could no doubt understand, even applaud, the idea of shortening hours, by itself; that is, shortening hours and shortening weekly pay proportionately. That would be spreading the work, an admirable manifestation of willingness by employed workers to share what work there is with their unfortunate unemployed brethren. The Congress' reply would be that it might be noble but it would not be sound economics. Sharing the work in this fashion is just sharing the poverty, spreading the unemployment thin. It does nothing whatever to get rid of the poverty, get rid of the unemployment. Getting rid of the poverty and unemployment is the aim of any full employment policy, and to that aim a mere shortening of hours, without maintenance of take-home pay, would contribute nothing whatever.

Where they are possible, shorter hours with the same take-home pay mean, of course, more employment and a higher total wage bill. They constitute one method of adding to total wage-earner purchasing power. Straight wage increases constitute another method.

Of course, the Congress and its affiliates always want to raise wages and increase total wage-earner purchasing power. But why particularly now? Isn't this a time for all of us to tighten our belts?

NOT THE TIME TO TIGHTEN OUR BELTS

No, emphatically not. Tightening our belts is the worst thing we can do. Effective demand for goods and services is already too small. We need to get it up. The last thing we want to do is to keep it down.

One of the reasons why our secondary industries are in difficulties is the relative smallness of the market. But the size of the market is a matter not only of the population but of per capita income; not only of the number of consumers but of their purchasing power. Mr. Coyne has pointed out, for example, that "the Canadian market for any product is in fact greater than that of almost any European country except Britain, France and Germany, and challenges comparison and in a number of cases exceeds the market even in those countries" (*Financial Post*, October 8, 1960, p. 27) Why? More people in Canada? No: "The high purchasing power of the Canadian people". To do anything to keep that purchasing power from increasing as fast as it can be increased is an astonishing prescription for full employment, and especially for helping our secondary industries.

Consumer demand is a very important part of total demand. Throughout the last recession, it held remarkably steady; and, by common consent, that was one of the main reasons why the recession was as short and as small as it was. The resilience of consumer demand was one of the main things that pulled us out of the recession.

Consumer demand depends primarily on consumer income. If we want to increase consumer demand, we must increase consumer income—what the *National Accounts* call “personal income”. Labour income is a large part of personal income. It is also an increasing part, as Canada becomes steadily more and more a nation of wage and salary earners: in 1949, “paid workers” (wage and salary earners) made up less than 70 per cent of total “persons with jobs”; by 1960, the percentage had risen to about 81. So, if we want to increase personal income, we must increase labour income. (Theoretically, of course, we could increase the income of the other 19 per cent of “persons with jobs”, and also of the people without jobs, whether unemployed, retired or coupon-clippers. But the only practical way to get any significant increase in total personal income is to increase labour income.)

What has been happening to labour income? The best one can say is that it has been holding fairly steady. In 1959, from January to October, the seasonally adjusted figure rose about 4.1 per cent; in 1960 it rose only about 1.4 per cent. In 1958, a recession year, the increase was about 3.4.

In the last two recessions at least, voices were heard warning labour that wage increases would be disastrous. Labour refused to be frightened. It went on asking for increases, and getting them. In 1954, wage rates went up 3.2 per cent, total wages and salaries almost 2.7 per cent, personal expenditures on consumer goods and services 3.7 per cent. Result: ruin? destruction of the economy? No. On the contrary, in 1955, the economy began expanding again. In 1958, wage rates rose almost 3.3 per cent, total labour income rose 2.7 per cent, personal expenditures on consumer goods and services 5.2 per cent. And in 1959, the economy started expanding again.

LABOUR'S “HOLD-THE-LINE” POLICY

In the light of this record, as shown by the statistics in the previous pages, the Congress and its unions still refuse to be frightened out of asking for all the wage increases they can get. On the contrary, they believe it is essential to do so, in order to maintain and increase consumer purchasing power. This is Labour's “hold-the-line” policy: hold the labour income line, hold the consumer purchasing power line; and advance both as far and as fast as you can.

The necessity of this policy is not rendered less by the recent change in what Dr. Armstrong calls “the apparent reaction of consumers to the business cycle”. In the article already twice quoted, he says:

“During the immediate postwar period consumers were the economists’ best friend. The little ripples which occurred in income and employment did not seem to make much impression on the consumers’ desire to buy more and more. So long as the recessions were mild the consumer seemed prepared to maintain and even increase consumption despite temporary disappointments in the amount of income earned. As the postwar swings in unemployment have become more serious, however, the savings pattern of consumers seems to have shifted in a rather unfortunate way.”

Dr. Armstrong then refers to a chart which shows the percentage of personal disposable income saved each year from 1948 to 1959. “During this period”, he says, “there were three unemployment peaks: 1950, 1954 and 1958. In the first peak in 1950 the increase in unemployment was matched

by a noticeable drop in the percentage of disposable income saved. This is the logical reaction of consumers who have confidence in the future. Again in the peak unemployment year of 1954, and in 1955, when unemployment was still relatively high, the rate of saving fell. In the next, more serious, recession, however, savings and unemployment moved in the same direction. The highest proportion of income was saved in the very year that unemployment was at its worst—a time in other words when there must have been dis-saving by a sizable proportion of our labour force. The saving rate did not drop until the unemployment situation began to improve somewhat. It is this kind of reaction on the part of consumers that will make future recessions much more dangerous and more difficult to overcome."

In these circumstances, the Congress submits, it is more imperative than ever to do everything possible to keep up and increase consumer purchasing power, and the wage-earner purchasing power which is so large a part of it. That is why the Congress and its unions are more determined than ever to hold that line, and push it forward as far and as fast as they can. It is not only in the worker's interest. It is in the national interest.

There are just two other things on which the Congress wishes to comment.

ECONOMIC NATIONALISM AND UNEMPLOYMENT

The first is economic nationalism, whether as preached by Mr. Coyne or by less distinguished exhorters. Whatever the merits of this policy (and, for a country with the largest international trade per capita in the world, they seem, to say the least, highly dubious), it is, in the Congress' judgment, almost completely irrelevant to the problem of unemployment. Professor Hood, in his evidence at pp. 86 and 87 of your committee proceedings, has said all that really needs to be said on this point. The contention that the increase in foreign control of our industries "is in some way responsible for the present conditions of unemployment" he calls simply "nonsense"; and he is right. His comments on other aspects of economic nationalism are less pithily expressed, but they mean very much the same; and again he is right. There are some real problems arising out of external investment, and imports. But they are, at best, relatively minor factors in our present difficulties. Those difficulties arise mainly, as Professor Hood says, from "a decline in our rate of economic growth". Cutting down external investment could only mean a further decline in our rate of economic growth; hence, more unemployment. Our per capita real GNP is already lower than it was four years ago. Do we want to make it lower still?

The economic nationalist diagnosis of unemployment is, in fact, as wrong-headed as that other diagnosis which Professor Hood rejects in the last paragraph of p. 87 of your committee proceedings: "that the decline in our present rate of growth is to be attributed to the fact that growth in the various geographical or industrial sectors of the economy has not proceeded at equal rates". This does not, of course, mean that we should be content to have some regions or some industries chronically depressed. It simply means that equal rates of progress for all of them will not prevent, or cure, unemployment such as we are suffering from now.

"PRICING OURSELVES OUT OF THE MARKET"?

The final thing the Congress wants to comment on is the charge that "we" (which sometimes means Canadians in general, and, more often, Canadian Labour in particular) "are pricing ourselves out of the market", and that this is the reason for our present unemployment.

This charge pops up every time we run into heavy economic weather, and disappears the moment that weather improves. It is based on three very simple propositions.

The first is that the only thing that gets you into a market or keeps you out is price. Quality? Design? Style? Prompt delivery? Easy and quick access to spare parts or replacements? Credit terms? "A fig for the lot! They just don't matter," say the "pricing-ourselves-out-of-the-market" theorists.

This has the beauty of simplicity, but unfortunately it does not tally with the facts. For one, the fact that we buy about two-thirds of our imports from the United States. Undoubtedly many of these imports could have been bought cheaper in Europe. But other factors, in the opinion of Canadian industries and Canadian consumers, counterbalanced the extra cost. On the other hand, when we do buy from Europe, it is not necessarily price alone, or even price primarily, that makes us do it. As an article in the *Harvard Business Review* for September-October 1960 puts it: "When most executives report the success of foreign imports to be due to lower prices, the assumption seems to be that all products have price as a common denominator—that a Morris automobile competes with a Cadillac on price, primarily."

How is it that our textile industry, for example, has been able to increase its exports so spectacularly in 1960? In the first eleven months of that year, our exports of cotton products more than tripled. So did our exports of synthetic fibre and products. Our exports of all textiles were up almost 80 per cent. What did it? Price? We have always been led to suppose that, in cottons at least, we could scarcely hope to compete in external markets against Britain and the East, because they could produce so much more cheaply. Perhaps part of the explanation is style and quality. At any rate, that's what the *Financial Post* of May 7 last quotes an official of the Dress Guild as saying about the big sales of Canadian garments in the United Kingdom: "Styling, quality and, to a limited extent price", says this gentleman, who presumably knows what he is talking about. Note the order: style, quality, then, and only "to a limited extent", price; and the *Financial Post* adds that Canadian garment-makers are looking forward hopefully to a much larger market in the United Kingdom. There is also an interesting article, to the same general effect, on Coleman appliance exports, in the *Financial Post* of January 14, 1961.

Actually, our export figures for a great many things make the talk "pricing ourselves out of markets" look pretty silly, at least as far as external markets are concerned. Look at a few of the figures for the first eleven months of 1960. Here you will find a great, long list of all kinds of products in which the figures show that our exports are up.

Fruits, up; vegetables, up; sugar and products, up; seeds, up; hides and skins, up; lumber and timber, up; shingles, up; pulpwood, up; other unmanufactured wood, up; wood pulp, up; other manufactured wood, up; newsprint, up; other paper, up; books and printed matter, up; ferro-alloys, up; pigs, ingots, blooms and billets, up; rolling mill products, up; engines and boilers, up; hardware and cutlery, up; machinery (not farm), up; tools, up; freight automobiles, up; passenger automobiles, up; automobile parts, up; cooking and heating apparatus, up; aluminum and products, up; brass and products, up; copper and products, up; lead and products, up; nickel, up; precious metals other than gold, up; zinc and products, up; clocks and watches, up; electrical apparatus, up; asbestos and products, up; clay and products, up; coal and coal products, up; crude petroleum, up; petroleum products, up; crude artificial abrasives, up; carbon and graphite electrodes, up; natural gas, up; acids, up; fertilisers, up; soda and sodium compounds, up; cobalt oxides and cobalt salts, up; miscellaneous chemical products (a large item), up; and this does not exhaust the list. True, some of these exports were small (though many were

very large); but the important point, for present purposes, is not their size but that they were going up, not down; we were pricing ourselves, or quality-ing ourselves, or something-ing ourselves, into markets, not out of them; and presumably, if our prices were higher than other people's, our customers thought that something else about our goods was enough better to outweigh the apparent extra cost.

"Ah, yes", says somebody; "but there were other things where our exports went down. We were pricing ourselves out of the markets for those." Were we? Is price the only thing that puts us out of markets we once had? When the Congress investigated this matter during the 1953-54 and the 1957-58 recessions, it found the answer was, "No". Sometimes, it was economic nationalism: our exports of agricultural implements to one South American country fell abruptly because the dictator insisted the implements had to be made there; and this personage is far from being the only economic nationalist in the world. There are lots more and they direct, in greater or less degree, the destinies of lots of other countries. Some European countries, for example, are trying to grow more of their own wheat, and the cheaper our wheat gets in relation to their own, the higher the barriers they erect against it! Our exports of automobiles to a certain European country fell abruptly in one year. Price? Not at all: in the first year, the American automobile industry found itself short of materials (Government controls), while the Canadian industry did not (no Government controls); so, when orders came in from this European country, the head office in the United States had them filled in the Canadian branch plant. But the next year, the American plant had plenty of materials, so it filled these European orders itself. Investigation in other cases reveals, or suggests, other causes: a sudden change in public taste in the importing country; recovery of a war-devastated industry; currency devaluation; a recession in a particular industry, or generally, in an importing country; the effects of the American surplus disposal policy or some other country's dumping (in the strict sense: selling below the home price plus freight and tariffs, etc.); easier credit terms from a competitor, etc., etc. What cut our uranium exports? Price? No: a change in American Government stockpiling policy.

The nice, easy, simple notion that it's all a matter of price just does not stand up under examination.

Of course there are a lot of things where we might be said to "price ourselves out of the market": oranges, for example, or bananas, or pineapples, or raw cotton, or raw rubber, or coffee. Physically, we could produce these things in Canada, under glass; but the cost would price us right clean out of any market in the world. These examples may be derived as extreme and extravagant; but there are others to which those terms would not apply. Some goods in which labour makes up a very large part of the cost can be produced so cheaply in low-wage countries that we simply cannot compete at all in any external market, unless we can produce a worker without a stomach; and we can compete in our own market only by raising an embargo or a prohibitive tariff. The Canadian industry could not match the competitor's costs unless the workers, the material suppliers, the shareholders and everybody else connected with the industry consented to take much less than the going rate, which no one is prepared to do for long. In some cases, the goods concerned are things we used to make and export, sometimes on a considerable scale. Our present competitors were not then in a position to do what they are doing now, possibly because they lacked even the relatively small capital necessary, possibly because of technical changes in the production of the commodity, possibly because their workers are now much more skilled, possibly because a reactionary Government has forced, or kept, wages down.

There may be a dozen reasons; but these are really cases where someone else has priced himself into a market, rather than where we have priced ourselves out of it.

This cursory examination of various products is enough to show why general comparisons of average changes in prices, productivity and wages in different countries are not very useful. The average depends so heavily on the industrial mix: it may be largely made up of prices, productivity and wages in industries with which we don't compete at all. Accurate, up-to-date productivity figures, even average ones, and even for our own country, are extraordinarily hard to come by. The nearest thing we have to official productivity figures for Canada are those in the Gordon Commission's special study, and they come down only to 1955. To get comparable figures for most of the other countries out of whose markets we are supposed to be pricing ourselves, or which are supposed to be pricing us out of ours, is virtually impossible. The Congress has made general comparison several times, in the past; but the most that can be said for them is that they suggest that much of the argument about pricing ourselves out of markets looks flimsy. They are not conclusive; nor are other people's general comparisons, which may suggest the opposite. The Congress has not had time to examine closely, for example, the figures on this subject submitted to you by the Canadian Chamber of Commerce. But even a quick examination suggests that, before accepting them as valid, you should submit them to the careful scrutiny of your own research staff. Even if they survive that scrutiny, they may not mean much, for the reasons already stated.

The second simple proposition on which the "pricing-ourselves-out-of-the-market" charge rests is that wages are the main cost of production. This is true of some industries, and not true of others. There are some industries where they are a very minor factor, others where they are a very major factor. Some industries can wax fat on very high wages partly because wages are so small a part of their costs, and because they have very cheap raw materials or very cheap transportation, or very cheap something else. There is an almost infinite variety in this respect. So if someone says, "Look at the high wages we pay, and the low wages they pay, in this industry", the answer may well be, "Yes, and look at the exorbitant prices they pay for materials, or the fantastic interest rates, or the appalling freight rates." And of course if the argument is not, "Look at the high wages we pay in this industry", but "Look at the high wages we pay in Canada generally", the argument may, for reasons already noted, be even less valid.

The third simple proposition on which the "pricing-ourselves-out-of-the-market" charge rests is that wages and labour costs are the same thing; that high wages mean high labour costs, and low wages low labour costs. If this were true, we should not be buying most of our imports from the United States, the highest-wage country in the world. But it is not necessarily true at all. A Canadian worker, for example, may be paid \$1.80 an hour and a foreign worker in the same industry only 20 cents an hour. This does not necessarily mean, however, that Canadian labour costs in this industry are nine times as high as foreign labour costs. If the Canadian worker, because of better skill, better equipment and better management, produces 15 units per man-hour, while the foreign worker produces only one, then Canadian labour costs are 12 cents per hour as against 20 cents for the foreign industry: Canadian labour costs are only a little over half as high as foreign.

Incidentally, many of the industries in which our exports are going up are among our highest-wage industries; for example, wood pulp, newsprint, primary iron and steel, automobiles, base metals, oil and gas, petroleum

products, acids, fertilisers. On the other hand, some of the industries in which we face the fiercest import competition are among our lowest-wage industries: for example, clothing and rubber footwear.

This is a highly simplified discussion of "pricing ourselves out of the market". If necessary, we can go into more detail. But we venture to think that even this relatively brief and sketchy examination of the theory is enough to show that it is deceptively simple, and that, when proffered even to account for unemployment in a single industry, let alone unemployment in general, it should be viewed "with the greatest circumspection, not to say the greatest suspicion."

Respectfully submitted,

Claude Jodoin,
President.

Mr. Claude Jodoin, President of the Canadian Labour Congress, who signs this brief, regrets he is not able to be with us today and asks me to convey his greetings to members of the Committee.

Thank you, Mr. Chairman.

Senator HORNER: This is a very lengthy brief. With respect to the part about the Bank of Canada, I agree, but with respect to the argument that the cost of labour does not affect our ability to export, I disagree entirely. You still feel you have the right to demand higher wages and call strikes, at a time when we are advancing so many lines, and despite the men of great ability which you have, such as lawyers and high-paid officials of unions. I believe these questions could be settled in a court of law, and strikes should be abolished. To my mind a strike is a civil war, and it is as old fashioned as a wooden mold-board plough. Strikes are expensive; they cost labour tremendous amounts of money and bring grief to the country.

Farmers in the west talk about being caught in the price-squeeze; the price of everything they buy is said to be high because of the high labour cost. You say in your brief that this country must depend on exports. Well, there is no argument at all that wages do not have an effect on prices, and will have more effect in the future, and will prevent Canada from selling in export markets.

You made reference to the United States. I have just returned from that country, and there talked with men who were earning as little as \$35 a week. I asked them how they could get along on that amount—they seemed to be doing it in some cases.

This brief is signed by the man who described Hal Banks as a highly desirable citizen for Canada. Well, I wouldn't pay too much attention to it.

Mr. DODGE: Our submission has to do with unemployment and not industrial relations nor the structure of the trade union movement. I think that we have presented in this brief statistical information to substantiate on the one hand our claim that higher wages are necessary to produce a high level of consumer spending.

Senator HORNER: Granted, provided that all you produce could be consumed in Canada. Your argument that far is quite right but we just don't consume, nor can we possibly do so, all we produce. You spoke about great Government expenditures. Here is a difficulty we have always found in Canada. Men have been doing very nicely while self-employed but the minute that the Government starts some project these people come along and work for the Government. Particularly in a two-party system those who voted for the Government demand jobs even though they were doing very nicely while self-employed.

Senator HNATYSHYN: I realize that the high cost of labour may not be a factor in my issues but supposing that in certain instances it was. What would your Association's attitude be towards that, that wages should still go up under those conditions?

Mr. DODGE: If you were to examine the contracts negotiated—and incidentally most of them are negotiated without any strikes taking place—you would find that, for instance, in the steel industry, the textile industry or many others the wage rate is not uniform right across the industry plant by plant. In most cases the wage rate which is agreed upon by the employer and the employees through their organization is set on the basis of adequate consideration being given to the ability of the industry to pay the wages. The mere fact that these wide differentials in rates exist across the country is, I think, adequate proof of that. I have participated in negotiations myself and I can assure you that all of the problems of the industry are taken into account.

Senator HNATYSHYN: You are quite correct in the answer you make. Labour takes cognizance of that in their negotiations, I take it, from your answer?

Mr. DODGE: Certainly we do.

Senator BUCHANAN: Was not the purpose of the Dominion Bridge strike to establish a uniform wage rate right across Canada? Prior to that each plant negotiated its own wage rate, but the men went out on strike because they wanted uniform wages regardless of where the plant was situated. So labour was not taking cognizance of everything in that particular case.

Mr. DODGE: Just one single company was involved.

Senator BUCHANAN: But it covered the whole dominion from one end to the other.

Mr. DODGE: The union has a national policy with respect to its wage negotiations with that particular firm and, on balance, would give the same consideration to one plant as to any other. The fact that its operations were divided up and different plants operated in different parts of the country would not bear on the overall problem.

Senator BUCHANAN: You are arguing that they are different across the dominion but labour's idea at the moment apparently is to make them uniform.

Mr. DODGE: Perhaps I could give you an example. At Collingwood, Ontario, there is a private shipyard. One of the unions, which is a local of the Canadian Labour Congress, is the bargaining agent for the workers in this shipyard. Recently the company was bidding for a shipbuilding contract to build some small vessels, and appealed to the union to re-sign a contract with no increase in wages so that it could make a bid for this particular contract. The union agreed and the company bid and got the contract. The union feels it has done a good job for its community. There is a corollary of this, that if the contract had not gone to Collingwood it would have gone to Saint John, New Brunswick, and what Collingwood gained Saint John lost. One wonders whether the advantage that we have gained truly balances the loss on the other hand.

Senator BUCHANAN: Do you consider that a lot of efficiency is lost and that labour loses a lot of money because arbitrations are not settled by a properly constituted court of law or a special tribunal?

Mr. DODGE: It is our experience that a court of law does not in the long run prevent strikes. In the province of Quebec the employees in what is called public service are not allowed to strike. I refer to nurses, hospital workers, police, firemen, transport workers, and so on. But I think if we were to look at the statistics we would find there have been more strikes among these groups in Quebec than in any other province.

Senator BUCHANAN: That is because it has not been generally recognized across the dominion.

Mr. DODGE: They have this system in Australia and yet they have strikes. They tried this system out in the United States and it did not prevent strikes. We do not like strikes. We do not try to promote them out of a sense of expressing ourselves and our frustrations or because we want to achieve some sort of power. We dislike strikes very much. When a loss results to the employees' pay cheques they must balance what they have lost during the strike against, in the first place, the principle for which they are striking and, in the second place, the long-range effect of the strike. When the railway workers went on strike in 1950 their 48-hour week was reduced to a 40-hour week and they got a substantial increase in wages. They lost nine days' pay but they made these other gains in perpetuity.

Senator BUCHANAN: I am as much interested in labour as anybody here, I am sure, and I have acted on conciliation boards and that sort of thing. It is most frustrating to come along and make some sort of an agreement and then have either one party or the other—and they both do it,—both labour and management—say, "No, I won't play." So you get no place and in the end you have got a strike on your hands. I feel something better could be worked out which would be equitable across the board and where everybody would receive justice.

Dr. FORSEY: May I make one point here?

The DEPUTY CHAIRMAN: Yes.

Dr. FORSEY: If you look at the statistics of strikes and lockouts in this country running back to 1911 you will find that the time lost from industrial stoppages—and this does include lockouts but they are pretty rare—in recent years has run generally less than one-fifth of one per cent of working time.

Senator BUCHANAN: That is all right but—

Dr. FORSEY: Just half a second, sir. I want to complete the sentence. I think in one or two instances during that whole period of half a century the time lost from industrial stoppages as a result of strikes has run to as high as one-half of one per cent of working time. I think that has occurred in two years. Occasionally, in three or four years, it has run as high as one-quarter of one per cent. In the last few years it has only been .17 per cent or .18 per cent or .19 per cent. It has not varied much. So I think it is possible to get away out of proportion the notion of time lost because of strikes.

Senator BUCHANAN: There were a lot of people in that one-half of one per cent who were badly hurt, and they should not have been.

Dr. FORSEY: As a very distinguished American authority on this subject, Professor George W. Taylor, has pointed out, sometimes a strike is the only way of producing a meeting of minds. Sometimes it is the only way to knock sense into the heads of the employer or of the union.

Senator HORNER: Might I be allowed one more comment in regard to a question which I am interested in? I read that a man, a communist, was sentenced to time in jail for distributing pamphlets that came from Russia. The idea in the pamphlets was to create all the strikes you could in Canada. Now, this gentleman mentioned the education, and so on, in Russia, but they have no strikes there. There is no such a thing as a strike in Russia. Their main plan in the western countries is advocating strikes—strike, strike, strike, and they keep working at it.

Mr. DODGE: Surely, senator, you are not advocating the adopting of Russian methods in dealing with industrial relations here? Personally, I hope I shall never see the day when the restrictions applying to a Russian worker

apply to the workers of this country. I am sure no one in this country wants it. As to the advocacy of strikes by communists, let me assure you they do not influence the trade union movement one iota. We try to avoid strikes; we dislike them intensely, particularly the high-paid trade union leaders.

Senator HORNER: I would like to believe that.

The DEPUTY CHAIRMAN: Senator White?

Senator WHITE: I would like to ask the witness a question. Earlier in the brief, dealing with the public sector, there are suggestions of works to be undertaken, and later the private sector is dealt with in the same manner. With regard to how it is to be paid for you advocate temporary deficit financing. Then the question is asked, "How much?", and the answer is, "Enough to restore full employment." If that were adopted and you got full employment would the economy keep going, or what would happen, when you have these roads and schools and other things built, with this deficit financing?

Mr. DODGE: May I refer your question to Mr. Bell, who has made an intensive study on that point?

Mr. BELL: I think, senator, I can best answer your question by putting it this way: I think that in examining this question of deficit financing, as we pointed out here in the submission, all we are advocating is a certain amount of borrowing to bring up the total level of spending. What I mean by the total level of spending is private and public spending—to bring that level of spending up to whatever is required to employ our resources. For example, if the total level of spending, public and private, is below the capacity of the economy to produce goods and services, then of course it logically follows that the economy is not fully employed. Once that level of spending has been raised sufficient to employ our idle resources, manpower, plant, and so on, then of course you do not continue to increase spending either publicly or privately, because if you do you are injecting additional money into the economy against which additional goods and services could not be matched. Then undoubtedly you will have inflation.

Senator WHITE: What are you going to do with all the extra goods produced under full employment that cannot be consumed in our own country? Certainly we cannot begin to consume what we produce.

Mr. BELL: No. I think the obvious answer to that question is that additional effective demand for public goods and services can be created. There is additional demand for these things now, but the difficulty is that it is not an effective demand. What we are advocating is that this demand be made an effective one.

Senator PRATT: Within Canada?

Mr. BELL: Yes.

Senator HORNER: Taking in one another's washing, as it were?

Mr. BELL: No, I do not agree with that at all, senator. I think that our economy during the post-war years has not developed in a balanced way. There has been much more emphasis on the private sector of our economy than on the public sector. Consequently, we have today an imbalance between the public and the private sectors. We have a fairly high level of private spending, but not nearly enough public spending. Consequently, the total level of demand is too low to employ our idle resources. What we are advocating here is bringing up the public sector, developing it, because it is retarded, and we are advocating this for two reasons. One, it would have a very important effect in reducing unemployment, and two, we believe that these things are socially needed in Canada.

The DEPUTY CHAIRMAN: Senator Robertson?

Senator ROBERTSON: The question I had in mind I intended to ask Mr. Jodoin. He is not here, but there is no reason why I should not ask it. Why is it that since Canadian labour costs are about 25 per cent less than the United States rates, the average cost of secondary manufacturing in Canada runs from 35 per cent to 40 per cent higher than in the United States?

Mr. DODGE: I think we can refer that question to Mr. Bell too.

Mr. BELL: You say 35 per cent to 40 per cent higher than in the United States?

Senator ROBERTSON: The average cost of secondary manufacturing in Canada runs from 35 to 40 per cent higher than in the United States, although our wages are lower.

Mr. BELL: I think that the main explanation for this differential lies largely in the fact that our secondary industries, not all of them but a certain number of them, operate on a small scale relative to the much larger scale that exists in the United States. Consequently, when you have a relatively small scale operation you get certain diseconomies. Let me put it more accurately. You don't get the same economies that go with larger scale operations, so that explains very largely why in the United States you can in a given manufacturing plant or industry pay higher wages than you can in Canada, simply because the higher wages are spread over more units of output; you have longer production runs; you have greater specialization. These are things that are not as easy to achieve in Canada because of the smaller scale of operation, and of course this scale of operation is dictated by a much smaller domestic market.

Senator HORNER: Because per man hour they produce more?

Senator PRATT: They have a higher rate of production, we see that all along the line. Labour is only one factor. I think one must recognize, and I am sorry it is not brought out in this report so emphatically as it should be, that, first of all, we have a small population in Canada that is very widespread. Now, our factories have a lower rate of production, and by reason of the low rate of production here we are dependent largely on domestic trade, and we are not geared for foreign trade. Consequently, we cannot get the higher rate of production. We need in this country an outlook towards international trade which is not recognized either by unions or industries as it should be; there is no question about that. Wages are only one factor, and the costs of production are only another factor, but year by year as costs go up the rate of production is not increasing, because we have not the population needed, nor have we the outlook of the European countries, eastern countries and other countries throughout the world. Many of those countries are becoming highly industrialized, and they have an outlook on international trade which in Canada we have not, and until we do industry will remain at a low level as far as production is concerned.

We can talk all we like about public expenditures, building up public services, correcting our affairs and making a balance of adjustment, but unless we have a basis of production, of products, of articles, natural products or secondary industries or whatever you call them, unless we have a basis of production the whole thing is nullified and we get nowhere.

Senator ROBERTSON: Mr. Chairman, I want to follow up on that question. I agree that it is a question of scaled production but if that be so, is labour in this country, and the consumer in this country, dedicated to accept 20 per cent or 25 per cent less wages than is paid in the United States and the consumer to pay 40 per cent to 45 per cent more for what he buys? Canada is a very small country as far as trading area is concerned. The world is moving in great trading areas and we are about to be up against three of them, the western

world, the combined Six and Seven, and the United States and Japan, and we with 18 million population. Now, can you see any hope for labour to have wages equal to what the Americans receive, and their cost of living as far as I know is less than ours, and the consumer to have the benefit of lower prices under those circumstances?

Mr. BELL: I have a personal view on this, Senator Robertson. In the case of some of our secondary industries it may be possible, and certainly worth inquiring into to see if we can have what has been called selective free trading arrangements, in other words integrated production, to get into larger markets.

Senator ROBERTSON: It is quite obvious. Is there any other way of doing it other than by charging the consumer?

Mr. BELL: This is virtually what is taking place in Europe. You referred to the larger trading blocs being developed, and I presume you have the Common Market and the European Free Trade area in mind. It seems to me that we have to inquire into the possibility of expanding markets for our own industries in order to achieve economies that go with larger scale production. I do not think the answer lies in reducing the wages in our secondary industries.

Senator ROBERTSON: No, I am not suggesting that at all. I am raising the question as to why wages here should be 25 per cent less than American wages and the cost of production 35 per cent to 40 per cent higher in Canada.

Dr. FORSEY: May I just add something here, Mr. Chairman? In our desire not to take up your time unduly, we did not read the section of this document which deals with international trade. Our submission does not deal with it fully but it does deal with it. I think to some extent that section answers some of the questions that have been asked.

I should also be inclined to point out that in fact the disparity between the Canadian wage level and the American is coming down, and, I think, the disparity in prices also, because of increased productivity here; our productivity on the whole has been going up faster than the American figures though starting at a much lower level, and partly because we are getting, in some instances now, a large enough market here to give us the economies of mass production. You will find that in certain secondary manufacturing industries now in Canada. I was looking the other day, for example, at the prize case of the tobacco manufacturing industry in this country, where I should think we have the economies of mass production, that industry being a large enough industry to have those economies, and where not only is the Canadian level of hourly earnings equal to that in the United States but slightly above.

Senator ROBERTSON: Where the wage level approximates that of the United States.

Dr. FORSEY: Yes, and I would say slightly better than that.

Senator ROBERTSON: But it is the one conspicuous case, at least one conspicuous case you give.

Dr. FORSEY: Yes. But the gap is narrowing. The Gordon Commission pointed out that the reason the wage gap was narrowing was because the productivity gap was narrowing—our productivity is going up faster than that of the Americans.

Senator HAIG: You said that we sold a lot of our goods to the United States. I would suggest to you that the goods we sell to the United States are largely sold in their natural state, requiring very little labour on them. For instance, the oil we ship to the United States. The work on the pipe lines

is about all the labour that is required there. As a matter of fact we are granting many new charters to build pipe lines to export our oil to the United States. In that industry very little work is done except the original labour in building the transportation facilities. On the other side of the picture, when we buy from the United States we buy goods that are entirely manufactured there.

Mr. DODGE: I would say, Senator Haig, that there is a considerable mixture of goods that enter into our trade with the United States. I am not suggesting for a moment that we enjoy a surplus trade on manufacturing goods with the United States. Quite the contrary. We do sell substantial quantities of manufactured products, one being newsprint, for example.

Senator HAIG: And pulp too. That is a raw product.

Mr. DODGE: But newsprint is a completely manufactured product.

Senator HAIG: What do we do to the oil that we ship out?

Mr. DODGE: A good deal of it is exported in the raw state of course. I am not for a moment suggesting that there is not a trading deficit with the United States, but the point that we are making is that the United States is comparatively a high wage area and they are able to compete in our market with our mass products and we have a trading deficit with it. On the contrary we enjoy trading surpluses with a great many countries having lower wage rates than we do. In fact one might say the advantages we enjoy, while not large enough to enable us to compete in the American market, nevertheless are large enough to give other people a disadvantage in trading with us. We have frequently heard the complaint that Japanese goods are flooding the Canadian market but in fact we have a trading surplus with Japan.

Senator HAIG: Take boots and shoes as an example. Where do we buy those from outside of Canada?

Mr. DODGE: I cannot give you an answer of that kind. Mr. Forsey referred to rubber footwear. We have referred to that in the brief. It is true we have an inability to compete but perhaps it would be found, in fact we are quite sure it would be found, that we could not pay wages low enough to put us in a position to compete in certain industries. There are some examples that if you paid the workers nothing you could not compete.

Senator HORNER: The only reason we have a surplus with Japan is because of a gentleman's agreement with that country.

Senator LEONARD: With respect to your suggestion as to the method to be adopted to deal with this unemployment, setting a goal of a 5 per cent increase in our G.N.P. which at the present time would amount to an increase of about \$1,700 million, being equivalent to 5 per cent of the \$34 billion, and if that is to be done by the public sector, it would mean increased Government expenditures at all levels of approximately that amount of something like \$1,700 million.

Dr. FORSEY: You have to recognize, Senator Leonard, that last year 1960, as far as we can tell from the first three-quarters, the increase in the G.N.P. was about 2 per cent, so you would not be making an increase from nothing.

Senator LEONARD: But we are talking about real production. I do not think there has been any increase in real production.

Dr. FORSEY: For the first nine months it would appear that there was about 1½ per cent increase in volume.

Senator LEONARD: We are talking in practical terms of something like well over \$1 billion in increased Government expenditures.

Dr. FORSEY: I should think so.

Senator LEONARD: And if that is all to be done by increasing the money supply, not by borrowing or not by taxation, wouldn't that be such an injection of money into our economy that would inevitably cause inflation?

Mr. BELL: I do not think that under the present economic circumstances, with considerable idle plant capacity and manpower, that an injection of this additional amount or whatever amount was considered necessary would cause inflation.

What would happen, as a result of this injection of additional money, would be the creation of a demand for public and private goods and services that could be satisfied by our idle manpower and idle plant capacity and resources.

Senator LEONARD: I am glad to have your answer, even though I may not agree with it. It is your expectation—

Mr. BELL: I want to make one qualification. We are not contending this might not cause a certain amount of inflation, although I would hardly use the word "inflation". It might cause the price level to go up 1 or 2 per cent, especially if you try to bring about the very quick employment of all your resources. But from our point of view this slight disadvantage would be more than offset by the greater advantage of full employment.

Senator LEONARD: You are also well aware of the fact that the deficits we have had in the last several years, plus the great increase in our money supply in 1958—was it?

Mr. BELL: Yes.

Senator LEONARD: —have not caused employment to grow?

Mr. BELL: But the kind of deficit we had in the past several years was not entirely a voluntary deficit but partly an involuntary one, as a result of the slowdown in the economy.

Senator LEONARD: Plus increased Government expenditure.

Mr. BELL: Plus a certain amount of borrowing that was necessary at that stage.

Senator LEONARD: But the two things do not necessarily go together, deficit financing and an increase in employment.

Dr. FORSEY: Might I comment on that? I should argue very strongly that the deficit financing that the present Government adopted, whether voluntary or involuntary—and I think perhaps it was a bit of a mixture of both in the 1957-58 recession—did prevent our unemployment becoming very much larger than it otherwise would have been. I think if you compare our situation to what happened in the United States—where they were much more cautious—you will see they suffered far more severely than we did. Might I also point out what was Dr. Armstrong's view at page 31 of our submission:

There was nothing irresponsible about the implementation of fiscal policy, certainly with respect to the size of the deficit.

There was a very big deficit; and this comes from this very sober economist who writes regularly for the magazine of the Canadian Chamber of Commerce.

Senator LEONARD: We are now dealing with the problem of unemployment, and in the light of experience, whether it would have been greater or less, does not matter. All I am suggesting is that deficit financing does not, of itself, necessarily cure the situation.

Dr. FORSEY: Unplanned deficit financing of itself does not.

Senator LEONARD: That is my first point. Now may I go to the second point, and that is to read a paragraph from the brief of the Canadian Chamber of Commerce, which you dealt with to some extent.

I want your comment on this extract from page 179 of the proceedings, and I will read it slowly so that you will recognize it:

In the drive for higher productivity, which can produce benefits in the form of higher wages and lower prices, it is clear that employer and employee must work together in harmony and mutual trust. Both parties must recognize that the success of the enterprise is of vital interest to both. Fresh approaches must be made to this question with a view to developing a common identification of interest. These challenges must be met if the larger economic pie, from which all can gain sustenance, is to be produced. We should concern ourselves less with the problem of division than with the problems of production and productivity.

I am inclined to think you agree with that, and I want to ask you whether you do or not. Is that a fair question to ask? I thought it was a very fair statement they made.

Mr. DODGE: I do not know, without having studied the brief and taking it in its context. It sounds very reasonable, but I would like to read it in its context.

Senator LEONARD: I will not press the question then. It seems to me a proposition to which the Congress would naturally itself agree.

My third question is: yesterday we heard Dr. James. You may not have had a chance to study this, but you probably know something of it. I wanted your comment on the conclusion that he made in pages 68 and 69 of his brief that:

—certain groups among the population of registrants covered by the survey—

and these are the figures we are dealing with

—probably ought not to be regarded as full-fledged members of the labour force or as being unemployed on the basis of any meaningful definition of these terms. Estimates of the numbers in some of these marginal categories have been derived from the survey and are shown in the following listing:

He gives his listing, and of the 339,300 people registered as unemployed—

Senator HNATYSHYN: On September 22nd.

Senator LEONARD: On September 22nd, on the day this survey was made, according to his survey, some 116,300 of those would either not belong to the labour force on the basis of meaningful definition, or would not be numbered as being unemployed on the basis of any meaningful definition which, of course, would substantially reduce the problem. If that is correct we are probably over-stating the extent of unemployment in Canada and over-stating the extent of the problem. Would you mind letting me have your comment on that?

Mr. DODGE: If you are referring to the evidence with respect to married women—

Senator LEONARD: That is part of it.

Senator HNATYSHYN: Yes, that is part of it.

Senator LEONARD: It is, some 44,500 married women for whom it is not a necessity to work to support themselves or their families.

Mr. DODGE: We have gone along with the Government in trying to use one basic statistic to measure unemployment, or the changes. The figure which is now being used is on the basis of the DBS survey which, I think, is 528,000 unemployed at the present time. We have looked over the figures, and the breakdown shows that of the 528,000, 20,000 only are classified as married women, unemployed. It seems obvious that when questioned by the surveyors married women who may be registered for employment with the National Employment Service and willing to take some kind of job if one comes along, do not regard themselves as being out of work, but as among the non-employed or members of the labour force. This figure in September, incidentally, was only 15,000, by the same survey, so that there is a discrepancy between those registered for employment at the National Employment Service and, perhaps, those drawing unemployment insurance due to having been used for short periods as workers, during the summer high peak of employment; and that is how they classify themselves. So we are inclined to deal with this basic figure of 528,000 as being an adequate figure to measure unemployment; and of that group only 20,000 unemployed persons are married women. Incidentally, the distribution of women, married and single, in the labour force is concentrated in certain categories of employment—professional, for example. You have the nurses in hospitals, school teachers, and that type of person. Then you have office employees, a large percentage of secretarial workers, and those in manufacturing to some degree. Our assumption is that, by and large, removing women from those particular categories as part of the labour force would not open jobs, for example, for unskilled labourers or factory workers. They are in employment normally associated with the male sex. I do not know the figures given yesterday.

Senator LEONARD: It seems to me there is a discrepancy, and perhaps you might want to study Dr. James' brief.

Mr. DODGE: Perhaps Dr. Forsey would like to discuss it further?

Dr. FORSEY: Yes, I would.

I have seen only the report in last night's *Ottawa Journal* of what Mr. James said, and, therefore, I am not in a position to go into it in detail. But it looked to me as if he had been talking to you about what have been called unplaced applicants at National Employment Service offices.

The ACTING CHAIRMAN: Claimants.

Dr. FORSEY: Anyway, it was the Unemployment Service and National Employment Service statistics he was talking about. We have not mentioned those things at all. What we have been dealing with is solely the stuff that comes from the Bureau of Statistics each month as a result of their sample survey of the labour force. It is precisely because of the discrepancies between the D.B.S. material and that of the National Employment Service and Unemployment Insurance Commission, which were often fantastically large, that the Government has now dropped the NES figures each month and is restricting itself to the labour force survey of the DBS, which its experts have concluded, and I think quite rightly, is a much more reliable indicator. There is a report by the Interdepartmental Committee on Employment Statistics, which came out last August or September, which explained the reasons.

As far as I can tell from the newspaper report, what Dr. James was talking about was the National Employment Service figures, which do not jibe with D.B.S. at any point, or if they do jibe at a particular time it is only a fluke.

I do not think that the suggestion about these people not being really in the labour force should be attached to these figures coming out now. I believe it was mentioned that the total in September was 339,000.

Senator LEONARD: As of September 22 it was 339,300.

Dr. FORSEY: At that time the grand total, according to the D.B.S. estimate, was 327,000. There appears to be a very small discrepancy between the two there, but at other times there has been a great discrepancy.

Senator LEONARD: I am inclined to believe that the survey we have made is more accurate in so far as this type of information goes than has been available heretofore. All I am suggesting is perhaps after you have read Dr. James' brief you might give us an explanation of why there is a discrepancy of such large proportions as to the claimants who apparently have a tenuous connection with the labour force. If you could provide such a memorandum, I would certainly appreciate it.

Dr. FORSEY: I think it would be quite easy for us to do so, unless it turns out that Dr. James has dug up something radically new. It sounds to me as if—and I hesitate to say it—he is painting the lily—a lily which those of us who have been struggling with unemployment figures for years are fairly familiar with, and he really has not produced anything frightfully new. If he has something new, I would be very much interested to see it and to put in an extra memorandum on it.

The DEPUTY CHAIRMAN: The basis for the figures produced, as I remember it, was a questionnaire, a sampling technique process, which showed by their own statements that a percentage of the women applicants did not need a job, they were not heads of families. Those are the figures we are talking about.

Dr. FORSEY: That is quite a new set of figures.

The DEPUTY CHAIRMAN: Yes, it is.

Dr. FORSEY: It may be useful for certain purposes, but I do not think it has any relevancy to the thing we are talking about in our brief.

Senator LEONARD: It appears to me very pertinent.

Dr. FORSEY: It may be relevant to the question of abuse of unemployment insurance facilities.

Senator LEONARD: It is relevant to the extent that unemployment figures may be inflated in the minds of the public, by including persons who ordinarily would not be seeking permanent employment.

Dr. FORSEY: Precisely; but they are not included in the D.B.S. figures.

Senator LEONARD: There is a big discrepancy. You say there are only 15,000 married women in your figure of 327,000, as of September 20th—I think that is what Mr. Dodge said—and our figure shows 44,500 married women—not all married women, but those for whom it is not necessary to work to support themselves or a family.

Dr. FORSEY: I dare say, but you are talking about people who are going to the Employment Service offices.

The DEPUTY CHAIRMAN: He is also talking about the actual and practical effect on employment—that is the area we are getting into.

Dr. FORSEY: It has not the slightest relevancy to these figures we have in the D.B.S. labour force survey it might as well be on the moon, for any relevancy it might have. It is highly relevant perhaps to some of the questions your Committee is considering, and it may be very important for the reform

of employment services, the unemployment insurance system, and so on. I could not express an opinion without looking at it. My only point is that it is not relevant to what we are talking about here. For example, you have in December a total of 20,000 married women unemployed. There is no use talking about the relationship of these vastly higher figures from the Employment Service and saying that a lot of unemployed persons in the D.B.S. figures are not unemployed at all.

The DEPUTY CHAIRMAN: Before the Committee adjourns, may I say on its behalf that we are very grateful to the delegates of the Canadian Labour Congress who have made their presentation today. It will be apparent to them that not all their points are acceptable to all members of the Committee, but we would not want the briefs we hear to be all the same.

—Whereupon the Committee adjourned.



Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 6

WEDNESDAY, FEBRUARY 1, 1961

The Honourable LEON METHOT, Chairman

The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Dr. J. J. Deutsch; Mr. W. R. Dymond, Director, Economic & Research Branch, Dept. of Labour; Dr. Sylvia Ostry, Assistant Professor of Economics, McGill University; Mr. J. R. Nicholson, President, Council of the Forest Industries of British Columbia.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i>
Burchill	Inman	<i>Shelburne</i>)
Cameron	Irvine	Thorvaldson
Choquette	Lambert	Vaillancourt
Connolly (<i>Ottawa West</i>)	Leonard	Wall
Courtemanche	MacDonald (<i>Queens</i>)	White
Croll	Macdonald (<i>Cape Breton</i>)	Wilson—(33)
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

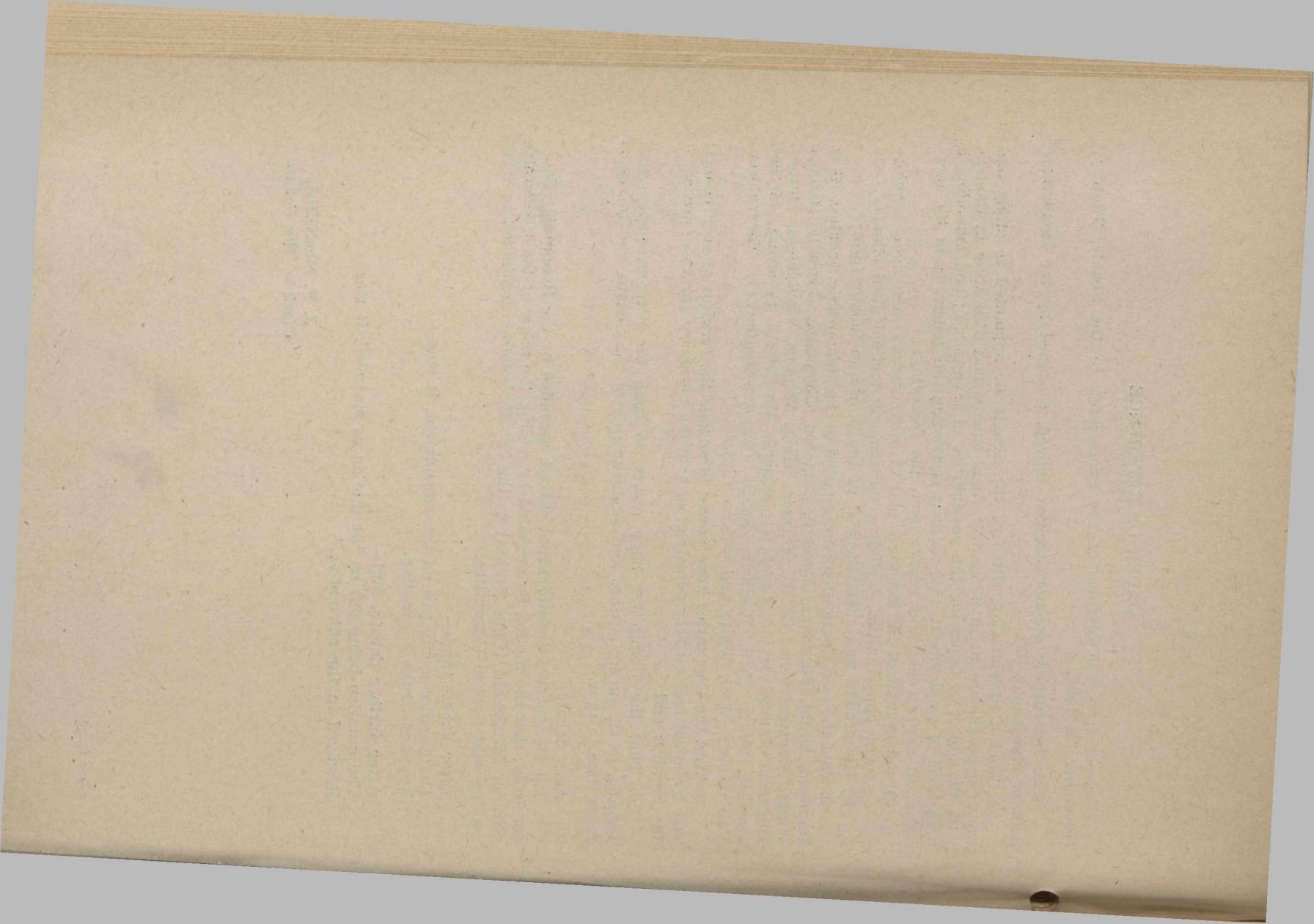
After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.



MINUTES OF PROCEEDINGS

WEDNESDAY, February 1, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 9.30 a.m.

Present: The Honourable Senators Methot, *Chairman*, Blois, Bouffard Brunt, Buchanan, Connolly (*Ottawa West*), Croll, Haig, Higgins, Hnatyshyn, Horner, Inman, Irvine, Leonard, MacDonald (*Queens*), Macdonald (*Cape Breton*), Smith (*Queens-Shelburne*), Vaillancourt and White—19.

The following were heard:—

Dr. J. J. Deutsch.

Mr. W. R. Dymond, Director, Economic and Research Branch, Dept. of Labour.

Dr. Sylvia Ostry, Assistant Professor of Economics, McGill University.

At 12.15 p.m. the Committee adjourned.

At 8.00 p.m. the Committee resumed.

Present: The Honourable Senators Methot, *Chairman*, Blois, Brunt, Burchill, Connolly (*Ottawa West*), Haig, Hnatyshyn, Inman, Irvine, Leonard, Macdonald (*Cape Breton*), Smith (*Queens-Shelburne*) and Vaillancourt—13.

Mr. J. R. Nicholson, President, Council of the Forest Industries of B.C., was heard.

At 10.00 p.m. the Committee adjourned until Thursday, February 2, at 9.30 a.m.

Attest.

John A. Hinds.

Assistant Chief Clerk of Committees.

THE HISTORY OF THE

REIGN OF

CHARLES THE FIRST

BY

JOHN BURNET

OF

THE UNIVERSITY OF OXFORD

IN TWO VOLUMES

THE SECOND VOLUME

CONTAINING

THE

REIGN OF

CHARLES THE FIRST

BY

JOHN BURNET

OF

THE UNIVERSITY OF OXFORD

IN TWO VOLUMES

THE SECOND VOLUME

CONTAINING

THE

THE SENATE

SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

EVIDENCE

OTTAWA, Wednesday, February 1, 1961.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 9.30 a.m.

Hon. LEON MÉTHOT in the chair.

The CHAIRMAN: We have a quorum, honourable senators. Dr. Deutsch, will you introduce the witness?

Dr. JOHN J. DEUTSCH: Mr. Chairman and honourable senators, we have with us this morning Mr. W. R. Dymond, the Director of the Economics and Research Branch of the Department of Labour. Mr. Dymond's branch has been collecting information during the past several years on the effect of technological changes and automation on employment. We asked Mr. Dymond to collect this information together for us in a concise form, and to present the main conclusions from his work to the Senate committee. This is a very important aspect of our problem, namely, the effect of technological changes and automation, and we are very pleased that Mr. Dymond is able to give us the results of the work which his branch has been doing in this field over the past several years.

I am happy to introduce to you now Mr. Dymond.

Mr. W. R. Dymond, Director, Economics and Research Branch, Department of Labour: Mr. Chairman and honourable senators:

TECHNOLOGICAL CHANGES AND THEIR IMPACT ON EMPLOYMENT AND OCCUPATIONS

1. INTRODUCTION

The purpose of this report is to analyze the technological changes which are occurring in the Canadian economy, and to outline some of their manpower effects. The discussion will be based on the research that has been undertaken to date by the Manpower Resources Division of the Economics and Research Branch, of the Department of Labour, as part of a broad manpower training research program. Although this research has not been completed, it does throw some light on two major aspects of technological change: (1) its general effects on employment and output; and (2) some of its particular effects on occupations and skill requirements.

Much has been said and written about technological change and its effect on workers in recent years. Discussion of the subject has generated both emotion and speculation. The primary reason for increased interest and concern is that technological change, as it has been experienced in the last decade or so, has differed in at least two important respects from that which took place in earlier years. Innovations have recently been introduced at an accelerating pace, and some of the innovations themselves have differed markedly in char-

acter from those which we had previously. It is the rapidity and the rather different nature of technological change over the past decade which has led to apprehension about it and its effects.

A second reason why technological change merits consideration today is that it is turning industry's manpower requirements in some new directions. It is clear, for instance, that needs for highly skilled and technical manpower have been increasing while requirements for many other occupations have been lagging. As a result, trained manpower today is basic to the effective economic development of Canada to a much greater degree than in earlier years. If our needs for trained manpower are to be met, it is important that a clear picture be developed of our changing manpower requirements and of their implications for education and training.

This report will review the kinds of technological changes which have been occurring in recent years in five selected industries in which our research studies have been made. The general effects of these changes on employment and output will be discussed, as well as their specific effects on individual occupations. The kind of technological changes occurring in business offices will then be outlined and their effects analyzed. A few comments will then be made on the changing occupational structure of the labour force (in this country) during the past several decades so that the specific occupational trends discussed earlier can be seen against the broader setting of what is taking place generally. Finally, in some concluding observations an attempt will be made to spell out some of the implications of the information and data presented as far as employment and training are concerned.

The Department of Labour has been studying changing requirements for skilled and technical manpower and the reasons for them since the summer of 1956. At that time a skilled manpower training research program was initiated by the Department in cooperation with other directly interested federal and provincial agencies, management and worker organizations, and other bodies. Its objective was to obtain information on changing needs for professional, skilled and other types of manpower in Canadian industry, on the available supplies of these types of workers, and on the adequacy of existing training facilities in industry and public institutions to meet the emerging needs. The various manpower effects of technological change have formed an important part of this research program. In other words, this research is part of this broader program of work that I have just outlined.

This work has been under the general direction of an interdepartmental skilled manpower training research committee. In 1957, an advisory committee on technological change was established in order to assist the interdepartmental committee in identifying the problems requiring attention in the area of technological change, and to suggest types of studies most needed in this field. The advisory committee is composed of individuals from management, organized labour, government, universities and a few other interested agencies.

Before discussing some of the technological changes which have been taking place during recent years, it is necessary to say a few words about the meaning of this term.

The phrase "technological change" suggests for most people such important events as the invention of the steam engine, the printing press, or the wheel. These events, which greatly affected the development of civilization are indeed outstanding examples of technological change. In considering such changes however at the present time it must be kept in mind that most of them are small, although in their total effect they have great significance.

Most technological change in industry can be classified into the following types: (1) new products; (2) changes in old products to increase their marketability or to make production easier and cheaper; (3) new materials; (4) new

sources of power; (5) increased mechanization or automation of production processes; (6) communication and other services; (7) the use of computing machines; and (8) changes in plant organization and layout.

The ongoing process of industrial development usually involves the introduction of more than one of these changes at a time. Use of a new material may require a new production process. Use of a new source of power may involve a change or at least an increase in mechanization. The introduction of a new product may well bring about many different technological changes in a plant and an industry.

If the purpose of this report were to develop an abstract theory of technological change, it would be desirable to begin with a precise, unambiguous definition of the term. This is, however, not the concern here. It is rather to discuss the broad types and processes of technological change in selected industries. For this purpose, it is sufficient to bear in mind that technological changes are numerous and heterogeneous in character affecting different parts of the economy in different ways.

2. RECENT TECHNOLOGICAL CHANGES IN FIVE INDUSTRIES

During the last three years, the Department of Labour has been carrying out field studies of technological changes and their effects in five industries. The industries studied, and on which the following analysis will be based, are electrical and electronics, heavy machinery, household appliances, automobile manufacturing, and automobile parts. Interviews were conducted in from five to twenty plants in each of these industries. The plants visited were located in Ontario and Quebec, mainly, I might add, because the industries were heavily centered in those two provinces; and the interviews were with the principal management officials as well as with a number of union officials in the case of the last two industries.

Reports have been issued, under the auspices of the interdepartmental committee mentioned earlier, on the studies undertaken in each of these five industries. They are included in numbers 2, 3 and 8 of the Skilled Manpower Training Research Program series. Copies can be made available to anyone interested.

Information was obtained on technological changes in each plant during recent years, in as much detail as possible, and on the effects of these changes on employment and occupations. Data were also obtained on the composition of the working force in each plant by department and occupation, as well as on the types of training activities carried out in the plants surveyed.

It is necessary to point out that the information collected on specific technological changes represents only a part of a larger number of such changes which have taken place in recent years in the plants visited. Although efforts were made to obtain a complete story, it is possible that many small changes, for example, were forgotten and so were not reported. The relatively large changes, on the other hand, might have created an impression which lasted for some time so that those concerned remembered them clearly and were able to recall them in detail. Thus, the cases on which information was obtained may not be representative of the total universe of such changes. Nevertheless, it is felt that the findings show quite clearly the broad scope of the changes which have been taking place and something of their character.

Another word of qualification is necessary. This analysis concentrates exclusively on the direct effects of specific changes, that is, on their effects on the workers directly involved in the productive operation studied. The secondary manpower effects are not reported although attention is called to their importance in reports of the studies made. These secondary manpower effects could occur in the plant where the change was initiated or in an outside plant

within or without the same industry. The two main difficulties in determining such secondary effects are implicit in their nature. First, the secondary effects of any specific change in technology have a diffused character and are not readily identified wherever they occur as having resulted from the particular change under study. Second, time lags of various durations occur between the change and the primary effects on the one hand and the secondary effects on the other. These time lags tend to obscure further the relationship between specific technological changes and their full manpower effects.

The specific changes on which information was secured in the five industries studied were analyzed in terms of the 'type' of change they represented. To some extent at least, each of the different types of change has its own characteristic manpower effects, and this information in conjunction with the frequency with which the various changes were encountered provides some insight into the manpower implications of the changes taking place.

The technological changes on which information was obtained are presented by type and frequency in **Table 1**.

TABLE 1
CLASSIFICATION OF SPECIFIC EXAMPLES OF TECHNOLOGICAL CHANGE
IN FIVE MANUFACTURING INDUSTRIES¹

	Electrical and Electronics	Household Appliances	Heavy Machinery	Auto Parts	Auto- mobile
TOTAL.....	38	114	35	79	62
Improved Tooling.....	0	6	1	3	4
Automatic and Semi-Automatic Machinery.....	10	23	4	8	6
Integrated Materials Handling.....	2	10	0	2	3
Automatic Controls.....	0	8	2	0	3
Changes in Product Design and/or Methods of Fabrication.....	5	13	3	9	8
Use of New Materials.....	3	19	4	2	2
Improvement in Non-Automatic Machinery.....	2	3	3	41	13
Improved Hand Tools.....	0	0	0	0	2
Improved Materials Handling.....	2	13	0	10	14
Introduction of New Product or Operation.....	12	11	5	4	3
Redesign + Integrated Materials Handling.....	0	0	0	0	2
Improved Inspecting or Testing Equipment.....	2	3	12	0	1
Changes in Materials and Changes in Prod. Technique.....	0	5	1	0	1

¹ Based on information obtained from selected large firms located in Central Canada, 1956-1960.

It is clear from this table that the most common type of technological change differed in each of the industries studied. In the case of the electrical and electronics industry, it was the introduction of new products or operations. The installation of automatic and semi-automatic machinery was the most common type of change in the household appliance industry. Improved inspecting or testing equipment was the most frequent kind of change in the heavy machinery industry. Improvements in non-automatic machinery were the most common type of change in the automobile parts industry, while improved materials handling and better non-automatic machinery were of approximately equal importance in the automobile manufacturing industry.

The installation of automatic and semi-automatic machinery, changes in product design and/or methods of fabrication, and the introduction of new products or operations were all types of technological change which occurred with at least some frequency in all five of the industries studied. It is interesting to note that one of the most dramatic kinds of technological change,

the integration of materials handling through the use of transfer equipment, was found in four of the five industries studied. Another relatively advanced type of technological change, the use of automatic controls, was found in three of the industries, although not very extensively. Attention might also be drawn to the frequency with which new materials are being introduced in the household appliance industry.

Some of these changes obviously involve many more workers than do others. For this reason their full significance can be appreciated much better when their effects on employment are indicated and some examples are given to illustrate them.

The use of automatic machinery usually eliminates a significant proportion of semi-skilled workers previously engaged in this type of operation. In some cases, more maintenance personnel are required to stand by continuously because of the considerably increased cost stemming from any prolonged breakdowns. The calibre of maintenance personnel needed tends to rise and competence in several related maintenance trades comes to be preferred.

An example of this type of change is the installation of an automated plating machine in one firm. Before the installation of the machine, 39 men plated a given square footage of surface in one day. On the automated equipment, 23 men were able to load, unload and inspect the same square footage. Three maintenance mechanics, however, were subsequently required to be in attendance all the time to prevent or repair breakdowns.

Greater use of integrated materials handling equipment usually eliminates the jobs of unskilled materials handlers or increases the output significantly of processes utilizing semi-skilled workers. Normally, maintenance requirements rise after the installation of such transfer machines. In some cases full-time maintenance is needed.

An example of this type of change is the installation of transfer machines in automobile hood stamping operations. Before this piece of equipment was installed, 13 men were working on this operation, whereas afterwards only 6 were involved with an output which increased by 40 per cent. Maintenance requirements increased and the calibre of maintenance personnel attending to the equipment was higher.

In the industries examined, the increasing use of automatic controls has had limited effect on manpower. By automatic controls are meant devices (mechanical, electrical, hydraulic or otherwise) which regulate the operation of a machine or piece of equipment. These devices do, however, often result in a substantial improvement in the quality of the final product. If manpower displacement occurs, it tends to be concentrated within the inspection staff. There is some increase in maintenance requirements in respect to the control mechanisms.

A change in product design and/or methods of fabrication can affect the number and types of workers in various ways. It can have a far-reaching effect on manpower requirements, as in the case of the use of printed circuits in the electronics industry which reduced the need for solderers and other types of semi-skilled workers. Another example is the substitution of induction heating equipment for ordinary gas furnaces in the extrusion of valves in an automotive parts company. This change eliminated the heater operator and thus meant a saving of manpower, but it also created difficulties in the training of hammermen since under the old system the heater operator's job was a step in the training process towards the position of hammerman. There was a considerable increase in this case in electrical maintenance on the high frequency generator units.

The installation of improved non-automatic machinery is a type of change whereby a newer and faster machine replaces an older lower-capacity one.

Usually, output is increased significantly in the operation concerned which may or may not reduce total employment, depending on the level of total production which is maintained after the change. No occupational or skill changes of any significance occur and maintenance requirements do not seem to change significantly.

An example of such a change is the replacement of a milling machine with a broaching machine for the finishing of gasket surfaces on a cylinder block. The milling machine, in this example, finished 35 units per hour with one operator, while the broaching machine which replaced it had a production rate of 75 units per hour with one operator.

The introduction of a new product or operation usually constitutes an addition to the activities of an establishment. As such, it raises manpower requirements in most categories of employment, provided the work force engaged in producing the other products is fully utilized. Wherever additional activities are commenced, the establishment invariably adopts the most up-to-date techniques that are appropriate to the planned level of output.

An example of this type of change is the recent commencement of V-8 engine production in a large establishment. This created employment for approximately 300 people, out of which about 40 per cent were in skilled occupations. The large proportion of skilled jobs reflects the very high degree of mechanization and integration of this production process.

This is perhaps sufficient by way of example to convey the flavour, as it were, of what has been happening in the five industries studied and, undoubtedly, in many other industries to a greater or lesser degree. It should be noted that manpower requirements in the industry in question are frequently reduced, that output almost always increases either in quantity or quality or both, and that needs for semi-skilled workers tend to drop, while those for skilled maintenance workers, and some other highly technical groups, frequently rise.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, before the witness continues, may I ask Dr. Deutsch, in referring to **Table 1**, if at some later time we might be able to get the number of people on the working force in each of those categories?

Dr. DEUTSCH: You mean for the country as a whole, Senator?

Senator CONNOLLY (*Ottawa West*): Well, since this survey is confined to Ontario and Quebec, it could be for those two provinces, if it is easier to obtain the information for them.

Dr. DEUTSCH: I do not know. I have Mr. Dymond here but I doubt very much if we have that information; however, it can be obtained.

Mr. DYMOND: Do you mean the number in the electrical and electronics industry?

Senator CONNOLLY (*Ottawa West*): Yes.

Dr. DEUTSCH: We can obtain the number of workers in these industries. I thought you meant these particular operations, like tooling.

Senator CONNOLLY (*Ottawa West*): No, the general categories.

Dr. DEUTSCH: Yes, that could be obtained.

Mr. DYMOND: We can make a note of that.

Senator CONNOLLY (*Ottawa West*): In the five general categories.

Mr. DYMOND: Yes.

So far we have been studying or looking at technological change in detail by way of example in these specific industries.

Senator SMITH (*Queens-Shelburne*): May I ask a question with regard to the one Senator Connolly asked? When you get that information would you

also tell us the trend, if there is one, and give us the figures for these breakdowns, say five years ago and now?

Mr. DYMOND: I am coming to that, senator, in chart 1; if not, I shall come to it anyway.

3. GENERAL EFFECTS OF TECHNOLOGICAL CHANGE ON EMPLOYMENT AND OUTPUT

The studies carried out to date indicate that associated with these technological changes have been substantial increases in productivity in all of the industries surveyed. One of the prime reasons, of course, for making technological changes is to increase the volume of production or to lower unit costs. One of the best indications, therefore, of the effects of technological change on employment would be data on changes in output per worker. Unfortunately, in Canada government statistics of this kind have not yet been developed to the point where they can be used for this purpose.

It is possible, however, to give some indication of changes in output per worker by reviewing trends in employment and volume of production in the industries studied. Since production and employment can vary considerably from one year to the next, a better appreciation of the underlying trends can be obtained by averaging three of the most recent years for which data are available, 1957-1959, and comparing this average with the situation in 1949. The following information is developed on this basis. It should be mentioned that these data refer to all establishments in the industries covered rather than only to those which were visited in the studies on technological change.

The data indicate that in all five industries the physical volume of production increased considerably more than did total employment. A glance at **Chart 1** shows this. In the motor vehicle industry, the volume of production increased by 50 per cent, while employment rose by 11 per cent; in the motor vehicle parts industry the comparable figures were 20 per cent and 7 per cent; in the electrical apparatus industry the figures were 82 per cent and 41 per cent respectively; in the machinery industry they were 34 per cent and 17 per cent respectively; and in the household appliance industry volume of production increased by 54 per cent and total employment rose by 19 per cent. In addition, there were also declines in hours of work over the same period in at least some of these industries.

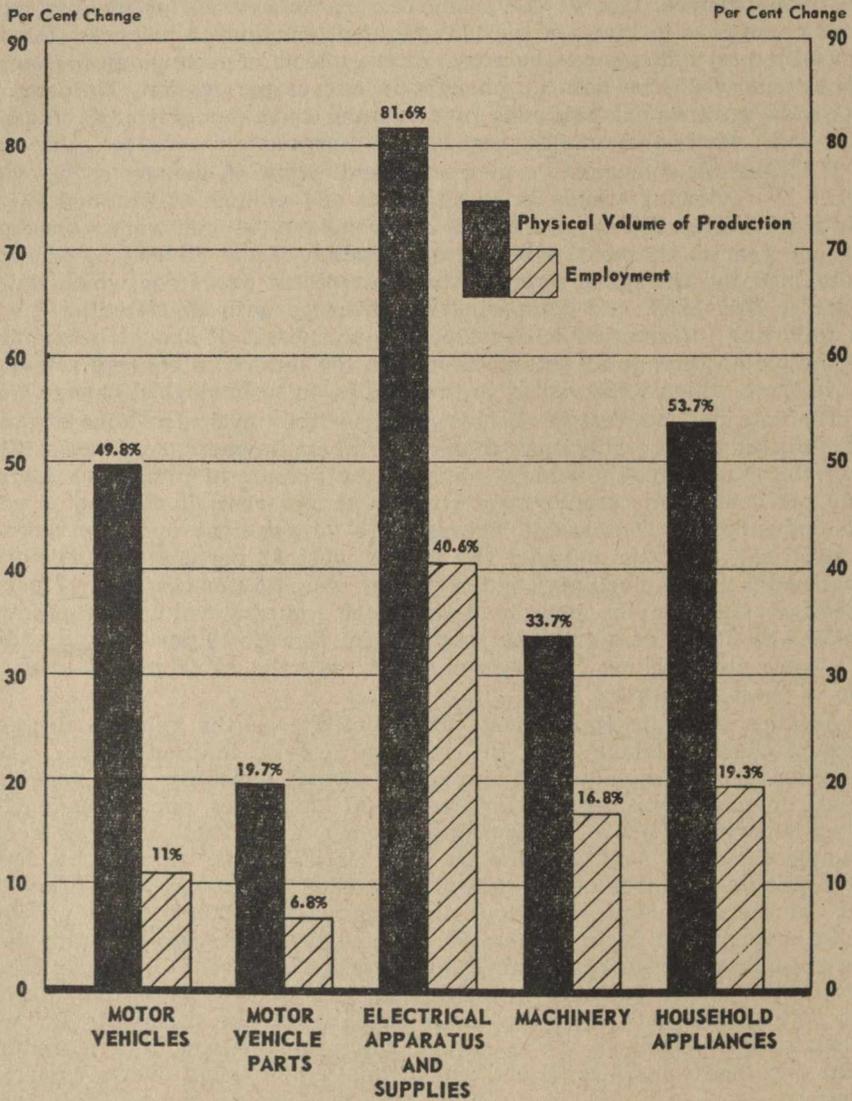
Another general employment effect noted was the relative decline in direct production labour and the relative rise in indirect labour. Direct production labour includes all employees except executive and supervisory officials, managers, professional and technical employees, superintendents and factory supervisors above the working foremen level, those engaged in retail or wholesale sales, new construction, and clerical staff. Information here is only available for three of the industries studied and covers the period 1948-1958. In the automobile industry, direct production labour as a proportion of total employment declined from 83 per cent to 73 per cent over this period, whereas indirect labour rose from 17 per cent to 27 per cent. In the automotive parts industry, direct labour also declined, but to a lesser extent, dropping from 84 per cent to 78 per cent over this period. In six plants for which statistics are available in the household appliance industry, direct production labour declined from 78 to 68 per cent of total employment over a comparable period.

Senator CROLL: Mr. Dymond, couldn't you give us the same information here as you did for the automobile industry where you said that indirect labour rose from 17 per cent to 27 per cent in the period 1948-58. You have not given us the corresponding figures for the automobile parts industry.

Mr. DYMOND: The total is 100 per cent, so the figure you are looking for can be gotten by subtraction.

Chart 1

**EMPLOYMENT AND OUTPUT TRENDS IN
FIVE MANUFACTURING INDUSTRIES, 1949 to 1957-59
(1949 = 100)**



Source: D.B.S. data on volume of production and employment.

The increase in productivity and the changes in the proportion of direct and indirect labour give some indication of the effects of technological change on manpower. It must be remembered, however, that productivity trends depend on other factors as well—changes in quality, changes in 'make or buy' policies—that is, whether a firm buys from sub-contractors or makes the product itself—variations in volume produced and hours worked, all are additional factors which affect productivity. The only statement which can safely be made is that a large proportion of the apparent changes in output per worker in the industries studied can be ascribed to the effects of technological change.

The implications of a sizable increase in productivity are several. First of all, it means that a given work force is now able to produce a greater volume of output than previously. It further means that any given expansion of production would induce a slower increase in total employment than would have been the case before the introduction of technological changes, thus reducing employment opportunities for new entrants into the industry. If no expansion, or too slow an expansion of output occurs, it may result in a reduction in the number of jobs in a plant. The impact of displacement will be eased if the industry itself is growing, if other industries dependent on it are developing, that is, service stations, garages, highway building, tourism, or if employment in the economy as a whole is expanding. In a time of recession, however, its impact will be more severely felt.

A sizable gain in productivity also usually indicates a considerable increase in capital investment per worker. Such an increase in capital investment tends to expand employment opportunities in such areas as maintenance and the capital goods industries. Although increased employment opportunities in maintenance and other areas of work are evident in Canada, it is important to note that expansion of employment in the capital goods industries that are related to the industry under study here as a potential offset to possible displacement is minimized because in several industries the bulk of production machinery is imported from other countries, being designed and manufactured elsewhere. In the five industries studied, this fact was particularly evident.

The relative decrease in direct production workers and the increase in indirect labour have pushed the overall skill level of employment upwards. This has been brought about partly by the fact that displaced labour is more apt to be semi-skilled or unskilled workers engaged on production work, where the manpower impact of technological change is usually concentrated. A second contributing factor is that new products, improved and more complex production methods, greater quality control, and increasing research and development, all have resulted in a need for more technical specialists on the indirect labour side, such as engineers, technicians of many kinds, and a wide range of other staff specialists. In the automobile industry, for example, salaried employment increased substantially from 1948 to 1958. In manufacturing administration, in particular, there was a fast rate of growth due to expanding functions such as production planning, scheduling, quality control, complex inspection and time study.

Employment in the engineering departments of Canadian automobile firms seemed to experience a relatively slow rate of expansion from 1948 to 1958. One of the reasons for this is that a considerable portion of the engineering work is and has been done by parent companies outside of the country. A similar situation occurred in the household appliance industry. The need for engineers was, however, more pronounced in the electrical and heavy machinery industries, where more research and more development work were being carried out.

The more complex machinery and equipment being used in manufacturing plants as a result of technological change have resulted in increased main-

tenance. Greater stress is being placed on preventive maintenance to reduce costly production breakdowns. The level of skill required of maintenance workers is tending to rise because of the demand for knowledge of electronics on the part of electricians, and a knowledge of hydraulic and pneumatic systems by machine repairmen. Maintenance welders are required to deal with a greater variety of metals and with new welding techniques. Similar trends are occurring in many other skilled occupations.

Toolroom operations have gained in importance. More complex machines increase the number of tools required. More frequent model changes also require tools and dies to be changed more often.

Inspection has generally increased in importance both in terms of numbers of workers and in upgrading of skills. Quality control techniques are becoming more complicated, involving in various cases statistical quality control, X-ray inspections, ultrasonic testing, and hardness testing. The level of education required by the inspection staff is consequently rising. There are, of course, many inspection functions which are still routine in nature.

Assembly operations, generally speaking, have not yet been greatly affected by changes in production techniques, for the reason that these operations have thus far lent themselves less readily to integrated mechanization than have machining operations.

Automatic transfer equipment and conveyor systems have replaced much unskilled labour formerly employed in materials handling.

4. EFFECTS OF TECHNOLOGICAL CHANGE ON SPECIFIC OCCUPATIONS

So far, attention has been directed at the general effects of technological changes on employment. It is important to know more specifically what kinds of occupations are being affected, both quantitatively and qualitatively, so that a clearer appreciation of the displacement and training consequences of technological change can be gained.

The incompleteness of the data on employment by specific occupations obtained through interviews and the fact that what were obtained covered time periods of various duration, prevented a full analysis of this subject from interview reports. Consequently, data obtained from the Department of Labour's Annual Wage Rate Survey were used for this purpose. In this survey, data are reported by individual establishments on the number of workers at each rate of pay in selected occupations. Short descriptions of the occupations for which information is requested are provided.

This information for the five industries studied over the period 1950 to 1959 is summarized in **Chart 2**.

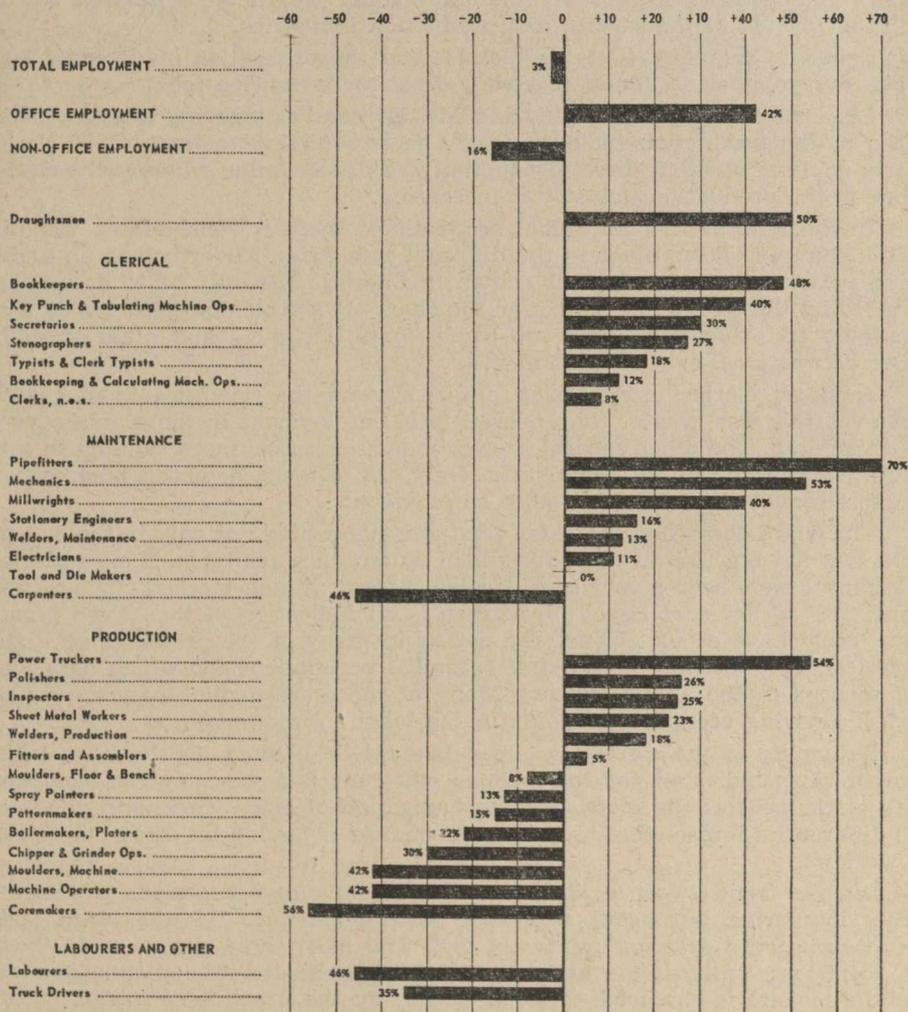
Again it should be noted that the data do not cover all reporting establishments in the industries selected, but only the large ones. The trends shown here, therefore, may not be indicative of what is happening in small establishments. The larger firms, however, account for the majority of employment in the industries studied. The analysis is based on average employment in each occupation in the first and last three years of the period for which data are available. **Table 2**, at the end of this report, provides in greater detail the data shown in **Chart 2**.

The chart shows that, while total employment in selected large plants in the five industries declined slightly over the approximately seven-year period, office employment, i.e. clerical, administrative, and professional employees, increased substantially, up 42 per cent, and non-office employment (the remainder) showed a sizable drop, a drop of 16 per cent. This was true in each of the five industries, as well as in total.

Senator **CONNOLLY** (*Ottawa West*): Mr. Chairman, earlier, before Christmas, some of the papers discussed the difference between the service industries

Chart 2

PERCENTAGE CHANGES IN AVERAGE EMPLOYMENT IN SELECTED OCCUPATIONS
IN FIVE MANUFACTURING INDUSTRIES*
BASED ON AVERAGE EMPLOYMENT FOR 1950-52 AND 1957-59



* Electrical and electronics, heavy machinery, household appliances, automobiles, and automobile parts.

Source of basic data: Department of Labour Annual Survey of Wage Rates.

and the production industries. I suppose, Mr. Dymond, when you talk here about an increase in office employment and decreases in non-office employment there you are talking first of all about a production industry, and non-office employees are the people who are engaged in direct production, and office employment would include everyone I suppose, who is not engaged in direct production. In a sense these non-office people you describe are people who are servicing the production industry, and the only direct production is being done by this relatively smaller group. Is that so?

Dr. DEUTSCH: Yes, Senator Connolly, I might say it is so. The earlier report you referred to was Mr. Denton's study where we separated out the different trends in the service and production industries.

Senator CONNOLLY (*Ottawa West*): And the production industry, if I can make my point clear, includes a very great many service jobs?

Dr. DEUTSCH: That is right, and Mr. Dymond is showing changes taking place in the production industry itself, he is referring to the rise of clerical work, pointing out that direct production work is declining whereas the clerical work in the production industry is increasing.

In the case of the individual occupations, there is considerable variation in the changes taking place in the different industries. Nevertheless, an underlying pattern emerges which is shown in **Chart 2**. The only office occupations covered by these data and shown on the chart are the clerical ones. No data are available on professional and sub-professional, technical and other specialist office occupations, except draftsmen.

Amongst clerical occupations, clerks showed the slowest rate of growth, but even this was greater than overall total employment in the plants covered by these data. The other clerical groups shown increased more rapidly, in some cases much more rapidly, than clerks. Only one of them, however, bookkeepers, increased more than did total office employment.

The chart, therefore, indicates what was happening not only in the occupations covered but also in those for which no data are available. It suggests that there must have been a very considerable increase in non-clerical office occupations. The 50 per cent rise in draftsmen is an indication of this. Even greater gains must have occurred over the period in many of the professional, highly technical, administrative, and staff specialist occupations for which data were not secured in the annual survey. Many of these are undoubtedly among the fastest growing occupational fields in the labour force today.

Returning to the clerical group, it should be pointed out that the larger growth rates indicated for the various office machine operators as compared with clerks reflects the increasing mechanization of office work, and points up the differential impact that technological change is having on these two groups of workers.

Diverse trends were evident among maintenance occupations in the different industries, but again a general pattern emerges. By and large, these occupations were growing relatively fast. The most rapid growth was shown by pipefitters, millwrights, and maintenance mechanics. The picture for tool and die makers is obscured, to some extent, by the practice of subcontracting this work to job shops which is developing in some industries. The only occupation in this group showing a decline was carpentry. This may be due partly to varying amounts of construction work and partly to more skilled work of this nature being contracted out.

Turning to production workers, the tendency for changes to vary in the different industries is even greater, but general patterns can still be seen. The large increase in power truckers is associated with, but does not account for, the declines in labourers and truck drivers. Reference has already been

made to the expansion in inspection work, and the marginal impact of technological change in these industries on assembly operations. The growth of production welders was heavily concentrated in the automobile industry.

The decline in machine operators occurred in the electrical, automobile, and automobile parts industries, where mechanization of these operations has been considerable. The growing mechanization of foundry work, and of painting and plating operations, accounts mainly for the other declines shown.

It must be emphasized that this chart and table do not cover all occupations in the various groups indicated. The occupations shown, however, are sufficiently numerous to indicate in some detail the occupational areas which are growing, declining or remaining relatively stable. The shift in the occupational structure of these industries towards non-clerical white-collar occupations and, in the plant, to the maintenance trades and some production tradesmen is clearly evident. These shifts are further evidence of the growing emphasis in manpower requirements on relatively high degrees of skill, technical knowledge, and specialist training of various kinds.

5. OFFICE AUTOMATION AND ITS EMPLOYMENT EFFECTS

One of the most dramatic changes that has taken place in the Canadian labour force since the turn of the century is the rise in clerical employment from the ninth to the second largest broad occupational group. As the clerical work force has grown, its composition has changed. In 1901, 67 per cent of all clerks were men. By 1960, a little over 61 per cent of a vastly increased clerical work force was made up of women. The male workers in these occupations now tend to cluster in the supervisory and more mechanical jobs, while women make up the great bulk of workers in typing, stenographic and secretarial jobs.

Fundamental changes are also occurring in the nature of clerical work itself. The classic concept of the clerk dates from before the turn of the century when the black-coated worker, with visor and sleeve guards, accounted for the paperwork needed in the small family undertaking or partnership. As businesses grew in size, the organizational expedient adopted to handle the increased paperwork was that of a departmental breakdown based on function or geography, into manageable individual and group work components. This was the trend through the first five decades of this century, which necessitated and explains the dramatic expansion of clerical employment. The problems which consequently developed were those of communication, co-ordination, and control. Mechanical data processing and more recently the electronic computer are now providing, increasingly, the means whereby these problems are being overcome.

This break-through in the means of handling clerical work may result in a slackening in the growth of clerical employment. From 1941 to 1951, for example, about 50 per cent of the increase in clerical employment was due to the fact that the proportion of such workers in the industries where they are predominantly employed was increasing. The other one-half of this expansion was due to the over-all growth of these same industries.

In the more recent decade, however—that is, the last—only 5 per cent of the growth which has occurred in clerical employment can be attributed to the increasing intensity of their employment in specific industries. Most of the growth in clerical employment over this decade was due to the over-all expansion of the industries already employing such workers.

It would appear, therefore, that office mechanization and automation are already accounting for some slackening in the rate of clerical employment expansion, and that this trend may well continue.

The research which has been done to date by the Economics and Research Branch of the Department of Labour on the impact of technological change in business and other offices on employment has been limited. Although the impact of office mechanization and of organizational and systems changes on clerical and white-collar occupations is the full area requiring investigation, research has concentrated on electronic data processing, the most recent but potentially most significant of all the changes that are taking place in the office employment area.

In the summer of 1958, a case study of the effects of the introduction of electronic data processing in a large Canadian insurance company was initiated. This study has aimed at obtaining as much detailed information as possible on the manpower and other changes which occur when a significant step of this kind towards office mechanization is taken. To supplement this specific study—which is still in process, because it takes so long for these computers to be fully integrated into an office operation—a broad survey of the current status of electronic data processing in Canada at the beginning of 1960 has also been undertaken. A questionnaire was mailed to all known users of computers at that time to obtain factual information on the kinds of work being done by this equipment, the number and types of computers in use, the types and sizes of firms using them, and the number of people employed in the occupations associated with them. There was a 100 per cent response to this survey.

We are taking the opportunity of releasing this data to the committee. It has not been released to date.

There were 89 computers of all sizes operating in Canada at January 1, 1960, and these were distributed amongst 69 different organizations at 72 establishments. There were 13 organizations operating 2 computers, 1 organization operating 3 computers, and 1 operating 4 computers.

While 89 computers in Canada at the beginning of 1960 may seem a small number, it is significant that there were no computers at all in this country just four years earlier, none whatsoever. Moreover, the number of computers in operation has quadrupled in the past two years, and if the present rate of expansion were to continue over the coming decade, electronic data processing could become the dominant characteristic of office operations in Canadian business, industry and government.

Senator CONNOLLY (*Ottawa West*): Are there any of these in Government?

Mr. DYMOND: Yes, this includes Government, at all levels.

Senator CONNOLLY (*Ottawa West*): Can no figures for Government be given?

Mr. DYMOND: Yes, I think so.

At present, electronic computers are heavily concentrated in a few areas. Almost one-half of all the EDP installations in the country are in Montreal and Toronto, and more than three-quarters of the large computer installations are to be found in these two cities.

About one-quarter of all computers are located in manufacturing firms, with another one-quarter being in the community service industry which includes universities, hospitals, business service firms and computer service bureaus. Approximately 15 per cent of all computer installations are in government departments and agencies from which percentage you could work out the actual number—while an equal number are in financial organizations, especially insurance companies.

Computer applications range all the way from integrated data processing, including customer billing, on the part of some insurance companies, to the calculation of a least-cost feed formula for hogs by a commercial service bureau for one of its customers. Approximately one-half of total computer time was

found to be used for business data processing, and one-half for scientific and engineering computations. If the total amount of computer time, however, is weighed to reflect this differing capacities of large and small installations, commercial data processing applications outweigh scientific work by a ratio of 3 to 1. In this connection it should be pointed out that a good deal of the engineering and scientific computation for research purposes is carried out on analogue computers which were not included in the survey on which these figures are based.

The impact of electronic data processing extends beyond the bounds of the organizations presently equipped with such machines. Thirty-one of the 89 installations in operation in this country at the beginning of 1960 rented out time to a total of 116 other users. This number of other users is impressive, but the proportion that the total number of hours so rented per week bears to the extent of over-all computer utilization is small.

Although it was not possible to indicate how many jobs, if any, the 89 computers in Canada may have eliminated, the survey found that they have created 1,215 full-time jobs that did not exist prior to the introduction of EDP. An additional 646 people work part-time on the operation and maintenance of these computers. It might be added that more than 3 out of 4 of all the new EDP jobs are filled by male workers.

Out of every 100 of the new full-time jobs, 29 are for programmers, 14 are for administrators, 12 are for computer operators, 11 are for computer technicians, 10 are for project planners, and 24 are a variety of other jobs, such as peripheral equipment operators, data typists, tape librarians, computer centre receptionists, and those key-punch operators and verifiers whose full-time work is preparing input for the computer.

You can see these people develop their own terminology to describe their particular occupational area.

Except for some of the jobs in the 'other' category, all of these new positions are highly skilled in nature. In almost every case, the jobs call for technical or administrative specialists of a high calibre who have considerable formal education and training and, in most cases, have, in addition, varying amounts of specialized training and experience.

No attempt was made in this mail survey to assess the actual or potential employment impact of EDP. The complexity of this feature of EDP rendered a mail inquiry respecting it inadequate. This, however, will be one of the objectives of further research in this area. It may be of some interest to note that total employment in the establishments with computers as of January 1960 was approximately 177,000 people. As might be expected, a considerable proportion of this total was office employment, about 42 per cent.

This brief review of the current status of electronic data processing in Canada is not meant to imply that office mechanization today is solely or primarily of this nature. As pointed out earlier, office mechanization ranges all the way from the use of typewriters and small desk office machines to these computers. The significance of electronic computers is that they, more than any other innovation in this area, will probably alter very significantly the way in which office work is organized and gets done and, thus, change the occupational composition of the office work force to a considerable degree. As indicated earlier, the use of computers and a wide range of other high-speed and large-volume office machines is already resulting in a slowdown in the rate at which clerical employment has been expanding.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, I am wondering if the last paragraph in part 5 is consistent with something that the witness said a little earlier in his paper. I am unable to put my finger on it at the moment, but he talked about clerical work expanding because of the change in the

character of the work required to be done in these industries and the expansion of the industries. If that trend of growth is indicated, I am wondering how the last sentence is to be explained.

Mr. DYMOND: I think I know what you have in mind, Senator. The earlier statement was with reference to the long period since 1901, and that is what I am going into now. In the period from 1941 to 1951 the earlier reference was to clerical employment, and it was stated that 50 per cent of the increase in clerical employment was due to the intensification of its use in particular industries which used clerical help, and that the other increase was due to expansion.

Senator CONNOLLY (*Ottawa West*): That is mentioned on your page 18.

Mr. DYMOND: Yes. In the last decade only 5 per cent of increase in clerical employment was due to the first factor, intensification; all of the rest of the growth in clerical employment was due to the expansion of industries that used clerical help; in other words, they are not being used any more intensively in the last decade within the industries that use them; that is, the proportion of the total within the particular industry is not increasing very much. Whereas in the earlier decade, between 1941 and 1951, that was the major factor explaining the expansion of clerical employment.

It is to this latter tendency that I have reference at this point, part of it being explained by this growth in utilization.

Senator CONNOLLY (*Ottawa West*): Thank you.

Mr. DYMOND: It is helpful to view the specific occupational changes discussed so far, against the background of the broad occupational trends which have been taking place in this country during the last half century. These are shown, for the period 1901 to 1960, in **Chart 3**. I would draw to your attention the fact that **Chart 3** merely represents percentages of the labour force; these are not absolute growth rate factors, but a percentage that a particular occupation made up of the labour force in any one of the 10-year intervals.

In this chart, occupations have been grouped into six broad categories, of which the two largest are "white collar" and "blue collar". Included in the former group are clerical, professional, managerial, commercial and financial occupations, while the latter is comprised of manufacturing and mechanical, construction and unskilled labouring occupations. The resource group includes fishing, logging and mining occupations.

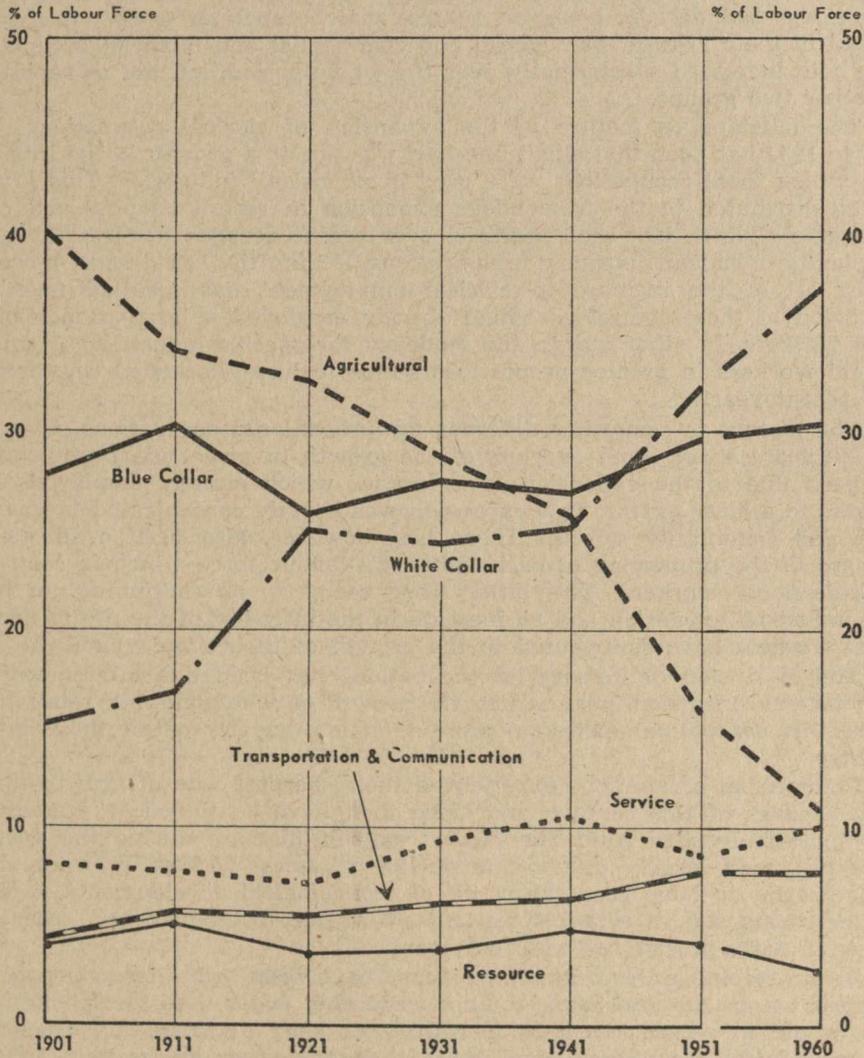
Chart 3, it needs to be added, shows the changing occupational structure of the labour force in terms of the percentage which each group is of the total at successive decades.

It can be seen immediately that occupational trends have not developed smoothly. Each occupational group has experienced considerable variation over the whole period in the proportion which it represents of the labour force. White-collar occupations, as a whole, for example, grew very rapidly during the decades straddling the two World Wars. Agricultural occupations have declined proportionately over the whole period, but it was only after 1939 that they showed a numerical drop. There have been alternating increases and decreases in the proportion of blue-collar workers in the labour force, but the net result has been that this occupational group now is about the same relative size as it was 60 years ago. Transportation and communication occupations have undergone a sizable proportionate increase, service workers are up slightly, while resource occupations are down.

Broadly speaking, changes in the economy's needs for various type of workers are a product of the varying rates of growth or decline of industries themselves as well as of shifts in the occupational composition of these industries. Needs for a certain type of skilled worker, for example, can change

Chart 3

PERCENTAGE DISTRIBUTION OF THE LABOUR FORCE
BY MAJOR OCCUPATION GROUPINGS, BOTH SEXES,
FOR CANADA, 1901 - 1960.



Source: 1901 - 1951 Censuses. Occupations were rearranged on the basis of the 1951 classification. Figures for 1941 and 1951 exclude males on Active Service.

1960 figures are based on Labour Force Survey data for June 1960.

because, (1) the industries which typically employ them are growing (or declining) faster than other industries, because (2) a larger (or smaller) proportion of such workers are being employed in the industries using them, or because both of these developments are taking place at the same time. To understand more fully occupational trends of the past, it is useful to distinguish the contribution of these two factors. These are the two factors I was discussing a few moments ago in relation to clerical employment.

The fastest growing component of the white-collar occupations during the last 60 years has been the clerical group followed by professional occupations. During the last decade, however, professional occupations have out-stripped clerical in their growth. Managerial and commercial and financial occupations have both increased substantially over the whole period, but not as rapidly as the other two groups.

The outstanding feature of the expansion of clerical occupations from 1931 to 1951 has been that about one-half was due to a growth in the intensity with which these occupations were used in almost all industries. This growth can be attributed to the tremendous expansion in record keeping and communications which has been required over recent decades to meet the great complexity of modern business organizations. During the last decade, however, almost all of the increase in clerical employment has resulted from the expansion of those industries which already employed a large proportion of these workers. In other words, the tendency for specific industries to employ clerical workers in greater proportions seems to have slackened considerably over recent years.

The picture is somewhat different for professional occupations. Over the past 30 years about three-quarters of the growth in professional employment has been due to the expansion of industries which already employed these workers to a large extent. This expansion was heavily concentrated in government and community service. There has, however, also been a substantial increase in the proportion of each industry's labour force which is composed of professional workers. This latter trend seems to be continuing. In total, both industrial expansion and an increase in the intensity in the use of professional workers have contributed to the growth of their employment.

The expansion of managerial occupations has been due almost entirely to industrial expansion, particularly the growth of wholesale and retail trade where this occupation makes up more than one-quarter of all those in the industry.

Commercial occupations experienced their sharpest rate of growth in the early decades of this century and since then have continued to increase at a comparatively slow rate. The modest rate of increase during the past 30 years has been largely due to the decline of sales workers in trade. This change seems to have been the result of technological developments, such as the increasing use in retail stores of self-service techniques and other advances in sales procedures and equipment.

Amongst blue-collar occupations there have been some divergent trends. Construction occupations have grown considerably faster than the labour force as a whole in recent years, while labourers have declined. Manufacturing and mechanical occupations grew more than any other group from 1931 to 1951, but since then their proportionate increase has been slower than that of the labour force as a whole.

Many construction workers (i.e., carpenters, painters, plumbers) are employed outside the construction industry itself, and this must be kept in mind when considering changing needs for these workers. While the proportion of construction workers in the industries using them increased considerably from 1931 to 1951, this growth slackened during the last decade. In

other words, construction occupations have continued to grow since 1951 only because the industries which already employed them in substantial numbers were themselves growing rapidly.

In the case of labourers there has been a decline in the employment of this occupational group in almost all industries during the last 30 years. The decline in the proportion of the labour force in this occupation would have been much greater had not some of the industries employing such workers in large numbers undergone rapid growth during the last few decades.

In the case of agricultural and resource occupations, by far the most significant change has been the tremendous decline in agricultural occupations. In 1901 this occupational group comprised 40 per cent of the whole labour force. By 1960, it constituted only 11 per cent of the labour force. Changes in other resource occupations—fishing, logging and mining—have been proportionately small.

Senator HAIG: Why would there be that change? Why would there be such a change in labour on the farms?

Mr. DYMOND: That is a big question, Senator. I think it is due primarily to mechanization and higher productivity in agriculture, basically.

Senator HAIG: It is because of mechanization?

Mr. DYMOND: Yes, by and large. I would say so.

Senator CONNOLLY (*Ottawa West*): You have not made any special study in that field, have you?

Mr. DYMOND: No, we have not, Senator, not with respect to technological change. We have done quite a bit of work on the agricultural labour force, and that is reflected in a 40 or 45-page bulletin that we issued about a couple of months ago.

Senator CONNOLLY (*Ottawa West*): But there has been no special study directed to the effect of mechanization?

Mr. DYMOND: No, there has not—not as such.

In summary, the outstanding changes in the structure of the labour force over the past 60 years have been the sharp drop in agricultural workers and the rapid rise in white-collar occupations. As has been shown, these and other changes have not proceeded at an even pace, but rather have been subject to ebbs and flows. During the past decade, the growth in clerical occupations has slackened, the rate of expansion of the professional work force has increased, labourers and unskilled occupations have declined further as a proportion of the labour force, and the rate of growth of blue-collar occupations has dropped. These broad trends, particularly during the past decade, confirm the changes suggested by the earlier and more detailed analysis of technological change in this report.

Senator HAIG: Let me ask you a question there. What has been the effect of the coffee break in the middle of the morning and the afternoon?

Mr. DYMOND: As a matter of fact, we have some statistics on that, Senator, in regard to working conditions, and with respect to how much rest period time there is in industry, where it took the place, and how many minutes there were devoted to it in various industries, so that we can let you have some figures on that as of 1960.

Senator HAIG: If you can give us any figures then give them to us.

Mr. DYMOND: Yes, I will make a note to do that.

Senator CONNOLLY (*Ottawa West*): Let us have one right here, Mr. Chairman.

The CHAIRMAN: Yes, after the paper is read.

Senator HORNER: The figures you have would probably show a break of 15 minutes, but I have sat in an office for half an hour waiting for a man to return from his coffee break.

Mr. DYMOND:

7. CONCLUDING OBSERVATIONS

It is clear from the foregoing remarks that technological changes in the Canadian economy are varied and extensive in character, and that their effects on manpower requirements are substantial.

The wide range in the kinds of technological changes, as defined in this report, which are occurring should be noted. The new ideas from which they originate do not only emerge from scientific advances. They also arise in such fields as plant organization and production engineering, in personnel policies and industrial relations, in marketing, and in various other phases of specialized business activities.

The invention of new products is also an important factor. The great increase in the production of hi-fidelity and stereophonic record playing equipment, for example, has probably resulted more from the stimulation of a demand for these products than from any recent basic discoveries facilitating their production. Such new demands are, of course, real and legitimate and their discovery and development are just as productive and as significant for employment as the discovery and development of an ore deposit.

While some technological changes occur as a result of the emergence of a new idea, many others are primarily an adjustment by the firm to a change in economic conditions. These may be changes in the size or nature of the market for a product, changes in the available supplies of productive resources such as labour, capital, material, power or transportation facilities, institutional or behavioural changes such as an increase in foreign competition, a change in government policy, or the merging of two or more plants with resulting re-locations and rationalization of production.

There can be no doubt that technological changes make possible the creation of more and better goods and services, but they also create a set of problems for both society and the individuals comprising it.

Technological change often presents very difficult choices to the individual worker. Each alternative way of adjusting himself to an altered situation may involve hardship. Retraining necessitates considerable expenditure of time, money and energy. To move to locations where openings exist requires funds, and such a move may necessitate leaving friends and, perhaps, family behind. If a worker is strongly attached to the locality, he may prefer to take a job there at a lower skill level, with a corresponding loss of earnings and lowering of status.

The effect of technological change on various groups of workers is a differential one and is governed by a number of factors. The general level of economic activity, the extent to which the establishment that employs him shares in the prosperity or depression of the industry, the individual's age and seniority, and his occupation and skill are all important.

In times of expanding economic activity, it is considerably easier to make any adjustments that become necessary because of technological change. Provided the company shares in the general prosperity, an affected employee can be more readily transferred to other jobs in the establishment and seniority clauses in collective agreements offer a greater measure of protection.

During times of expansion in economic activity, the main burden of any changes in technology falls on potential jobs, that is, job opportunities do not expand as rapidly in the affected establishments as they would have with the

older techniques. In this case, the most seriously affected group in the labour force is the new entrants, who may find it more difficult to enter the labour force in traditional occupational or industrial fields of employment.

In times of declining economic activity, again provided that the employing company is affected by the general trend in the industry, total employment not only fails to increase but often declines, with the result that layoffs become necessary. Because of seniority provisions in collective bargaining agreements, the impact of layoffs on plant workers will be greater in the case of the younger worker than the older worker.

Although seniority provisions, generally speaking, protect the older worker, it may occur that in one plant employees with several years of seniority are laid off, while at another plant which is expanding, new employees are hired.

In no sector of the labour force, however, are adjustment problems greater than among the older workers. Older workers, by whom are meant in this context individuals approximately 40 years of age and over, have firmer roots in a locality, usually more extensive family obligations, and a greater investment in terms of time and effort in the job or skill which is displaced by the change in technique. Even when older workers are willing to make greater sacrifices, they may find age a barrier in obtaining jobs elsewhere and may not be flexible enough in outlook and ability to be retrained easily. In consequence, they may find it increasingly difficult to obtain alternative steady employment at comparable wages. In this case, hardships are imposed on their family and although willing they are able to contribute little to the welfare of the country.

While the various employment security clauses of collective agreements provide considerable protection for the older worker in general, they protect the younger worker less effectively. Because of this, younger workers as a group have somewhat different problems. Often displacement due to technological change affects them to a greater extent than the older worker, but in some ways they are better able to obtain alternative employment. They are more mobile, are less attached to locality and environment, have a smaller stake in the job or skill from which they are displaced, and, lastly, are usually preferred in hiring if other relevant factors are equal. Because of age, they may take advantage more readily of various company and public training schemes to improve themselves and learn skills which are in demand. That is not to say that problems associated with training the younger worker do not exist, but rather that adjustment to the changing demand for labour is relatively easier for them than for the older workers.

In the case of office workers, problems of adjustment again are different. Clerical workers are the group where displacement effects of technological changes may be greatest. As noted earlier, these workers at present are primarily women, and their rate of job turnover is relatively high. This means that with some planning, individual employers can avoid or reduce the need for layoffs by reducing hirings and allowing employment to decline through natural attrition.

This, however, does not solve the problem; it shifts it again to the young people who are just entering the labour force, or of course to those who are presently employed.

There is another aspect to this problem. The newer types of office mechanization—electronic computers—are making it possible for different kinds of office work to be integrated into one combined operation. This reduces the need for departmentalization of clerical and related work and thus may make many clerical supervisors, at the intermediate levels in the office hierarchy, redundant. These workers are frequently older people with many years of experience behind them, but only infrequently with the mathematical and

technical aptitudes basic to the developing computer and related occupations. Here, then, is another area of potential displacement.

The relative decline in clerical supervisory jobs is also significant, because it tends to narrow the promotional ladder for many other clerical people. This means that the younger clerical workers, if they stay in the labour market indefinitely, are faced with the prospect of either remaining at relatively low paying and routine clerical jobs, or making a considerable leap into semi-professional work in one of the expanding technical or staff specialist occupational fields. The latter kind of move is not an easy one to make without a good deal of education and specialized training.

It is clear then that some significant problems of adjustment have and are being created by the technological changes taking place in the Canadian economy. A common feature of many of them is the premium which they are putting on higher and higher levels of basic education and specialized training. Related to this is the growing importance for those now in school to understand in some effective way, not only the key facts about how the world of work is changing, but also some of the actual relationships between what they are studying and what they will be called on to do in their working lives. If young people cannot see, in more than abstract terms, how their studies today relate to their work and careers tomorrow, then they are left only too vulnerable for the empty attractions of an immediate job with an apparently steady income and not very demanding work. From the resulting school drop-outs will come the unskilled and semi-skilled unemployed of the future.

It should be emphasized that the research on which these comments are based is not yet complete. It needs to be extended in several directions. Not only are there areas where little or no research has yet been done, but also the situation is changing so much that some of the facts brought to light are already becoming obsolete. It is clear that systematic and reliable information about technological change and the various adjustments it generates needs to be assembled so that the manpower and training problems arising can continuously be evaluated and solutions sought.

Senator CROLL: Mr. Chairman, just one question. I am taking advantage of the witness to some extent and if he does not want to answer my question he does not have to. A question has been raised about the effect of coffee breaks. I have heard the question raised many times and we might as well get an answer from the expert. I presume, Mr. Dymond, you have read the release or the study or perhaps you have even made it. Would you mind telling us its effect on morale, productivity, labour relations, and so forth? What was the result of your study?

Mr. DYMOND: Senator Croll, we did not go into the effects, I must confess, of the presence of coffee breaks. We simply gathered data on how long rest periods were in industry, nothing about what the impact of such rest periods were on productivity or morale or any other variables that might be relevant.

Senator CROLL: What purpose would such a study have if it were merely done by a computer? How many minutes do you allow for a coffee break?—it does not seem in itself to be much of a study, does it?

Mr. DYMOND: It was part of our larger survey of working conditions in Canadian industry, and the purpose of it is simply to inform management, unions, and others concerned of what the practice in this field of rest periods is, so that anybody wanting to adjust their own rest periods, say, in the light of prevailing practice can do so. It is simply a measure of what the practice is.

Senator CROLL: Would you tell us what the common practice is, if you recall?

TABLE 2
 PERCENTAGE CHANGES IN THE AVERAGE EMPLOYMENT OF SELECTED
 OCCUPATIONS IN FIVE MANUFACTURING INDUSTRIES, BASED ON
 AVERAGE EMPLOYMENT FOR 1950-52 AND 1957-59

	INDUSTRY				
	Electrical and Electronic	Household Appliance	Heavy Machinery	Auto- motive Parts	Auto- mobile
TOTAL EMPLOYMENT.....	+ 1 (13)	- 4 (12)	- 9 (13)	- 27 (8)	0 (6)
OFFICE EMPLOYMENT.....	+ 45 (12)	+ 28 (11)	+ 15 (13)	+ 34 (8)	+ 52 (6)
NON-OFFICE EMPLOYMENT.....	- 20 (13)	- 9 (12)	- 15 (13)	- 35 (8)	- 11 (6)
Professional and Technical					
Draughtsmen.....	+ 38	+570	+ 39	+ 25	+ 14
Clerical					
Bookkeepers.....	+ 9	+ 47	+ 29	+ 36	+155
Bkkpg. and Calculating M.O's.....	- 15	+ 87	+ 72	- 31	+ 21
Key Punch and Tabulating M.O's ¹	+ 13	+ 38		+ 69	+ 51
Secretaries.....	+ 8	+ 93	+ 52	+ 21	+ 46
Stenographers.....	+ 15	+ 15	- 22	+ 4	+108
Typists and Clerk Typists.....	+ 21	+ 30	+ 19	+ 26	+ 12
Clerks nes.....	- 1	+ 6	+ 32	- 8	+ 12
Maintenance					
Carpenters.....	- 66	- 20	- 20	- 10	- 20
Tool and Die Makers.....	- 25	- 17	- 7	- 31	+ 40
Millwrights.....	+367		+ 5	+ 53	+ 33
Pipefitters.....	+675		+ 3	+ 13	+ 70
Welders.....	+ 13	+ 22		+ 84	+ 8
Mechanics.....	+122		+ 26	- 41	+ 76
Electricians.....	- 35	- 3	+ 24	- 10	+ 42
Stationary Engineers.....	+ 33	+ 6	+ 9		
Production					
Moulders, Machine.....			- 35	- 62	
Moulders, Floor and Bench.....			- 7	- 36	
Coremakers.....		- 76	- 33		
Chipper and Grinder Operators.....			- 22		- 42
Fitters and Assemblers.....	+ 15	+ 26	+ 24	- 27	- 2
Machine Operators.....	- 23	+ 7	- 8	- 44	- 64
Sheet Metal Workers.....		+ 26	+ 8		+ 25
Boilermakers, Platers.....	0	- 35	- 67		
Welders, Prod.....		+ 4	- 11	- 41	+ 22
Polishers.....	- 25	+ 40			
Spray Painters.....	- 16	- 35	+ 25	- 75	- 6
Patternmakers.....		- 57	- 9		
Inspectors.....	- 3		+ 50	+ 65	+ 19
Power Truckers.....	- 2	+ 11	+147	+ 27	+ 74
Labourers and Other					
Labourers.....	- 54		- 41	- 51	
Truck Drivers.....	- 29		- 50	- 31	

NOTE: Figures in brackets indicate number of establishments covered.

¹ Employment figures for key punch and tabulating machine operators are based on 1953-55 and 1957-59 averages, since these occupations were not reported on prior to 1953.

Mr. DYMOND: I am afraid I do not recall offhand.

Senator HAIG: I want to get in on any discussion on this subject, for I know something about it. A coffee break was tried by one of the largest companies in Canada, a life insurance company. The company had a six-floor building for its staff and had a cafeteria on the main floor. On an average each member of the staff took a half hour for a coffee break. Along with their coffee they smoked and had discussions. The head female employee of the establishment said, "Let's change this and make coffee available on each

floor." The manager said, "They won't pay for the coffee." And she replied, "They will pay two-thirds." They had ten minutes for coffee break; that was the rule. The coffee is brought in, the girls drink it, and they are not watched. They do not allow any smoking on any of the floors. An employee would lose her job if she smoked on the job. They take ten minutes to drink the coffee and go back on the job without losing a second. I have not a large office now, but I used to have a large office. We had 17 stenographers, and I know just what they do. I do not object to people having coffee breaks for ten minutes, but when they take half an hour off in the morning and half an hour off in the afternoon for coffee breaks, when their hours are from 9 to 5, and they have an hour and a quarter for lunch, I object to that.

Senator CROLL: I take it that Senator Haig thinks that coffee should be provided free on coffee breaks; I agree with that.

Senator HAIG: Yes, if they only take ten minutes.

The CHAIRMAN: I think perhaps we should go back to the paper that has been read. Are there any questions?

Senator HORNER: I would like to ask Mr. Dymond if any conclusion was reached as to the cause of the great falling off in agriculture.

Mr. DYMOND: We were not looking for the effect of technological change in agriculture specifically. I think it is pretty well known that technological changes of many kinds, though, have reduced the number of people required in agriculture, on account of mechanization, larger-sized farms, more efficient cropping procedures and so on,—the whole range.

Senator HORNER: As one drives through the country, particularly in eastern Canada, and observes the number of fences to be fixed, and so on, it seems that there is a great need for many more workers on the farm. I am wondering if the eight-hour day and the five-day week is not one of the reasons for the great falling off in agriculture. Would you agree with that?

Mr. DYMOND: I would not like to comment directly on specific items, but I would say that generally an improvement in conditions of work in agriculture would attract labour to the industry as compared to other industries that might have even poorer working conditions. Now, whether those workers are needed in agriculture I think depends on the economic position of agriculture and the state of technology, and a number of other factors. In other words, there may not be much point in doing a series of things to attract more labour unless agriculture can be absolutely sure that it can use it.

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, I notice that in the brief Mr. Dymond makes the statement that the effects of technological changes on manpower requirements are substantial. I think there is no doubt in our minds about that. However, I do not recall any reference to the effect of technological change on the present unemployment situation. Would you care to describe the effects of new technology, bearing in mind that in the last few years we have had a rate of unemployment which is considered quite high? I am thinking of course in terms of the importance of automation in a factory, which is producing the kind of unemployment we have today, and also the other factors involved, which have been pointed out as important, such as principally the slowing down of the rate of economic growth in the country.

Mr. DYMOND: I think technological change obviously is just one of a very substantial number of variables in the picture of unemployment. It works in the way that I suggested in the paper, that it creates higher productivity, and that means fewer men are required to produce the same output.

Senator CONNOLLY (*Ottawa West*): And it affects costs?

Mr. DYMOND: And it can have an important effect on reducing costs and in making possible expanding markets for the increased output. There is one

aspect of technological change in relation to unemployment that I did not bring out, which I think is quite important, and that is the continuing emphasis that technological change is creating much higher skill requirements in our labour force, requiring much higher levels of basic education to meet the kinds of jobs that technological change is creating. Now, if you look at the kind of unemployment we have today you find that a very substantial proportion of it is among people who have relatively low levels of education and relatively few saleable skills for today's labour market, so that technological change is creating the kind of growth in employment that people who are presently unemployed cannot take advantage of. In other words, we have a lack of correspondence between our requirements for jobs and the kind of people that are looking for work. We could have a situation where we could have quite a growth rate in employment particularly in the kind of jobs that are growing fastest without appreciable reductions in unemployment. As I have indicated here, the professional, skilled and the technician jobs which have to be filled in substantial numbers at the present time are the kind which most of the unemployed would not be candidates for.

Senator SMITH (*Queens-Shelburne*): I do not think we can assume that this technological change has been rushing at us with particular violence during the past three or four years, can we?

Mr. DYMOND: No, I would not say during the last three or four years. I think there has been, as I indicated in the paper, a speeding up of the rate of technological change and a much greater variety of it in the economy, but this is a process that has not been happening overnight, obviously. It is just a trend continuing through time.

Senator HORNER: These technological changes have been taking place all over the world and been affecting competition in all countries, is that it?

Mr. DYMOND: That is right. The kind of changes I have described are certainly characteristic of every industrial country throughout the world.

Dr. DEUTSCH: I have one general comment to make on Senator Smith's question. If you have a rapid rate of technological change, as we have been having in the last ten years or so, it means that productivity per man is rising rapidly. Well, in order to keep the same amount of employment or keep employment expanding under those conditions you must have a very rapid rate of economic growth, and unless the rate of economic growth is fast enough with rising productivity the number of people to be employed is going to be measurably less, and if those conditions do not obtain the growing labour force cannot be employed. This is one of the basic problems, that a rapid growth of productivity must be accompanied by a rapid economic growth as a whole.

Senator HORNER: You mentioned in your brief the improved quality of the production. From remarks that I hear, in the automobile field, for instance, they are doing their share to create employment by the production of cars, and parts, and so on. Would you say that quality enters there?

Mr. DYMOND: Well, I think the question of quality of any particular product is a matter of the consumer's view of how useful the product is to him.

I might say in relation to Dr. Deutsch's last remark, that fortunately the rate of productivity growth, if you look at overall statistics, tends to be less in periods of economic decline and recession than in periods of economic expansion, so that when you most need to absorb people because of high rates of productivity growth it is in periods that the economy tends to be in an upswing, although you are getting economic growth at all times in varying degrees.

The CHAIRMAN: May I remind members that we have another witness to call, or we shall not have any time for a coffee break.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, just before we go on to the next brief I would like to mention one thing that occurs to me. When the trading blocs were being organized in Europe the Americans were very much concerned about what their position was going to be in those markets. They felt at that time and they still feel that they would probably maintain to a degree their position there because of technological changes in American industry and because of their increased productivity and therefore thought that their selling prices would be competitive. They now seem to be very much aware of the general situation in their country, and that feeling is reflected in this paper in this country. It seems to me this kind of change has been going on in Europe. Is there as much of an awareness in this country of this general situation that I have just described, and if not are there steps that can be taken to bring producers to a complete awareness of it?

The CHAIRMAN: Do you wish to answer that question, Dr. Deutsch?

Dr. DEUTSCH: Mr. Chairman, I am not quite sure whether I get the import of Senator Connolly's question. Certainly if Canada is to maintain its competitive position in this world as it is now, with the development of these common markets and so on, the need of keeping up our technological progress is obvious. One of the ways in which we will be able to maintain our competitive position is to maintain our rate of knowledge and rate of technological progress equal to those with whom we have to compete. This is fundamental. If we do not do that our competitive position will decline, and hence the need to make sure that our country operates in such a way that we encourage increases in productivity, increases in our knowledge of science, technology and research, is one of the most important things we can possibly do. But that brings with it of course many of the manpower problems which this report has discussed. It brings rapid change in the kinds of occupations, the kinds of training and skills that are necessary. That is the kind of world in which we are living today.

Senator HORNER: Mr. Chairman, I would like to ask Senator Connolly if when he asked if anything was being done to acquaint our people with the situation, was he referring to labour particularly?

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, in so far as it affects labour, yes, in so far as it affects management, yes. These changes are not only happening in the United States, where it seems to me they are very much aware of it, but they are happening to an increased degree in Europe. All you have to do to realize this is to look at West Germany and see what is happening there.

Senator CRERAR: Mr. Chairman, I am not a member of the committee but I would like your permission to ask the witness a question.

The CHAIRMAN: Certainly.

Senator CRERAR: From time to time we see reports in the newspapers and occasionally in the annual reports of corporations employing labour in a large way of a new development called slowdowns in work. I have practical knowledge of one case where in a large establishment employing several thousand men, in one section of it the workers got discontented with something and they slowed down their work so that their production results were substantially below what they normally should have been, and this affected not only that particular section of the plant but all the rest of the plant as well. Many years ago I used to cut the grass on my lawn myself but I got along to the point where I would rather play golf than cut the grass so I hired someone to do it for me. From observation I discovered that it took him about half as long

again to do the job as I used to take myself. That illustrates the point I am getting at on slowdowns. What I would like to know from the witness is, have the officials of his department conducted any research into how that difficulty could be overcome?

Mr. DYMOND: No, Senator Crerar, not in any direct sense. I am surprised to hear that slowdowns are relatively recent phenomena. I think they go way back into industrial history. I think basically they are of two kinds: One kind is by a fairly highly organized group either through a union or otherwise to put pressure on an employer to meet some demand they may have with respect to wages or incentive payments or anything else that they are objecting to. The other kind of slowdown is an informal thing that you find, I think, in almost any work group—the tendency of people not to want to get too far ahead of their neighbours and to draw the approbrium of their fellow workers by creating an example of just how much production can be got out. I think you will find this in almost any work group.

On the matter of research, there is a large body of research in this general field, both in the United States and Europe and some in this country. It is a problem that industrialists have been wrestling with for years through incentive systems, bonuses and all kinds of ways to overcome this very human sort of tendency that exists in any work force.

Senator CRERAR: Mr. Chairman, may I make an observation on that. In the old days to which the witness referred, management would say to the workers, "You must cease this or you are out." But if management says that today the men complain and then probably someone from the labour department goes down and investigates and finds the men are justified. That does not provide, as I see it, any solution.

The CHAIRMAN: If there are no more questions on Mr. Dymond's brief, I would ask Dr. Deutsch to be good enough to introduce our next witness, Sylvia Ostry.

Dr. DEUTSCH: Mr. Chairman and honourable senators, I requested Mrs. Sylvia Ostry to prepare a paper for us on the definition and meaning of the concept of unemployment. As you know, this is not a precise concept and there are many different ways of measuring it and indeed many different ways are used in our country and in other countries. Yet this measure is a very important factor in Government policy. It is rather important to have some analysis of what do we mean by unemployment—how do we measure it, how do different countries measure it, how do we compare in our method of measurement with what is done elsewhere. We often see comparisons of our unemployment figures with those in other countries. Just what do they mean?

Mrs. Ostry is Assistant Professor of Economics in McGill University where she teaches labour economics, and has been working on these matters for some time. We are very fortunate indeed in having made available to us a study such as she has made.

Mrs. Sylvia Ostry, Assistant Professor of Economics, McGill University, Montreal:

Mr. Chairman and honourable senators, I appreciate the opportunity of appearing before your committee on Manpower and Employment. My submission deals with the definition and measurement of unemployment.

THE DEFINITION AND MEASUREMENT OF UNEMPLOYMENT

I. IMPORTANCE OF MEASURE

Unemployment measures are one of the few statistical series in which the public at large, rather than a minority of technical specialists, is acutely interested—perhaps, because of all economic indicators, unemployment sta-

tistics are most easily translated into human terms. Moreover, the maintenance of high levels of employment is now widely accepted as a major goal of democratic societies and high levels of employment imply acceptable minimal levels of unemployment. The measure of unemployment is important as an indicator or thermometer of economic activity which may, in conjunction with a variety of other data, be utilized as a guide for policy. As such, the more sensitive an unemployment measure is to changes in the health of the economy, the more useful it will be as a policy guide. A measure of unemployment is also important in that it provides an aid to diagnosis of the state of economic health; it enables the government to identify the unemployed by providing detail on, for example, the duration, age, sex, geographic, occupational and industrial content or structure of unemployment. Thus unemployment may have a different impact on different areas, occupations, age groups and industries. This is the diagnostic information an unemployment measure must provide.

II. INTERNATIONAL VARIATION IN DEFINITION AND MEASUREMENT

While it is quite clear that a measure of unemployment is a highly significant and important source of economic information, it is by no means so clear what is to be measured. Unemployment is not an absolute or unique concept, but is subject to a number of different interpretations. There are, in fact, two main families of unemployment measures and, consequently, definitions. First there are those measures arising from the operation of either a state or trade union unemployment insurance or assistance programme and hence called operational measures: the definition of unemployment in these cases is dictated by legal and administrative considerations. An example in Canada would be the operating statistics of the National Employment Service under the Unemployment Insurance Act. Secondly, there are unemployment measures derived from census or sample survey programmes which are called labour force measures—an example of which in Canada is provided by the statistics of the Dominion Bureau of Statistics' monthly labour force survey. When labour force measures are used, the statistical agency is free to choose among differing concepts and measurement techniques, always subject, of course, to limitations of cost and feasibility.

Ample testimony to the widely variable character of the definition and measurement of unemployment is presented by means of a brief summary of international comparisons. In different countries unemployment series vary greatly not only in the definition adopted, but in economic scope or coverage, source of data and methods of compilation. In 1959, the International Labour Office published statistics on the general level of unemployment in 55 countries. Of the sixty series published—five countries, one of which was Canada, submitted two sets of unemployment statistics—only eight were derived from sample surveys; the rest were operational, so you can see the operational were the vast majority—four from compulsory unemployment insurance statistics, three from unemployment relief data, one from trade union statistics and the remaining 45 from employment office statistics, either registered applicants for work or registered unemployed. Impressive or alarming as this diversity is, in fact our summary review greatly understates the variation in definition, since within each main ILO classification there are still substantial differences among measures. Of course, each of the sixty series is not equally complete or reliable. Taking that into account there is still sufficient variation among the measures to support our statement that unemployment is not, by any means, a unique concept.

III. THE BRITISH MEASURE

A few somewhat more detailed comparisons will serve to clarify this point further as well as to raise a number of important conceptual issues. The British measure of unemployment is derived from a count of persons on the registers of all Employment Exchanges and Youth Employment Offices on a specific Monday in each month, usually the second or third Monday. Registration is a prerequisite for the collection of unemployment insurance benefit or National Assistance, if the applicant is judged "employable" by the local Assistance Board, or for utilizing the job placement services of the Employment Exchanges. The following major differences between the British measure and a household sample survey measure, such as that provided by our labour force survey, may be summarized as follows:

- (1) The minimum age covered by the British statistics is fifteen rather than fourteen years as in Canada.
- (2) The British series excludes:
 - (a) former self-employed workers and unpaid family workers, because they are not covered by National Insurance, unless they register at Employment Exchanges for placement or are in receipt of National Assistance
 - (b) married women and widows, the majority of whom avail themselves of the option not to contribute to National Insurance
 - (c) most retired pensioners who have a similar option
 - (d) a number of entrants, e.g. young people and recent immigrants, and re-entrants to the labour force who have no financial incentive to register, unless deemed eligible for assistance, and do not wish to use the placement services of the Unemployment Exchanges.
 - (e) contributors to National Insurance who are ineligible for benefit for any of a variety of reasons, the most important probably being that they have quit work voluntarily.
 - (f) persons eligible for unemployment benefit who do not register at an Employment Exchange immediately because they might then be sent to a job they did not like under penalty of giving up their benefit, but instead look around on their own in hope of finding a place that suits them better.
- (3) The British series relates to a single day rather than a week, as does ours.
- (4) When expressed as a rate, the British series excludes the self-employed from the denominator.

It is clear that differences (1) and (2) would tend to a lower count of unemployment than that recorded by a sample survey of the same population while differences (3) and (4) would lead to a higher count and rate, respectively. On balance the British series, relative to labour force series such as that of our Dominion Bureau of Statistics, probably understates unemployment. This is the contention of several British experts in this field and is borne out by the fact that the British census figure for unemployment in April 1951, based on a labour force definition similar to ours, was considerably higher than that for the registered unemployed. However, the degree of understatement would vary with the stage of the business cycle. Under reasonably full employment conditions, assistance cases, many of whom are probably unemployable, form a substantial percentage of the registered unemployed. Such persons would not normally be included in a labour force count of the unemployed. While this would reduce the extent of understatement of the British measure in comparison with our own, it probably would not eliminate it.

It should be noted, however, that despite their more restricted coverage, British unemployment statistics provide more reliable information for small local areas than do, for example, the Canadian or American sample surveys. Generally speaking, the purpose and size of both the American and Canadian labour force surveys provide adequate national and regional measures of unemployment but do not permit accurate estimates for most smaller geographic units. Local area statistics are of considerable importance in the United Kingdom, where the government has undertaken a comprehensive program to reduce localized unemployment.

Finally, it might be argued that at least some of the understatement in the British measure is not serious unless one accepts a fairly stringent definition of full employment. In this view, an unemployment measure is not necessarily deficient if it excludes people who have voluntarily quit their jobs or married women and retired men who seldom actively seek work. Rather, from this vantage point, a labour force measure, which includes such groups, overstates unemployment. It may be seen that such arguments cannot be resolved in the absence of a precise definition of the goals of employment policy.

Senator CROLL: Mrs. Ostry, in paragraph III, the British measure, you say: "The British series excludes:

(b) married women and widows, the majority of whom avail themselves of the option not to contribute to national insurance."

They have the option, they may or may not, in the same way as the pensioners?

Dr. OSTRY: Yes. The studies in Britain have shown that a large majority do not because they are covered by their husband's social security if they are married, or pensions if they are widowed.

Senator CROLL: The difference between our country and Britain is that there they have the option and here they have not that option?

Dr. OSTRY: That is right.

Dr. DEUTSCH: Yes, Senator Croll, and the great majority exercise the option not to contribute and, therefore, they are not recorded.

IV. THE SWEDISH MEASURE:

The Swedish measure of unemployment provides another example of the "understatement" involved in operational statistics. Since July 1955 unemployment statistics in Sweden have been based on registrations at local employment offices and comprise two series—members of the unemployment insurance funds, on an industry basis, claimants, and others registered for employment, non-claimants. Before July 1955, unemployment statistics were based only on trade union returns, and hence were more limited in coverage than the present series. But since unemployment insurance in Sweden is not compulsory certain sectors of the labour force are omitted even from the statistics provided by the National Labour Market Board, the agency which publishes the present series. The extent of understatement involved in the operational statistics was revealed when, in April 1959, a sample survey of the labour force showed that 136,000 persons were unemployed, seeking work, while the National Labour Market Board figures showed 47,000 persons registered at the local employment offices throughout the country. New entrants to the labour force and women accounted for most of the difference.

V. THE AUSTRALIAN MEASURE:

There are three series of official statistics of unemployment in Australia, but only one of these—the census figures—is a comprehensive measure. Since there have only been five Commonwealth censuses, the latest in 1954, the census

statistics cannot be considered an appropriate guide to policy decisions which require current information. Of the two other series, one relates to persons receiving unemployment benefit payments, the other to registered applicants for work. The Australian government supplies the ILO with only the numbers of persons receiving benefits and in general this seems to be the series most often quoted. That these statistics are severely limited in scope is demonstrated by the fact that at the time of the 1954 census the average number of persons on benefit was about one-quarter of the number of unemployed recorded by the census. Further, persons receiving benefit rarely number more than one-third of the total of registered applicants for work.

The Australian unemployment benefit scheme is not a compulsory insurance scheme such as ours, but part of an integrated social security system. Unemployment benefits and other payments such as sickness benefits are made from the proceeds of a specially earmarked graduated tax on incomes. Recipients must pass a means test and meet specified age and residence requirements. Moreover, no payment is made for the first week of unemployment. In general, then, the Australian measure of unemployed persons receiving benefit is a far less comprehensive measure than the Canadian. It should be noted that the Australians in November 1960 inaugurated a labour force survey similar to our own, except that it is to be conducted quarterly and is for the present to be confined to the six state metropolitan areas. Plans are underway, however, to expand to full coverage after the June 1961 census.

VI. THE UNITED STATES MEASURE:

While the British, Swedish and Australian operational measures of unemployment are, in general, less comprehensive than ours, the American definition of unemployment is very close to our recently adopted official measure. The American definition of unemployed persons includes those who did not work at all during the survey week and were making an active effort to find work, or awaiting the results of these efforts made in the past 60 days. Also included as unemployed are those who did not work at all during the survey week and:

- (a) were awaiting to be called back to a job from which they had been laid off either temporarily or indefinitely;
- (b) were waiting to report to a new wage or salary job scheduled to start within the following 30 days except those who were in school during the survey week;
- (c) would have been looking for work except that they were temporarily ill or believed no work was available in their line or in the community.

The Dominion Bureau of Statistics defines "persons without work and seeking work" to include all those who were looking for work in the survey week and who did no work. Also included would be persons who were temporarily away from their jobs during the whole of the survey week and were seeking work (thus "seeking work" takes priority over "having a job" in labour force classification). These two groups are actively seeking employment. In addition to the "active seekers" the category includes persons who would have looked for work except that they:

- (1) were temporarily ill
- (2) were on indefinite or prolonged layoff
- (3) believed that no work was available in their community or in their particular skill.

These latter are called "inactive seekers". Persons on temporary layoff, subject to recall within 30 days, are also now classified as unemployed in Canada although until September 1960 they were considered employed but not at work. (See Appendix A).

As may be seen there are only a few minor differences between the Canadian and the American definition of "unemployed". For example, no mention is made in the Canadian classification of persons who did not seek work during the survey week because they were awaiting the results of job seeking in some (specified) prior period. Under most circumstances such people are bound to be negligible in number. However, in the interests of conceptual precision their status should be clarified. Another group (also negligible in number, under normal conditions) are classified as unemployed in the United States and also by the ILO, in the definition proposed in 1955, but as employed in Canada: persons, except those attending school, waiting to report to a new wage or salary job which is to start within a brief and specified period. There is some evidence to suggest that adding these persons to the count of the unemployed would tend to offset in part the movement of general unemployment and lessen the value of unemployment statistics as an indicator. On these grounds, the present Canadian classification appears to be preferable to that of the ILO or the United States, although, as stated above, the numbers involved typically are very small.

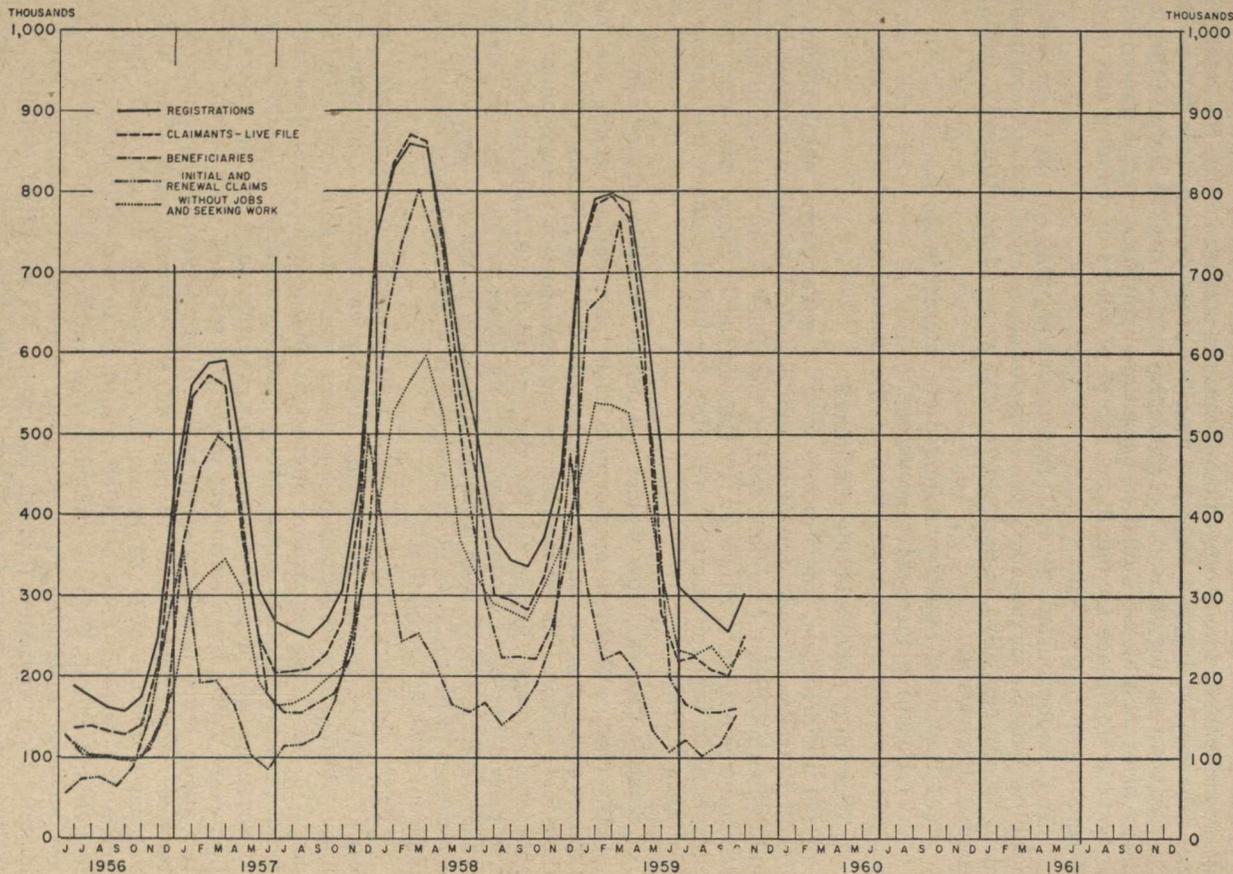
There is one other difference between the American and Canadian labour force survey which deserves mention. The Canadian survey asks whether those persons who were looking for work during the survey week were looking for full-time work. Hence the Canadian statistics, unlike the American, reveal two groups of unemployed: those seeking full-time work and those seeking part-time work. This is a useful distinction for policy purposes since these two groups of unemployed clearly represent different types of economic and social problems. Moreover, each series taken separately provides a more sensitive indicator of changing economic conditions than does the single combined measure. The Canadian labour force survey provides analogous information on full and part-time employment, the latter having special use as an indicator of under-employment.

VII. PROBLEMS OF DEFINING AND MEASURING UNEMPLOYMENT IN CANADA

Statistics on unemployment in Canada have been published for many years. The trade unions provided the earliest information: data on unemployed union members were published in the *Labour Gazette* from 1919 until 1950. Neither this series, nor the series provided by the Employment Service of Canada after 1918 were, however, properly representative, being far too limited in coverage. Fully comprehensive surveys of unemployment were made in both the 1931 and 1941 censuses. During the inter-censal years some information was provided through the operation of unemployment relief. These statistics had severe limitations because they often included whole families rather than just the unemployed members and excluded the unemployed who were not in receipt of relief. After 1941, the introduction of Unemployment Insurance provided, on a regular basis, a variety of statistical series related to the measurement of unemployment, See Chart I.

In addition to these operational measures, labour force statistics became available in late 1945, when a regular sample survey of the Canadian population was inaugurated—first on a quarterly, later on a monthly basis. Thus until September, 1960 an operational measure of "registrations"—the number of persons registered for employment at local offices of the National Employment Service of the Unemployment Insurance Commission was issued each month, along with a variety of labour force data including the number of

Chart I
RELATED SERIES IN MEASUREMENT OF UNEMPLOYMENT



"seekers" in a joint press release of the Department of Labour and the Dominion Bureau of Statistics. The operational statistics were regarded by the public as a measure of unemployment as "official" as the DBS measure, although neither was, in fact, officially designated as an unemployment series by the Government. The recent *Report of the Committee on Unemployment Statistics* ⁽¹⁾ recommended, among other things, that the statistics of the National Employment Service be dropped from the monthly press release since "they (do) not provide a satisfactory measure of unemployment." (p. 26) Despite this it is felt that a brief look at the Canadian operational statistics (registrations) provides a good starting place for our discussion of problems of defining and measuring unemployment in Canada.

The Report listed several factors which may be used as criteria to establish whether or not any given series of operational statistics on unemployment is economically, as opposed to legally or administratively, meaningful. Among these were:

- (1) Testing of registrants' immediate interest in work,
- (2) Incentive to register—coverage,
- (3) Consistency through time of the statistical definitions and concepts.

These may now be briefly considered.

(1) In principle, registration with a government employment service should be taken as evidence of an individual's immediate interest in finding suitable employment (the definition of "suitable" being covered in the relevant act and regulations). However, in Canada, as in many countries, most registrants must register in order to qualify for benefits under the unemployment insurance scheme.

Senator CRERAR: How would you define "suitable employment"?

Dr. OSTRY: Suitable employment is in part defined in the act, but it is further elaborated on in the manuals provided the officials of the service in their local offices. It is employment at the same sort of occupation, at a reasonable level of wages, and so on. But the concept of suitability changes over time: if a person has been unemployed, say, for three or four months, employment which might not have been considered suitable in the first week is at that time considered to be suitable, even though it is work at a lower rate of pay and a different type of occupation.

From this fact it follows that the registrant's "immediate interest in work" must be tested—by offering suitable employment—in order to determine whether the registration has been made in good faith. Obviously, in order to "test" the registrants interest in finding a job, the placement service must have an adequate supply of "suitable" vacancies available. The supply of vacancies will depend on economic conditions and on the extent to which businesses utilize the government placement services. With regard to the latter, in Canada there is a regulation of the Unemployment Insurance Act which requires employers within 12 miles of the nearest local office, and having vacancies unfilled over 24 hours, to report such vacancies to the Service, unless the vacancy must be filled according to seniority provisions of a collective agreement. This regulation is not enforced. Local officers of the NES are however instructed to make every attempt to encourage employers to channel their vacancies through the offices. No published statistics on "penetration"—i.e. the proportion of total hirings done through local employment offices—are available although penetration studies are carried out regularly by the Unemployment Insurance Commission for internal use. Impressions

¹ Committee appointed by the Honourable Gordon Churchill, Minister of Trade and Commerce and the Honourable Michael Starr, Minister of Labour, Ottawa, August 1960, hereafter referred to as the *Report*. All page references in text refer to this document.

gained from national statistics, however, indicate that rarely in the post-war period did "national" penetration rates reach 35 percent: in most years they were well under one-third. There is undoubtedly wide variation among local areas in the extent to which employers use the placement service if for no other reason than geography, since areas vary in the degree to which employers are physically located within reasonable commuting distance of the local office. None the less, the national figures would probably indicate the general order of magnitude of the penetration ratios across the country. In general, relatively low penetration will impair the ability of the Service to refer registrants to jobs.

As has been mentioned, the supply of vacancies also depends on economic conditions. One important characteristic of the Canadian economy also hinders the efforts of the Service to "test" the registrant's interest in work. Seasonal fluctuations in employment are much more marked in Canada than in many countries. In recent years the Unemployment Insurance Act has been altered to provide seasonal benefits to many persons who, in the main, would not otherwise have qualified for benefit. However, "during the Canadian winter, employment opportunities for unskilled workers, who form the bulk of claims for Seasonal Benefit, are greatly restricted even in the main centres of population." (p.23). Worse, there is virtually no alternative employment for many of the claimants who reside in small communities or rural areas; and there is a concentration of these in certain regions, such as the Maritimes, which "specialize" in highly seasonal industries. Finally, during the winter a substantial proportion of claimants do not report to the local office in person every week, which is the usual administrative requirement, but are permitted to report by mail once every two weeks. These are postal claimants who live some distance from the office. Their contact with the local office staff is infrequent and quite impersonal. These facts are of fundamental importance because, as the Report stresses, "in such circumstances it is especially difficult to test registrants' interest in work." (p.20)

(2) Concerning coverage, the operational statistics are incomplete in certain respects. They would exclude, for lack of financial incentive to register, persons in industries not covered by the Unemployment Insurance Act or persons (other than wage earners) earning above a specific amount annually, except insofar as they choose to use the placement services of the NES. Similarly, the operational statistics exclude some (an unknown proportion) of new entrants to the labour force who had no previous employment history and no financial incentive to register. Certain others, although in "covered" employment, will be excluded because, for a variety of reasons, they are ineligible or disqualified for benefit or because they have exhausted their benefit rights. All these factors would tend to make the operational measure of unemployment at any given time smaller than a labour force measure—the normal situation in Britain, Sweden and Australia, as we have seen, and also in the United States.

On the other hand, the operational statistics would include individuals who were classed as "employed" in the labour force. Thus, for example, under the Unemployment Insurance Act, individuals are permitted to work part of the week providing they do not earn an income exceeding a stipulated amount. Persons with jobs but not working because of bad weather would also be included among the unplaced applicants. Moreover, because of so-called "administrative lags" the registration cards of persons who have found work may not be removed from the live file of unplaced applicants at the time the count is made. With the possible exception of the latter case during the winter months none of these "excesses" of coverage is likely to be significant in

extent. It is not surprising, then, that in the discussion of coverage and incentive to register the *Report* places most emphasis upon one special class of persons—those “whose interest lies in obtaining the benefits to which they are entitled rather than in finding immediate employment.” (p. 24) From the viewpoint of the labour force survey such persons have voluntarily withdrawn from the labour force. Examples of these would be seasonal workers who wish only to work at certain times of the year; recently retired individuals or married women, who qualify for benefits but have little immediate interest in work.

Such individuals would not inform a labour force enumerator that they were seeking jobs. Yet by the fact of their registering for unemployment benefits they have “informed” the NES that they have not only fulfilled the statutory eligibility requirements (involving among other things a certain number of payments over a certain period of time) but also that they are, in the words of the Unemployment Insurance Act, “capable of an available for work and unable to obtain suitable employment”—i.e. “unemployed”. Let us call these people “schizoid respondents”, with no intended reflection on their mental health. They are evidently an important group and we shall return to discuss them further at a later stage in this paper.

(3) With regard to consistency through time of the operational series, it need scarcely be argued that changes in coverage or other eligibility requirements and the introduction of seasonal benefits impair the usefulness of the statistics as economic indicators either from year to year or from season to season within any given year. (See Chart II. for examples of the effect of changes in coverage and eligibility requirements. Note especially that since the introduction of Seasonal Benefit in 1950, the seasonal “swings” in registrations have been very much greater than previously.)

In view of the foregoing analysis it must be concluded that operational statistics in Canada do not provide a reliable *economic barometer* of unemployment. Moreover, an analysis of the age-sex structure of the operational statistics reveals that, in comparison with the labour force measure, certain groups are over-represented (women and older men) while others are under-represented (youths). Operational statistics are, therefore, probably misleading as *diagnostic aids* to analysis of the state of the economy as well. However, the present labour force measure of unemployment also has limitations in this respect. It will be remembered that the diagnostic function was defined as the provision of sufficient data to enable the government to identify the unemployed in terms of age, sex, geography, occupation, industry and duration. Because of the size and design of the sample, the official measure does not provide accurate information on *provincial* unemployment in the Atlantic and Prairie region, nor does it provide information (or at least such information is not published) on the *industrial* or *occupational* structure of unemployment, or on the unemployment of males and females, separately, by age group.

I should say that since this was written there has been some detail provided on some of these aspects by D.B.S.

Such information on *local* unemployment as is currently available in Canada is derived from the operational statistics and is published monthly in the *Labour Gazette*. But the operational statistics have been found to be seriously deficient as national measures of unemployment and moreover differ quite markedly in composition from labour force counts of unemployment. The question must therefore be raised as to whether the diagnostic purpose of an unemployment measure is being adequately served in Canada at present. The answer can only be made in terms of the policy purposes for which such a measure is to provide background intelligence. Thus the *Report* notes that “in determining the most appropriate size for a sample it is necessary to weigh the cost of increased accuracy in the light of the purposes for which the estimates

Chart II

UNEMPLOYMENT INSURANCE AND LABOUR FORCE SERIES, 1944-1960

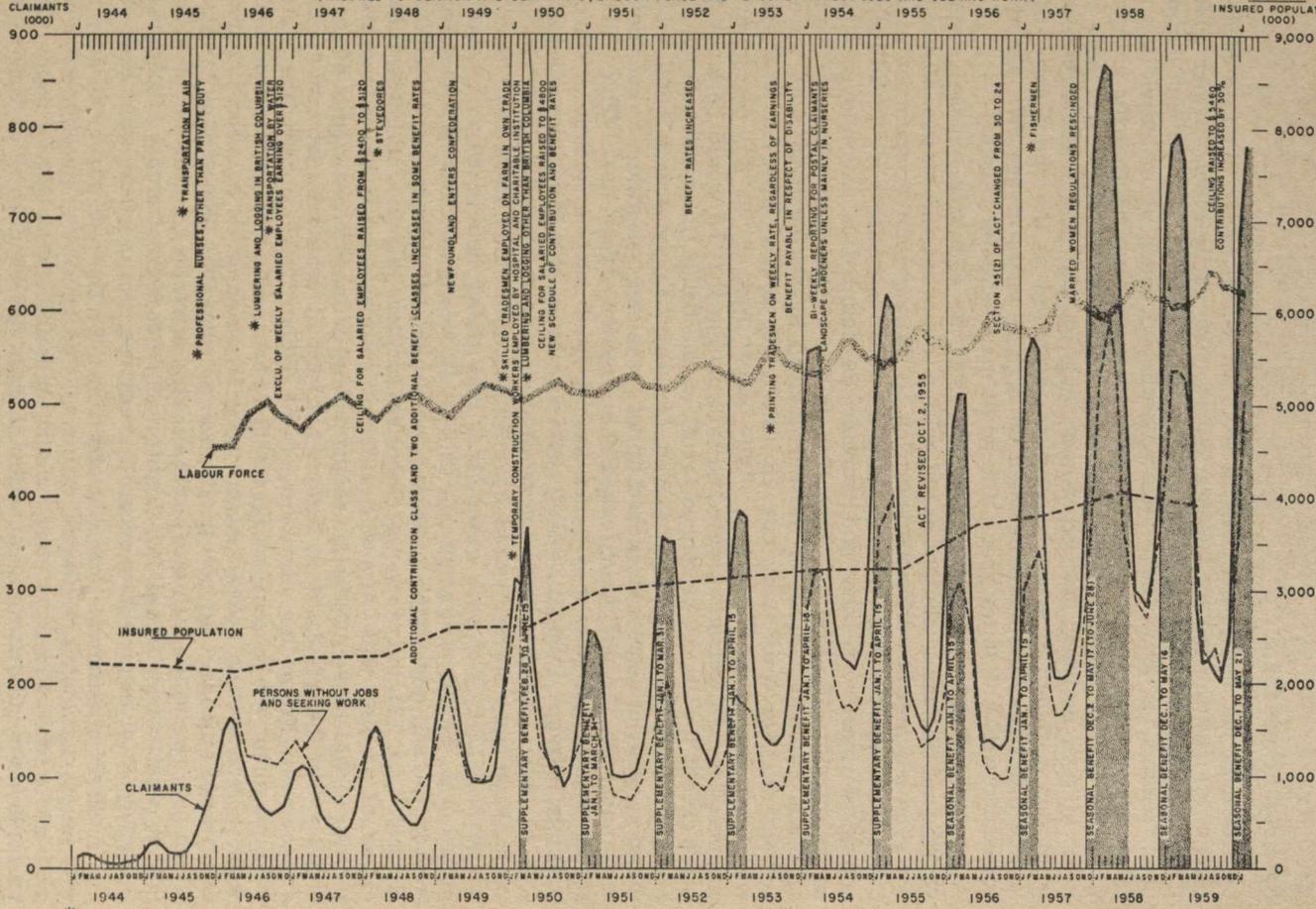
WITH RELATED NOTES

(INSURED POPULATION AND CLAIMANTS, LABOUR FORCE AND PERSONS WITHOUT JOBS AND SEEKING WORK)

WITHOUT JOBS AND SEEKING WORK

CLAIMANTS (000)

LABOUR FORCE INSURED POPULATION (000)



* INCLUDED BY COVERAGE EXTENSION

are used." (p. 15) This general issue of cost versus more information arises again in connection with the next topic of discussion, the so-called "schizoid respondents."

Schizoid Respondents

As may be seen from **Chart II**, the operational series (in this case it is claimants) and the labour force series are customarily much further apart in the winter than in the summer. A substantial portion of this excess of claimants over "seekers" is, as we have already explained, made up of individuals who, from the viewpoint of the labour force survey, have *voluntarily withdrawn* from the labour force, i.e. the "schizoid respondents". There are three main types of such persons: married women, elderly men, and seasonal workers—including members of what is generally regarded as the "hard core" of the working force, adult males between 25 and 64 years of age. We are chiefly concerned with the latter group, the adult male seasonal worker.

It is clear that no schizoid respondent is, by definition, an active seeker. What is not so clear is whether or not, with a somewhat different set of questions (or even a somewhat different approach on the part of the enumerators using the current questionnaire) some of the schizoid respondents would be included among the inactive seekers and therefore be counted as unemployed and not as voluntarily idle. Prior to July 1945 in the United States the labour force schedule obtained a count of the unemployed by asking those who were not actively seeking work, why not. In July 1945, a new schedule was adopted which eliminated this question, "Why not?" Instead, in the course of the enumeration, if a person volunteered information that he would be looking for work except for illness, prolonged layoff, or the belief that none was available, he would be classified as unemployed. Not surprisingly it was found that the numbers of inactive seekers picked up with the new schedule was considerably less than with the old which asked the question, "Why not?" The Canadian schedule does not now and never has included such a question. Thus, for example, persons living in small communities in the Maritimes or parts of Quebec, where opportunities for work in the winter months have, for some years, been very scarce, would have to volunteer the information that they would be looking for work except that they didn't believe any was available in the area. The *Report* mentions (not in this context) that interviewers are trained to "ask additional questions concerning people who are...difficult to classify," (p. 12) but does not elaborate further. It is not unlikely that the extent of probing will vary with different enumerators. It is not improbable, therefore, that two enumerators might end up with different counts of the unemployed in the off-season in regions hard hit by seasonal contractions in unemployment. From the viewpoint of the labour force survey, the state of unemployment of a seasonal worker in these areas who would have been seeking work except for the belief that no work is available, is a subjective matter, a matter of attitude. One may be able to appreciate the objective circumstances which give rise to the attitude, but the survey attempts to measure the attitude, not the objective conditions. It is doubtful whether present survey procedures are fully successful in providing accurate measurements of attitude in these cases.

A direct question such as that abandoned by the U.S. survey in July 1945 ("if you are not looking for work, why not?") or some other question concerning attitude or willingness to work, would undoubtedly swell the count of the unemployed by adding to the numbers of inactive seekers some of those persons at present classified as voluntarily idle. There is a strong argument against the use of such a procedure. Individuals will tend to rationalize their inactivity when asked why they are not looking for work: their answers will imply attachment to the labour force because the individual feels that this is what

is expected or is somehow morally desirable. It has been said that questioning an individual on his willingness to work is like asking him whether he wants to attend church or pay his taxes in full: the answer will measure something in the way of "moral elevation" and not real attitudes which form the basis for behaviour. This argument is unquestionably valid, yet it really does not solve our problem which boils down to this: How "voluntary" is the voluntary withdrawal from the labour force of adult male seasonal workers in certain regions of Canada, especially but not exclusively the Atlantic region?

TABLE I
SEASONAL LABOUR FORCE DROP-OUT IN REGIONS OF CANADA

Difference between participation rates in the high month as compared with the low month,
by region, males, 25-64

Year	REGION					
	Canada	Atlantic	Quebec	Ontario	Prairies	B.C.
	percentage points					
1956.....	1.71	5.58	0.65	0.91	3.63	2.85
1957.....	1.70	6.55	0.98	0.76	3.93	1.32
1958.....	1.23	4.06	0.65	0.77	3.58	1.38
1959.....	1.38	4.37	0.79	1.12	3.11	1.40

SOURCE: Dominion Bureau of Statistics.

Table I provides information on the fall in labour force participation of males 25-64 years, in the main regions of Canada for the years 1956 to 1959. More precisely, it shows the drop, in percentage points, between the highest and lowest monthly participation rates² for the given years. It will be seen that there is a relatively substantial drop-out of these men in the Atlantic region and, to a lesser extent, in the Prairies. **Table I** thus provides information on the extent of voluntary withdrawal from the so-called "hard core" labour force. But during the winter months, within the context of the Atlantic Region economy (and perhaps in other areas in Canada as well) the term "voluntary" is a slippery one. In certain areas, with either no jobs at all available, or only jobs some distance from the community, jobs which pay little better than seasonal unemployment benefits, an individual may be "voluntarily" idle in the sense that search for work may seem both futile and, in terms of self-interest, irrational, especially if an habitual pattern of off-season inactivity has been established and is socially or culturally acceptable. For at least some of these individuals, withdrawal from the labour force may have been "involuntarily voluntary". It should be emphasised that all such statements are speculative and, in the absence of further information, are necessarily open to debate. What is not debatable, however, is that the entire problem of seasonal withdrawal from the labour force is an important one in Canada and one about which we require more information. It would be most useful to have detail on the characteristics of individuals who are "voluntarily" idle during the winter season: their age, sex, occupation, industry, experience, education, etc.; what they do during the off-season; their attitude to additional work; the time actually available for additional work, and so on.

² Participation rates express the numbers in the labour force of a given age-sex group as proportions of the total population of this age and sex. The overall participation rate in Canada would express the numbers in the labour force of 14 years and over as a proportion of the total population of 14 years and over.

In conclusion, then, present survey techniques do include as unemployed, persons who would have been looking for work except for the belief that no work was available. As we have seen, of all groups in the population, this is the most elusive to enumerate accurately. This fact is of some importance in Canada because of the pronounced seasonality of unemployment and because of the concentration of seasonal industries in particular sections of the country.

In view of this, an alternative approach to the measurement of unemployment might be to count as unemployed only active seekers plus those on layoff, whether temporary or indefinite, and exclude those who would have sought work except for illness or the belief that no work was available. In order to secure more extensive and accurate information on the "inactive seeker" in the areas where and at times when they may be significant in number, special surveys, perhaps on a less frequent basis than the monthly labour force survey, but adapted specifically to provide information on these individuals, would then be utilized to supplement the labour force data on unemployment.³ The devising of the schedule and survey techniques for achieving this purpose would no doubt pose challenging problems of measurement. In this regard, recent experiments in surveying underemployment (see Appendix B) in some of the less economically advanced countries might prove fruitful of close study—although any survey adopted would have to be designed to suit the unique character of the Canadian situation. Once again, considerations of cost vs. more extensive and accurate information would have to be weighed. An additional problem, of some importance, is that a revised definition of unemployment of the type mentioned would involve a break in the continuity of the present series.

It should be noted here that the recent *report* on unemployment statistics in Canada suggests that additional information on "the annual pattern of work experience of people who customarily withdraw from the labour force at certain seasons of the year" might be derived from the present survey by introducing new questions or through "other aspects of survey procedure." (p. 30) This would, of course, involve far less expense than the introduction of a special survey. On the other hand, as the *report* mentions, there is a danger of overloading the present survey and running the risk of impairing the measures already provide. Moreover, there is some question as to whether the concept of seasonal withdrawal or the more general concept of underemployment (if that is considered to be appropriate) can be successfully pressed into the mold of the present labour force survey definitions and schedule.

In conclusion, we have concentrated on only one group of "schizoid respondents"—the adult male seasonal worker. In doing so, we have raised the issue whether there is, in Canada, an economic problem of unemployment or underemployment which is not being adequately documented by present survey concepts and measurement. This is not to imply that all adult male workers who withdraw from the labour force during the winter months do so reluctantly. In certain industries in Canada some workers fully expect and indeed want a period of winter inactivity. There is, moreover, a growing body of evidence which suggests that some of the "schizoid respondents", especially some married women and retired men, either intentionally or through genuine lack of understanding of the principles and purposes of an unemployment insurance scheme are mis-using the fund. The problem in these cases is not,

³ Other groups, not mentioned above, but also difficult to enumerate under the present labour force survey, are persons whose skills have become obsolete or who possess insufficient training, older workers who have been forced into premature retirement, workers in chronically depressed localities. The first group, who might be termed the occupationally maladjusted, is likely to grow as technological change reduces the demand for the unskilled and semi-skilled worker. As the duration of unemployment for these workers lengthens, many of them will cease to be active seekers. Thus the relative numbers of inactive seekers, may be expected to grow secularly and this will add to the urgency of devising adequate methods of measuring this elusive category of the unemployed.

except indirectly, an economic one. It is a legal and ethical problem and its solution, none the less pressing, must be sought in legal and educative measures.

VIII. A FURTHER CONCEPTUAL ISSUE IN THE DEFINITION OF UNEMPLOYMENT:

Unemployment statistics, whatever their derivation, represent a "mixed bag" of people: family heads, baby-sitting teen-agers, floaters, voluntary quits, married women wanting "pin-money", unemployables, students, and so on. Some argue that this undifferentiated, heterogeneous character of unemployment statistics detracts from their usefulness in two ways:

- (1) As an economic indicator, since changing economic conditions affect the numbers of different types of the unemployed quite differently;
- (2) As a guide to policy, since not all these individuals represent equal cases of need and since different policy measures would be required to solve the problems of different groups.

Arguments of this sort have led to suggestions for very highly restrictive definitions of unemployment—for example, only unemployed family heads or major breadwinners should be counted. The implication is that actual activity (seeking) should not be the basis for the definition but rather some concept of "need": only those who ought to have a job, and are without one, should be considered unemployed. Such highly restrictive concepts cannot be seriously considered as an alternative to current definitions of unemployment if for no other reason than that, under normal circumstances, the judgment of who ought to work is, in a free economy, a right of the individual and not a prerogative of the government. None the less, a most useful supplement to present statistics would be information on unemployed family heads plus data on the number of other family members in the labour force.¹ The loss of a job by a family head may entail a total loss of income for the family. If, however, there are secondary earners in the family the loss of a job by the main breadwinner, while serious, will not involve as great a degree of hardship and privation. Further, unemployment of family heads may induce secondary earners in the family to enter the labour market and so on. Thus information distinguishing the unemployment of family heads from total unemployment combined with labour force data on secondary earners, would enable us to understand more fully the meaning of changes in unemployment at any given time.

Another, very similar, approach to the problem of differentiating the unemployed into more meaningful economic categories rests on a distinction between two types of labour force members: primary and secondary. Primary members or participants (the "hard core") have a steady and continuing labour force attachment. Their earned income is necessary to support themselves and usually all or some members of their families. Secondary participants move in and out of the labour force; they have some other source of income which maintains them regardless of their labour force attachment (either income from primary participants or some other form of unearned income such as pensions, rentier income, etc.). In a very crude way these two groups may be distinguished in our present labour force statistics by certain age and sex groups. Men between the ages of 25 and 64 include most of the primary participants, while women, youths and older men constitute the majority of the secondary participants. This categorisation is crude because, for example, some adult males, as we have already noted, move in and out of the labour force on a seasonal basis and thus are secondary participants (their non-earned source of income being unemployment benefits perhaps); some women are family heads, some men retire before the age of 65; some youths are not supported in

¹ Since this was written, D.B.S. published some information on families for October 1960.

any way by their families, etc. Special surveys would be required to provide accurate information distinguishing the primary and secondary labour force.

The relevance of such a distinction to the concept and measurement of unemployment is twofold. First, the numbers of unemployed within the two groups respond differently to changes in economic conditions and thus the distinction between primary and secondary provides more useful information than a single measure which lumps the two together. It would enable us also to determine, in part, whether and in what proportion rising unemployment, at any given time, stemmed from discharges and layoffs or from labour force entrances. Secondly, in a general way, primary and secondary unemployment represent different degrees of "need", and hence different degrees of urgency in terms of policy measures although there is a danger that, if pressed too far, the comparison becomes invidious. But the distinction in terms of policy is useful in another way. Policy measures which provide jobs for primary participants will indirectly reduce the numbers of secondary unemployed since some of these will withdraw from the labour force as family heads are re-employed.

In conclusion, it must be judged whether the additional information provided by surveys designed to distinguish between the primary and secondary labour force outbalance the additional expense which such surveys would entail.

IX. CONCLUDING REMARKS:

During the course of this report we have tried to show that the definition and measurement of unemployment are not simple matters. The general phenomenon of unemployment embraces so many different kinds or degrees of labour force activity that no single statistic can provide an adequate summary. Therefore, any single measure of unemployment must be viewed within the broad context of the entire range of labour force and non-labour force activities of the adult population and a variety of useful summary figures may be derived from labour force data. Moreover, no measure of unemployment can be understood in isolation from the general economic setting nor judged apart from the policy considerations it may be designed to serve.

We have emphasized that a useful definition and measure of unemployment should serve both barometric and diagnostic purposes: the latter being especially important when the severity of impact of unemployment varies markedly among different groups of individuals. Since unemployment statistics, unlike many economic indicators, are subjected to careful scrutiny both by the general public and by special interest groups within the community, it is important that the definition be readily understood. One of the difficulties with operational statistics is that their economic meaning may be obscure except to a few technical experts who possess detailed information about the content and administration of the unemployment insurance or employment service laws and regulations.

Having said all this, it is still not possible to say that there is one single "best" definition and measure of unemployment. Among different countries, the "best" definition will vary with the economic, political and social structure of the country. In any given country, at a given time, genuine disagreement may exist as to where the precise boundary line separating the employed from the unemployed from those outside the labour force should be drawn: marginal cases will always present difficulties and differing interpretations are both justified and indeed desirable since discussion serves to focus attention on important problem areas. Moreover, within any country, over a period of time, the "best" definition of unemployment may change with changes in economic conditions and in social and political organization. It is entirely proper to ask today, for example, whether or to what extent concepts and measures developed

in the United States for purposes of social policy in a period of mass unemployment are appropriate, for purposes of policy, in Canada more than twenty years later. Societies are dynamic and so is unemployment. Definitions and measurement cannot be static but must be adapted to changing conditions.

Senator HORNER: That was a wonderful brief.

Senator SMITH (*Queens-Shelburne*): I wonder if I might ask Mrs. Ostry if she could give us some information for our record with regard to what the census of 1961 is going to include on unemployment?

Dr. OSTRY: I am sorry, I have really no idea; I have not seen anything on that at all.

Senator SMITH (*Queens-Shelburne*): Is it hidden?

Dr. OSTRY: I do not know about that.

Senator SMITH (*Queens-Shelburne*): What is the practice from the previous census, was it to measure employment with unemployment—something by which we could have a measurement of that particular type of thing?

Dr. OSTRY: In 1951 the census measurements were based on the same definitions as the D.B.S. labour force survey, but prior to that there was a slightly different concept which was based on the person's usual activity over a period of a year rather than his activity in a particular week; so that it is rather difficult to compare the 1931 and 1941 data with the later census figures, but in addition there were special questions included in both the 1931 and 1941 censuses on unemployment.

Senator HORNER: Mr. Chairman, may I call attention to a part of the brief which says:

Such highly restrictive concepts cannot be seriously considered as an alternative to current definitions of unemployment if for no other reason than that, under normal circumstances, the judgment of who ought to work, is, in a free economy, the right of the individual and not a prerogative of the Government.

I submit it is not the prerogative of the government to find work for the person either.

Dr. OSTRY: Well, that is a policy decision really, whether one wants to provide work or not, but the decision as to whether an individual wants to work or not, that is, wants to seek work, is an individual decision; so that if they are seeking work then they are unemployed no matter what their motives for seeking work may be.

Senator HORNER: In a free economy I think if a person wants to work or not is his own affair. Of course, it is quite easy under a dictatorship to force everyone to work. In democracy, under a free economy, however, I think it is no part of the Government to find work for each individual either. On the other hand, the two must go together.

Senator CONNOLLY (*Ottawa West*): I wonder if Mrs. Ostry would like to answer a question she asks in the last part of her paper? She says:

It is entirely proper to ask today, for example, whether or to what extent concepts and measures developed in the United States for purposes of social policy in a period of mass unemployment are appropriate, for purposes of policy, in Canada more than 20 years later.

Are you suggesting there that the kind of questions, the kind of surveys that are undertaken in this country are verging upon if they are not obsolete.

Dr. OSTRY: I think that would be extreme. Our labour force survey was adopted from and is very similar to the American labour force survey as that survey existed in 1945. Their survey grew out of the need for obtaining some

sort of accurate account of the unemployed during the great depression; this was a crisis situation, and all the thinking about what the survey was to do arose out of that crisis. It has not been changed substantially since 1940 when it was adopted, and since ours is very much like theirs, there has been little re-thinking of the fundamental purposes of the survey.

I think in the paper I indicated there may be areas which are inadequately documented, questions of depressed areas, seasonal unemployment, occupational maladjustment, and maybe others. These things were not important in the 1930's, it was then a question of mass unemployment, they were not considered, so they did not enter into the design of the survey.

Senator CONNOLLY (*Ottawa West*): I suppose too the change in the character of the Canadian economy.

Dr. OSTRY: Yes, and the change in labour force composition. For instance, women were not in the labour force then to the same extent. They and other marginal participants did not pose problems of measurement.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, may I on behalf of the committee, offer our thanks for the two excellent papers which have been presented to us this morning. Both papers were excellently presented. We do appreciate what Mr. Dymond told us, and grateful also for the contents of Mrs. Ostry's paper.

The CHAIRMAN: Thank you very much, Mrs. Ostry.

Whereupon the committee adjourned.

Upon resuming at 8 p.m.

The CHAIRMAN: Gentlemen, we have a quorum so we shall start. We have with us tonight Mr. J. R. Nicholson, the president of the Council of the Forest Industries of British Columbia, and he has prepared a brief for our committee, so I think I will call upon him right away.

Mr. J. R. Nicholson, President, The Council of the Forest Industries of British Columbia: Mr. Chairman and honourable members of the committee: perhaps I might first introduce two other representatives of the Forest Industries of British Columbia who are here with me. Mr. Charles B. Dunham is vice-president, forestry, of the Columbia Cellulose Limited and Celgar Limited and chairman of the British Columbia Loggers' Association. The other gentleman, Mr. Hugh John Hodgins—a name that should appeal to some members of this committee—is vice-president, Timber, and a director of Crown Zellerbach Canada Limited. Mr. Hodgins is also president of the Canadian Institute of Forestry, and immediate past president of the Western Forestry and Conservation Association, whose function it is to advise the Governments of the Western States of the United States, including Alaska, and British Columbia, on forestry conservation. Perhaps these gentlemen might join me in case any technical questions come up.

Mr. Chairman and members of the committee, first I would like to say how much we of the Forest Industries of British Columbia welcome the opportunity of appearing before this committee, to discuss and think out loud for a few moments about the manpower problem that is facing Canada but is troubling us greatly in the province of British Columbia and, more particularly, our own industry. I do not think it is necessary to go into the formal part, the first page or two, of the brief, but it might be of interest to you, Mr. Chairman and the other members of your committee—to highlight or, perhaps, point out to you the reason for our special interest in this inquiry. It is because unemployment in British Columbia today is at the highest level that it has been in many years. In November, on a per capita basis, unemployment was worse in British Columbia than in any other part of Canada. In the

month of December I believe it was a toss up between the province of British Columbia and the Maritime provinces as to which of them was in the most serious position. The principal cause of unemployment in British Columbia arises out of the difficulties that confront the forest industry, which is the basic industry of the province. It is not only first in terms of wages paid and first in terms of new investment, but 54 per cent of every dollar earned in the province of British Columbia comes directly or indirectly from forest industries.

It may be of interest to some of you to know that nearly $\frac{3}{4}$ —63.5 per cent—of all the accessible softwood forests in Canada are located in the province of British Columbia. That province produces better than 60 per cent of all the sawn lumber of Canada; 100 per cent of all red cedar shingles; approximately 80 per cent of all plywood, and about 15 per cent of the nation's pulp and paper products. We believe that the potential of the forest industries is greater than any other industry in Canada. In the year 1959 the forest industries of British Columbia alone exported roughly 10 per cent of all exports from Canada. So we have a very special interest in your inquiry.

With those words of introduction, Mr. Chairman, and with your permission, I go to the bottom of page 3 of our brief.

I have had the privilege of reading some of the briefs, not all of them, that have been presented to you. There seems to be a common thread that runs through most of them, particularly the briefs prepared at the request of your committee. As I approach our specific problem and the suggestions and recommendations that we have to offer, it might be helpful if we referred to this introductory statement in our brief.

It reads: Natural resources are the foundation of economic wealth in any country. Canada has an abundance of such wealth in her forests, her metal mines and rich mineral deposits, her fertile farm lands, the fish in both her inland and coastal waters, her oil and gas reserves, and in her enormous hydroelectric capacity and potential. The province of British Columbia is especially fortunate in the variety and richness of her natural resources. In view of the nation's great resources and potential and small population in relation to its size, one may well ask why were there nearly 600,000 unemployed in Canada at the end of last month and why are we worried that the situation may get worse in the years directly ahead while Germany, without anything like our natural resources, has over 500,000 job vacancies.

I pause for a moment. Not long ago I was present at a hearing of the automotive inquiry before the special commissioner appointed by the Government. A representative of the German automotive industry stated that he was directing his remarks to the production of just one type of automobile, the Volkswagen, and production ranged from 4,000 units in 1948 to more than 800,000 units in 1960; he also stated they had 500,000 job vacancies in West Germany, despite the fact they had brought in some 125,000 Italians, Belgians and others in the month preceding. The figure of 500,000 job vacancies was staggering.

As stated on page 4 of our brief, the answers to the questions as to why we have a manpower problem posed in the preceding paragraph lie largely in the fact that, for more than a decade following World War II, we had a ready market for nearly everything we could produce, and the costs of production of many of our principal products were not matters of great consequence. All of Canada's export industries benefited from this unique situation. Economists warned the nation repeatedly that a day of reckoning would come. Some business leaders showed concern over what was happening but, on the whole, our political, business and labor leaders paid little or no attention to the warning. Profits were good; naturally labour wanted a share of these profits; and throughout the entire period management passed on to labour in the form of pay increases and benefits a generous share of the profits. Today conditions are vastly different.

You have heard much the same story before, but it can be summed up in the last sentence of that paragraph which reads: Over a short period of three or four years costs of production in Canada have re-entered the picture as a matter of prime importance for the first time since the days of the great depression.

The strange thing is that, in spite of our richness of natural resources we are losing out in the race for the sale of forest products with the rest of the world; we have not been able to keep pace with competition from other countries.

Mr. Chairman, the next statement in our brief is a general one; it refers to war damage and shortages in continental Europe, Great Britain and Japan, the imbalance of trade, and the benefits that Canada derived from this situation.

Up until three or four years ago the demands of labour for higher wages, improved working conditions, longer holidays, better pensions and other fringe benefits were met without too much difficulty because these costs could be passed on to the customer, and as a consequence, working conditions and general standards of living improved. Today the situation is entirely different because of a number of factors that have intervened on the scene. I mention only three of them.

First, the appearance on the international trading scene of Russia, the trading blocs of Western Europe, and a most important development from Canada's standpoint, competitive sources of low-cost pulp supply from hitherto unused tree species and from other sources, such as sugar-waste in South America, and other material. As a result, the markets for our pulp and paper products in Europe and elsewhere and our competitive position have suffered tremendously.

We think of our forest industries, and particularly our pulp and paper industry, as something that has a unique position in the world. But if you look at the relative positions of the two fields, newsprint and pulp, I think you will find the figures of some interest. Between 1950 and 1959 the newsprint capacity in the United States increase by 141 per cent; in Finland, Sweden, Norway, Japan and other areas there was an increase of 80 per cent; but in Canada our increase during this same period was only 44 per cent.

The CHAIRMAN: From what date to what date?

Mr. NICHOLSON: From January 1, 1950 to the end of 1959.

Senator BRUNT: What do they manufacture newsprint from in the United States, the Southern Pine?

Mr. NICHOLSON: Southern pine—that is where the big competition comes from.

Senator BRUNT: They would not be able to make it from cane waste.

Mr. NICHOLSON: Not in the United States. The Grace Company built a plant in South America where they use sugarcane waste; that was a market that was served partly at least by Canada.

Senator BRUNT: Do we at the present time supply newsprint to the United States?

Mr. NICHOLSON: Yes, in fairly sizeable quantities. This next figure will surprise you. While we supply a lot to Europe, the United States is also supplying tremendous quantities to Europe.

Senator McKEEN: Is that produced from the Southern Pine?

Mr. NICHOLSON: From Southern Pine.

Senator SMITH (*Queens-Shelburne*): Is that newsprint or pulp?

Mr. NICHOLSON: There has been an increase in the supply of newsprint from the United States, but the increase in pulp is even greater.

Senator BRUNT: But we export great quantities of newsprint to the United States?

Mr. NICHOLSON: Yes, we do.

Senator BRUNT: And they export great quantities of newsprint to Europe.

Mr. NICHOLSON: That is correct. There are a number of reasons for that situation: one of them is geography. For instance, we in British Columbia cannot compete with the newsprint mills in Washington and Oregon, but we can compete successfully in California and Texas with the newsprint mills in Washington and Oregon. We cannot compete successfully with lumber mills in Washington and Oregon on the west coast, but we can compete successfully with these lumber mills when selling on the Atlantic coast. The same is true of the pulp and paper mills of Ontario and Quebec; they can supply northern and New England states and the industrial area around Detroit, but find it more difficult to compete with the U.S. mills when they get into other areas.

I digress from my brief for a moment to give you some other figures. These figures have to do with chemical pulp and they are for the seven year period between 1950 and 1957. Exports of chemical pulp from the United States increased by 555 per cent, while Canada's exports increased by only 28 per cent.

Senator LEONARD: Where they pretty low to start with?

Mr. NICHOLSON: They were low, but they were still larger than ours.

Senator BRUNT: Have you the tonnage there?

Mr. NICHOLSON: Here are the figures. The production of chemical wood pulp in the United States in 1950 was 10,872,000 tons, and the production in Canada was less than one-third of that at 3,314,000 tons. In 1957 the United States production had gone up from 10.8 million tons to 15.9 million tons—in other words, it had gone up by 15 per cent from 10 million tons to 15 million tons—and the Canadian production had increased from 3.3 million tons to 4.4 million tons. And it is not just the percentage; it is the staggering quantity produced in that period. The United States brought more capacity into production in that seven year period than we had in the whole of Canada.

Senator BRUNT: Did we develop a surplus in this country as a result of this?

Mr. NICHOLSON: No, the answer is that world consumption of forest products—primarily pulp and paper—has increased enormously, and we have not got our share of this increase, though the United States has, and so has Finland and so has Sweden. If we could correct that trend we believe we could make more effective use of Canada's greatest natural resource, and that is the problem we wish to present to you tonight.

Senator SMITH (*Queens-Shelburne*): Is the reason why the United States produced so much more chemical pulp in general because they can produce it cheaper than we can in Canada?

Mr. NICHOLSON: Yes, that is the basic reason.

Senator SMITH (*Queens-Shelburne*): Quality has nothing to do with this?

Mr. NICHOLSON: No, we will stack up our product against that of the United States and that of any other country in the world. I have the two experts here to back me up in that.

The CHAIRMAN: Our product in many cases is better than that of the United States?

Mr. NICHOLSON: Modesty prevents me from answering that question, Mr. Chairman. Senator McKeen knows what we think about the merits of our product in British Columbia.

Senator BURCHILL: What do you think about the products of the Miramichi?

Mr. NICHOLSON: I have not yet seen the products of the new mill at Newcastle.

Senator TAYLOR (*Westmorland*): I would like Mr. Nicholson to comment on this: We have been told in various committees here that the new species of trees that are being grown now in the United States can be cut to produce pulp in 15 years, and that at the same time while they are doing that the quality of their pulp is not as good as the Canadian product, but the authorities in the United States are improving the technique of processing and it is believed that in a very short time their pulp which comes from wood which is not as good as ours will be just as good as the Canadian pulp.

Mr. NICHOLSON: That is not peculiar to the United States. Such developments are going on all over the world. Some are taking place in British Columbia.

Senator TAYLOR (*Westmorland*): I mean in relation to Canadian production?

Mr. NICHOLSON: I would not question that because we are both improving our quality and increasing production in Canada. Twenty years ago in British Columbia no one would have thought of using alder as a source of pulp. Few would have thought of using hemlock, and yet the principal source of pulp today in western Canada is hemlock which was an inferior material to work with up until about 15 years ago.

Senator CONNOLLY (*Ottawa West*): I think Senator Taylor's question was directed to this point, that even with inferior materials abroad the techniques of using them and developing them into pulp production makes them competitive with the better type of thing that comes from the Canadian forests?

Mr. NICHOLSON: I would have to agree with that.

Senator CONNOLLY (*Ottawa West*): So that it becomes more and more competitive for you people?

Mr. NICHOLSON: That is why we appeal for more research. Using a new specie of wood is not peculiar to the United States. Results are even more phenomenal in Australia. Today they are using woods over there which were never dreamed of as being a source of pulp a few years ago. They are using fast growing eucalyptus, and getting satisfactory results from it. Nevertheless, we do still have tremendous advantages. We have not as yet much competition from Russia in pulp and paper, but we probably will have it before long. We do, however, run into very effective competition from Russia in our lumber sales. That is touched upon a little further on in the brief. Our competitive position is also affected by the common market, which complicates the situation. From a competitive standpoint, however, the most serious development that has taken place is the ability to use these woods that 15 or 20 years we never dreamed could be used.

I will move along to the heading "Stock-Taking". Canada's greatest competitive advantage lies in our forests. I think that statement will go unchallenged. If we cannot be competitive in the production and sale of forest products, the fields in which we can hope to compete successfully are few indeed. We have the technical knowledge and skills, we have intelligent reforestation programs, and, given the markets, we have the management and

personnel necessary to expand production in any or all branches. Our principal difficulty lies in the fact that we cannot dictate or control the prices of forest products in world markets.

We have less than 10 per cent of the world's supply of forest wealth—that is, in the whole of Canada—and with less than 10 per cent of the market we cannot hope to control prices. We are no longer holding our position in a competitive world.

There was a study recently conducted under the direction of a Canadian who knows his work. He was chairman of a committee which conducted a study for the Food and Agricultural Organization of the United Nations, (the F.A.O.), and the study shows that the world demand for forest products is growing and that it will continue to grow appreciably as a result of a population growth and economic developments.

The Gordon Commission on Canada's Economic Prospects estimated that, if market potentials are realized, the Canadian forest industry within the 25 years from 1955 could increase its production by 120 per cent, and we would then still be using only 57 per cent of our forest potential. That report was written in 1956, and we are still at approximately the 1955 level in Canada. We just have not gained any ground. In 1959 the level was the same as it was in 1955; in 1960 there was a slight improvement on the whole over 1959 but it was not significant. Our forest industry today stands an easy first in Canada in employment and in wages paid. If the estimated 120 per cent increase in production above 1955 is achieved, the forest industry certainly will have done its part in solving the manpower problem which is now so disturbing. If this high employment potential is to reach the ultimate, however, a well planned approach on the part of industry, labour and Government is necessary. Our council feels that the essential condition of such an approach is a willingness on the part of all concerned to recognize and accept facts as they are, and not as we might like them to be.

You might take a look at our own picture in British Columbia. We have certain advantages, as Senator Burchill knows, in tree species and climate. He will also confirm that we have vast stands of timber. The Dominion Bureau of Statistics has estimated that nearly two-thirds of the accessible stands of soft wood in Canada are in that one province. Notwithstanding these facts we have a serious unemployment situation in British Columbia and it is most acute in the logging, sawmilling and construction industries. Exports to the United States were down for the last half of last year. Lumber and shingle prices were, on the average, much lower in 1960 than in earlier years, though total shipments of lumber and shingle products to the United States, and to other countries to which we export, were at about the same level as earlier years. They were slightly higher in 1960 than in 1959 but due to the competition from Russia, Finland and these other sources the average return for the lumber that we sold in 1960 was 8 per cent lower, and yet our wages were higher and our other costs were higher. Our wages were appreciably higher. The reason for it was there was a wage increase that came into effect during the year, which had been negotiated the previous year. It automatically took effect and that played havoc with the industry; though we produced a larger quantity during the year. We sold during the latter part of the period out of inventory after there had been an appreciable drop in price. The result is that today in one of the largest cities of the province, the northern city of Prince George, which is primarily a lumbering centre, 4,000 people are unemployed in that one area. There are 2,000 unemployed in Kamloops and 30,000 or more unemployed in the lower mainland, in and around Vancouver.

We will now put forward the reasons why we feel these difficulties exist. The first one is to be found at the bottom of page 7 of our brief and it relates

to freight rates. A look at the map will emphasize and make it quite clear that, except for a very few products, e.g. newsprint to some parts of the United States, British Columbia is a very long way from any major purchasing area for its forest products. The long ocean haul makes it difficult to compete in the United Kingdom, which is our second largest export market area, with pulp and paper products and lumber from the Baltic countries, and high rail freight rates adversely affect the sale of our products in most parts of the United States, our largest market. We may do so reluctantly but we cannot escape the obvious fact that, in a freely competitive world market, B.C.'s forest industry is seriously handicapped by the fact that it has to absorb an overall freight-rate cost higher than that of almost any other area with which it competes.

The next reason has to do with terrain. The geography of B.C. and more particularly the mountainous nature of the terrain not only make freight costs to rail markets more expensive, but this same terrain makes the cost of logging and of building roads to get at the trees and bring out the logs and the finished products more expensive than almost any other forested area in the world.

Senator BRUNT: Might I go back to the question of freight rates for a minute?

Mr. NICHOLSON: Yes.

Senator BRUNT: How do you sell your newsprint in British Columbia, f.o.b. where? I know how the eastern newsprint is sold. It is all sold f.o.b. New York.

Mr. NICHOLSON: I think it is San Francisco on the west coast, and there is a port on the Gulf Coast and also New York.

Senator BRUNT: Can you tell me why our mills cannot sell our newsprint f.o.b. the mill, and then they are never affected by increases in freight rates in the United States?

Mr. NICHOLSON: It is not the increases in freight rates in the United States that bother us so much, Senator Brunt. It is the increase in the rail freight in Canada that bothers us.

Senator BRUNT: If it is sold—

Mr. NICHOLSON: Somebody has to pay the freight.

Senator BRUNT: That is right, but I can never understand why in eastern Canada all our newsprint is sold f.o.b. New York.

Mr. NICHOLSON: Because they have to compete with the American prices.

Senator BRUNT: But this goes back to depression times before there were plants in the southern United States.

Mr. NICHOLSON: I would still say it is a case of meeting the price of your competitor. I know we cannot sell much of our newsprint in the two states I mentioned, Washington and Oregon, but we can meet the competition of these states when selling to Texas and California without much difficulty, because the ocean freight is insignificant compared with the rail freight to Spokane, Denver and these other places.

Senator BRUNT: All right, thank you.

Mr. NICHOLSON: Dealing with competitive materials:

The growing threat both at home and abroad to many of Canada's wood products from competitive materials, particularly in the building field, has reached alarming proportions. Asphalt roofing and siding materials are providing serious competition, not only abroad but in a declining domestic market. Aluminum sidings and roofing and aluminum and other metal window frames have made great inroads into the traditional markets for shingles and wooden window frames. The tremendous amounts of money spent in advertising by

the aluminum companies and makers of other competitive materials at a time when there was no necessity for the makers of wood products to embark on expensive promotional programs is having its effect. Several of B.C.'s lumber mills have been operating at low levels for the past several months. Several of its large cedar shingle mills have had to close and production in others is down appreciably because of tough competition from these other products.

Dealing with Government assistance to industry:

Our federal and provincial governments provide less assistance to industry in fighting forest fires, in building access roads, in pest control (both disease and insect), and in forestry research than do the governments of our chief competitors, especially the United States, Sweden and other Baltic countries.

To give you an example, in the year ending March, 1958, the total expenditures for fighting fires in British Columbia amounted to \$4,705,000. The dominion Government's grant towards that firefighting was \$128,000. Here we have Canada's most vital industry being assisted to the extent of only \$128,000 for fighting forest fires, and this in the province that has nearly two-thirds of the soft woods of Canada.

Senator BRUNT: Did the federal Government not provide any equipment in the form of aircraft and such things?

Mr. NICHOLSON: Part of that \$128,000 was spent for lookouts and radio equipment. Within the last two or three years they have operated a small experimental research station for fire work. It has been established in Victoria. It is an experiment but frankly it is one of the encouraging things in the industry. Mr. Dunham reminds me that when we had the terrible series of fires in August of last year in British Columbia the dominion Government did send in three planes and two helicopters to assist us during the time of these fires.

Senator BLOIS: Do the provincial Governments spend considerable money for firefighting?

Mr. NICHOLSON: Yes, a fair amount. Out of this \$4.7 million that was spent, approximately \$2.8 million was spent by the provincial Government, the remainder being spent by the industry itself. The point I am making, however, is that our industry has to pay this money whereas in the United States it is an expenditure that is largely absorbed by Government. This affects our cost position when we are trying to meet competition from other quarters.

Senator BRUNT: It has to go into cost.

Mr. NICHOLSON: That is right.

Senator CONNOLLY (*Ottawa West*): These limits that you have cut, they were originally Crown lands, I suppose? You are cutting over Crown land, are you?

Mr. NICHOLSON: Yes; we have two or three different types of tenures in British Columbia. The holdings arising out of the building of the C.P.R., which are virtually Crown lands, are what we call timber berths. They were grants from the dominion Government.

Senator CONNOLLY (*Ottawa West*): To the C.P.R.

Mr. NICHOLSON: To the C.P.R.

Senator CONNOLLY (*Ottawa West*): And the industry in turn—

Mr. NICHOLSON: Industry in turn acquired them. Some were acquired in the last decade of the last century, others in the first decade or two of this century. It was not until 1930, I believe, that those "timber berths," and the administration of the berths, were turned over to the provincial Government, but many firms acquired these valuable stands during that earlier period. Today new timber, of course, is sold on the auction or you get it under a tree farm licence.

Senator CONNOLLY (*Ottawa West*): From the department?

Mr. NICHOLSON: From the provincial department.

Senator CONNOLLY (*Ottawa West*): So that the timber resource is provincially owned?

Mr. NICHOLSON: That is not so in all cases. You have, as I have mentioned, what are known in the industry as timber berths. The men who were astute enough to negotiate tree farm licences years ago have acquired valuable timber holdings, part of the consideration they gave was to build a mill, put in roads. Part of the deal in the tree farm licences was that they would build roads to get this timber out and they would build a mill, costing say \$45 million. So that while the equity in the timber still belongs to the government, through making these substantial expenditures industry has acquired very substantial interests in many of these properties. It is not just the annual payments or stumpage they pay, but these huge capital investments should be taken into consideration in determining what costs are involved.

Senator CONNOLLY (*Ottawa West*): Is there any reasonable relationship between the licence revenue taken by the provincial government and the kind of assistance they give to fire-fighting research and these other items you discuss?

Mr. NICHOLSON: We don't think this is very much. We are the highest taxed industry in Canada. Yet in view of the large portion of its revenue which the provincial government gets from stumpage and royalties and under the tax rental agreement with the federal government, and having regard to the other taxes that are paid by the forest industry of British Columbia, government assistance to the industry certainly is not commensurate with the revenues that the provincial government derives from the industry.

Senator BRUNT: In other words, the Department of Forestry is a money-making department?

Mr. NICHOLSON: There is no question about that. I do not think anybody can challenge that statement. If Senator Burchill had to pay the stumpage charges that we pay out in British Columbia, he would have very little hair left on his head.

Senator BRUNT: You need to be very careful. We always hear about the hard times down in the Maritimes.

Senator SMITH (*Queens-Shelburne*): How much do you pay for stumpage out there in comparison with Senator Burchill's part of the country?

Mr. NICHOLSON: Roughly 100 per cent more. In the province of Quebec it is approximately \$4 and in our province it is \$8. Does that answer your question? The stumpage we pay, not the kick-back which the provincial government gets under the tax rental agreements, but the stumpage we actually pay to the provincial government is \$25 million a year. That is a substantial item. The fire-fighting bill was \$4.7 million, of which the province paid \$2.8 million in the year I mentioned.

May we now come back to the brief, gentlemen:

The forest industries of Canada—and here I am not just talking about British Columbia—receive less favourable tax treatment than do those of our competitors in other countries of the free world. That statement will stand the last test of analysis.

Import Duties on mill machinery, etc.:

Our logging, lumber and paper mill operators are compelled to buy many of their tools of production in a protected Canadian market at a considerably higher price than if they were able to buy these tools in or outside Canada, without having custom's duties to contend with. Of the total of our forestry

production in British Columbia, 70 per cent is exported and over half of that percentage goes to the United States. So we have to pay these higher prices for the mill, machinery and equipment to produce goods for shipment back to the United States. Canada's farmers can buy their machinery and implements in the United States and import them free of duty, yet, because of our tariffs, operators in Canada producing a wide range of forest products destined for export to the United States and elsewhere we must pay higher prices than their United States competitors for many of their tools of production. In this connection, it might well be pointed out at this time that, if parliament accepts, without qualification, the resolution amending section 2A of the Customs Tariff Act, now before the House of Commons, in one of the resolutions tied in with the baby budget, the forest industries of Canada will be forced to pay still more for much of the machinery and many of the tools of production which they must have if they are to remain competitive on the world scene.

Now, if we could sell most of our production in Canada, that would do one thing, but when we have to go out and sell it in the United States in competition with the Americans, at a time when their own production is increasing, how can we meet that competition and pay roughly 25 per cent more for our conversion plants in Canada? Duties and freight add a minimum of 20 per cent and perhaps nearer 25 per cent to the installed cost of our conversion plants in Canada. That is the first factor of cost—the high cost of tools of production.

Senator CONNOLLY (*Ottawa West*): You say it is of a class or kind not manufactured in Canada that you refer to?

Mr. NICHOLSON: We buy in Canada where we can, but there are many items which are approximately of the class or kind or which if the facilities exist for their production in Canada you cannot get the benefit of the 10 per cent test which is contained in the "Made in Canada" clause.

Senator CONNOLLY (*Ottawa West*): Is your point that the equipment you want to use is constantly being improved in the United States, and that is the kind of thing that still brings it within the definition of "approximate"?

Mr. NICHOLSON: Yes. That is the thing that Senator Taylor spoke of earlier. They have new techniques. I can give you a very good example in British Columbia. In British Columbia there is considerable cedar. Eighty per cent of all the cedar, in fact, of the whole forest cedar inventory of North America is in British Columbia; 80 per cent of it is in one province. Cedar is a very difficult wood to use for pulp because of the chemicals found in the wood. You can use substantial percentages of cedar, however, if you put in types of equipment to prevent the erosive reactions that take place in the mill. The newest mill that has been brought into production in British Columbia is one at Castlegar in the interior, built by Mr. Dunham's company, actually. He is the vice president of Columbia Cellulose. There you have a \$50 million plant brought into production, and the company has introduced this new equipment which permits them to use more than 10 per cent cedar in their pulp operations. That is a wonderful thing for British Columbia, it helps us move the cedar inventory, a lot of which has been there for hundreds of years. The percentage of cedar in the British Columbia coastal area is, I think, about 24 per cent, and their own cutting is about 18 per cent, so the situation has pyramided, and unless we can bring in machinery from the United States or elsewhere to help correct that situation we shall have increasing difficulties.

Senator CONNOLLY (*Ottawa West*): What rate do you pay on that?

Mr. NICHOLSON: 22½ per cent; or 22 per cent, I think it is.

Senator CONNOLLY (*Ottawa West*): Would it be a substantial capital investment?

Mr. NICHOLSON: Yes. You see, there are three mills that have been announced recently in British Columbia, one was announced last August, a newsprint mill; in fact there were two of them, both of them on Vancouver Island. One was announced by B.C. Forest Products in January, about two weeks ago; another by MacMillan Bloedel and Powell River last July or August; and a third one, Rayonier of Canada, a \$15 million installation, which is pretty well advanced. I think Rayonier will get its plant finished before this amendment of section 2A catches up on them; but the other two would be very hard bit by this amendment.

Senator CONNOLLY (*Ottawa West*): If it is interpreted that way.

Mr. NICHOLSON: If we are going to help to lick this employment problem in Canada, we are going to have to move in the direction of the Gordon Report and step up our production. In our industry you have the greatest growth potential in Canada, and nearly 70 per cent of our production is exported, whether it is from New Brunswick or elsewhere. The percentage may not be quite so high in New Brunswick. It is nearly 50 per cent there, and Quebec is about the same, but over 70 per cent of the B.C. production is exported.

Much the same thing applies in Nova Scotia, Quebec and Ontario.

Senator BURCHILL: Are there any figures available to show the comparable cost of construction of a mill, not a newsprint mill, in Canada today as compared with the cost of building one in the United States, I mean figures per ton.

Mr. NICHOLSON: Yes, those figures can be secured. The minimum difference is 20 per cent higher in Canada and we think that 25 per cent higher would be closer.

Senator BRUNT: This plant at Castlegar where they are starting to use cedar, are they going to make cellulose there?

Mr. NICHOLSON: It is going to manufacture newsprint. It is a bleached sulphate plant. At the start they are going to use 10 per cent cedar and they hope to increase that figure before too long. Crown Zellerbach Company are already using more than 10 per cent in one of their plants with the equipment and the new techniques they have brought in they are using a substantial percentage of cedar. In one of their mills it is now nearly 15 per cent.

Senator BRUNT: I hope that Mr. Dunham was not unduly penalized by using Horton Steel to put up their tank.

Mr. DUNHAM: Oh, no.

Senator HAIG: Does this brief pretty well cover all your case, Mr. Nicholson?

Mr. NICHOLSON: Yes, senator Haig. Now, Mr. Chairman, we have made a suggestion since this brief was drafted, by wire to the Minister of Finance and to other members of the cabinet and to some of the British Columbia members suggesting that by a change in the end-use clause in the customs tariff exempting exports this situation could be corrected, where for instance if two-thirds of your production is being exported by amending the end-use clause that situation could be taken care of. If it goes through without qualification we are in for trouble.

Senator CONNOLLY (*Ottawa West*): On that one point, Mr. Nicholson—in the petroleum and natural gas industry they have a preferred rate when the goods are imported for use in production, do they not?

Mr. NICHOLSON: Yes.

Senator CONNOLLY (*Ottawa West*): But you have not got that?

Mr. NICHOLSON: Well, in the logging part of the industry we have certain relief. They come under this end-use if it is used directly for logging, but once you move into the mill, into the manufacturing end of it, you do not get that same end-use exemption.

Senator CONNOLLY (*Ottawa West*): Not when it is used for manufacturing?

Mr. NICHOLSON: That is right, we do not have that benefit there.

Mr. Chairman, I would like now to speak about the logging tax. The logging tax is something about which we in British Columbia feel very strongly and I know the forest industry of Ontario feels just as strongly as we do about it. These are the only two provinces in Canada where there is this logging tax. As a result of this tax we are in the novel position that the forest industry pays the highest tax rate in Canada—it is an “income” tax in effect. The further along you go with the logging, through the mill, to the paper stage or to the fine paper stage, the further along you go the higher tax you pay. The net result is that the forest industries of Ontario and British Columbia are paying a tax, depending on the size of the company, that ranges from 2 per cent to 5 per cent higher than Canadian industry as a whole. This is a very significant factor when you are trying to compete in markets where the world price is set by your competitors, outside of Canada.

Senator LEONARD: What is the provincial logging tax?

Mr. NICHOLSON: It is a tax that is imposed on your log cut. In reality you pay a per cent tax on certain values. There is no tax if your income is less than \$25,000, but in a province like British Columbia where we have 100 or more operators, maybe several hundred operators with incomes of considerably more than \$25,000, in fact some of them with large investments running into the millions, this 2 per cent to 5 per cent tax is a terrific handicap.

Senator LEONARD: Is it a straight tax on income derived from logging?

Mr. NICHOLSON: No it is not as simple as that. It is called a “resource” tax, it is a tax on the natural resource, but because it is on the finished product it has the effect of being an income tax.

Senator CONNOLLY (*Ottawa West*): That is much clearer. It is nothing that can be remedied from here?

Mr. NICHOLSON: No, but it calls for joint action by the federal and provincial Governments and in fact joint briefs have in the past been presented by the forest industry to the Governments of Ontario, British Columbia and the federal Government, and a further brief has recently been prepared and is to be presented later this month, in advance of the discussions on the tax rental agreement between the dominion and the provinces.

Senator CONNOLLY (*Ottawa West*): This is over and above, as Senator Leonard said, the stumpage tax?

Mr. NICHOLSON: Yes.

Senator BRUNT: There are stumpage taxes right across Canada?

Mr. NICHOLSON: Yes, I believe so.

I would now like to talk about the sales tax, Mr. Chairman. Here again relatively high dominion and provincial sales taxes, on top of these other taxes and levies, made it difficult, and in some cases impossible, to export our forest products to certain foreign markets in the face of competition from parts of the world, where export industries are fostered and encouraged by tax rebates and other tax incentives. In the case of the dominion sales tax the forest industry does get relief from sales tax on the logging end of it. Relief is granted on certain parts of your plant but yet when you come to the drying equipment in your mill, which to a lumberman is often just as much a part of the forest industry as the saw or the planer, you pay a sales tax on that end of it. A sales tax is also paid on the loading facilities and the storage facilities that are required. Again these taxes are all mounting up and affecting the competitive position. That is the dominion end of it. Then, in several of our provinces, including British Columbia, there is a 5 per cent sales tax. In the

case of these three mills which I said are now under construction—one of which is nearly completed, you have investments totalling about \$70 million, of which close to 50 per cent of that is machinery and equipment, the sales tax on that is 5 per cent, which is just another element in the load that affects our competitive position.

And now, Mr. Chairman, I would now like to draw your attention to the matter of depletion. I am afraid, Mr. Chairman, this brief is taking longer than I anticipated due to the fact that I digress occasionally.

The CHAIRMAN: That is quite all right. We are only too glad to have all your comments.

Mr. NICHOLSON: I would like to read, with your permission, Mr. Chairman, that part of our brief dealing with the subject of depletion.

Depletion:

Canada's tax laws limit depletion allowances in the forest industries to a fraction of their true value. In the United States, one of B.C.'s chief competitors, the government permits the depletion of timber limits to be deducted for income tax purposes on the basis of replacement cost. Our government, on the other hand, only permits depletion on the basis of original cost, though that cost may have been incurred many years ago and inflation has made the timber stand much more valuable and difficult to replace than at the time of acquisition.

The forest industry is a high risk industry, yet it has never been recognized as such for taxation purposes in Canada. Timber land investments are usually of long duration, since, under the sustained yield management programs, the annual harvest is limited to annual growth potential because of the "allowable cut" provisions in the timber licences or other documents of tenure.

Notwithstanding the large sums spent in protecting them and of increasing their growth, timber lands suffer unpredictable losses from fire, insects and disease. These losses are not insurable in Canada. In other Canadian industries, such losses are insured against and the insurance premiums are deducted as an expense before arriving at taxable income. In the forest industry the losses are absorbed as capital losses without any deductions from taxable income. In British Columbia and in several other provinces millions of acres of forests are destroyed by fire nearly every year. The damage by fire to the forests of Quebec and Nova Scotia in 1960 were staggering. The damage to the forests of New Brunswick and Nova Scotia during recent years by the spruce budworm and the cost of attempting to control this epidemic is an example of the risk from forest insects. The inability to insure against such losses emphasizes the high risk feature of our industry.

Other natural resource industries in Canada, e.g. mineral and petroleum, are recognized as risk industries under our tax laws through special depletion and other allowances. Is it not strange that, while our mining and petroleum industries enjoy these tax advantages, Canada's larger and more important forest industry enjoys no such recognition? Minerals and petroleum once taken from the ground are gone, whereas the forests being a renewable resource are a lasting asset, which should merit better treatment. The mere fact that our forests are renewable over a period of seventy-five or a hundred years certainly is no reason for treating them as an ordinary agricultural crop. The time it takes to renew a stand of timber and the risk of loss from fire and other causes are factors that should not in fairness be ignored. While the forest industry may not be entitled to the same generous treatment as that given to the oil and mineral industries under our tax laws, it is inequitable to treat it for tax purposes merely as a part of the agricultural industry.

The remarks about depletion allowances apply to the forest industries in all parts of Canada. There is a provision in our Income Tax Act—and there has been for years—which says there shall be special depletion and other allowances to the basic industries, and it names them.

Senator CONNOLLY (*Ottawa West*): Is that in the act, or a regulation?

Mr. NICHOLSON: There is in the act itself, a provision relating to the mining, petroleum and forest industries. They passed regulations some years ago implementing the provision in so far as concerns the mining and petroleum industries but this has never been done for the forest industry, although the provision is in the act so to do.

British Columbia and other parts of Canada have huge unused forests, which can be utilized to provide thousands of jobs without diminishing the forest resource at all because of the sustained yield programs now in effect. If it is in the national interest to encourage, through special tax allowances, the production and export of mineral and petroleum products, is it not even more desirable to encourage by similar allowances the use of the forest potential which is now wasting and which can provide gainful employment without prejudicing future production at all—that is within the limit of its annual activity—under the sustained yield management program a forest can produce its sustained yield capacity now without reducing the sustained yield capacity, and, in fact, under good management may increase it. Failure to cut the sustained yield capacity amounts to sheer waste; yet there is no provision for tax allowances to care for the risks involved and other factors.

I will not say that this next paragraph is as important as that concerning the tax inequities to which I have referred, but it certainly is a major cost factor which confronts us in our competition abroad. I refer to the next part of this brief, wages and fringe benefits.

As a result of the wage increases and fringe benefits mentioned earlier, the average wage now paid to and other benefits enjoyed by the loggers in the woods and workmen in the mills and other branches of B.C.'s forest industry are the highest in Canada. What is more significant is that they are appreciably higher than the wage scales and fringe benefits enjoyed by workmen in the forest industries of the world which provide B.C.'s most serious competition in overseas markets.

In the case of the states of Washington and Oregon, which adjoin the province of British Columbia, their wage rates and fringe benefits are just slightly higher than ours, but not very much. With that exception, in British Columbia the wage rates and fringe benefits in the forest industry are the highest in the world.

Senator TAYLOR (*Westmorland*): What would be the average wage rate in the forest industry?

Mr. NICHOLSON: I have heard them quote the average basic wage in the pulp and paper industry at about \$3, \$3.05, and in the forest industry it is generally \$2.60 or \$2.65. Those are the figures that were given me some time ago but perhaps Mr. Dunham can give me those figures more accurately. From what he has told me, I understand the figure is half way between the two I have mentioned, \$3.05 and \$2.60. It is about \$2.89, but that includes the fringe benefits, of course.

Senator SMITH (*Queens-Shelburne*): What does that figure \$2.89 represent?

Mr. NICHOLSON: That is \$2.89 an hour.

Senator SMITH (*Queens-Shelburne*): For what kind of work is that? Is that the average wage in the forest industry?

Mr. NICHOLSON: That is the average basic wage paid in the industry, in the woods and saw mills only. I am sorry, it is not the rate for the pulp and paper industry. That figure is \$3.05 per hour in British Columbia.

Senator McKEEN: They are getting \$3 an hour for working, and if they do work on a statutory holiday they get double time, and that is \$6 an hour; that makes \$9 an hour for working on a statutory holiday.

Mr. NICHOLSON: These, I believe, are the approximate figures. They may vary slightly in certain parts of the province: the sawmilling industry, \$2.50 an hour; in logging, \$2.89 an hour; and in the pulp and paper industry, \$3.05 an hour.

Coming back, if I might, to the bottom of page 11 of the brief: Our council realizes that it would be difficult and probably unwise to reduce wages and benefits to anywhere near the level of those in most of the countries which provide our competition,—this is the competition we have outside of Canada. We would not attempt to come down to the standards set by wage scales in Finland and Russia.

In our opinion, it would be a backward step for management to attempt any such reduction. We trust it will never become necessary to do so. Nevertheless, the competitive advantage that the forest industries of the Baltic countries and even some parts of the United States enjoy as a result of lower wages—I am thinking of the southern States—must be acknowledged. Ways and means must be found, if possible, to minimize this advantage.

Economic Climate: At a time when employers and employees should be working together in harmony and a feeling of mutual trust, there appears to be an unfortunate lack of understanding, a lack of harmony between management and labor in British Columbia. This certainly has been true in the coastal area for some time. During the past five years we have had a long series of disastrous strikes in B.C.'s forest and other industries. There have been two major strikes in the forest industry in the last four years. Not only have these strikes affected the competitive position of the industry in world markets, but we believe that the economic climate has tended to discourage investment in the province and we believe it has stood in the way of expansion in segments of the industry for whose products there is a continuing demand.

I think I can summarize the next paragraph, corporate profits. The economic climate involves a misunderstanding of corporate profits and of the constructive function of corporate profits. I am certain the majority of employees do not grasp the difference between a balance sheet, where they see a company has made \$2 million, \$3 million or \$4 million, grasp the difference between the earnings and the return to each shareholder on the amount of capital involved. We believe a large amount of the labour difficulties we have had is due to a lack of understanding on the part of the public and the employees. There has got to be some constructive work done to correct that troublesome situation. I think that exists in all parts of Canada; it is not peculiar to British Columbia.

Going over to the next paragraph, Mr. Chairman. We have spoken of our problems, said what they are, why it is difficult for us to meet competition from abroad, and why approximately 11 per cent of the labour force in British Columbia is unemployed today. That is an unusually high percentage, 11 per cent. Now let us look at what can be done to improve matters.

We say, in the first place, that tariffs are no answer, since world trade is seldom unilateral. When you raise tariffs frequently the country concerned sets up quotas or tariffs in defence or out of necessity, in some cases. Then

you have to undo that, and it sometimes takes you years and months to get it corrected. We say that the raising of tariffs is not the answer to unemployment in the case of a country so largely dependent on exports as ours.

Government spending is not the answer. It certainly helps and is to be commended in certain fields at certain times. Just to put in a little plug here for our industry, I might say that if there is any Government spending and forest products can be used, whether from eastern or western Canada, I do hope they use them.

Concerning secondary industries, we feel the establishment and expansion of secondary industries in Canada is to be encouraged, particularly if it is going to afford outlets or put to use our metals, forest products, or other natural resources. However, the reservation that we place on this is that we believe we should promote or encourage the establishment in Canada of only secondary industries which will be able to stand on their own feet eventually without high tariffs; give them some protection when getting started, if it is considered necessary, but, if there is a reasonable chance they are going to need that forever, as in the case of some industries in this country, better they should not be in the first place. However, we say that secondary industries should be encouraged.

We now move on to what we say is in our view the only effective answer to the manpower problem—meet head-on the competition which threatens us. For the first time research has become an important matter to forest industries. It has taken on great significance. As long as we had markets for our huge surpluses and everyone was making money, we had no problem. But today we are faced with tough competition, by reason of new techniques and developments, from the United States, Sweden and other parts of the world. The competition accentuates the need for much more work in the field of research.

It is for that reason we attach great importance to the creation of the new Department of Forestry. A large segment of the Canadian public was critical of the action in setting one up. They could not see any necessity for it; but, if we have a Department of Fisheries and a Department of Agriculture, surely the most important industry in Canada, forestry, deserves and needs a department. Somebody should be looking ahead, anticipating what is going to happen in the United States and elsewhere, and what trends and situations will arise. It is gratifying to see that the new legislation makes special reference to research.

A good, perhaps the best, example we have in Canada of what has happened in the field of forest research recently is what has happened with respect to the hemlock. As I said earlier, it was largely regarded as an inferior wood for most purposes but today it has put spruce into the background. Today people are using hemlock for pulping operations in British Columbia. There are indications also that alder can be used in substantial percentages, as well as other woods that until recently we thought had no great value. The use of cedar and other products in the manufacture of hardboard is another example of what a good planning and intelligent research programs can do. So, we feel there is great need for more expenditure in research both by the Government and by industry.

This applies particularly in the field of waste materials. The best example that I can give you is that of chips from the saw-mills. It is no exaggeration to say that several of the most important lumbering operations, that is the saw-mill operations that are carried on in British Columbia, today—and I am sure the same applies to eastern Canada—are able to carry on only be-

cause of the revenue the mill operators get from the sale of their chips to the pulp and paper industry. The chips have been a godsend to many mills in several parts of Canada.

The next subject we discuss is that of automation: you will be pleased to note that the paragraph covering this subject is very short. Research must and will undoubtedly lead to increased automation in our logging operations particularly. Without research and development of the new methods, it would be impossible to carry on logging operations in many parts of British Columbia because of the difficult terrain. The machines used there today do almost miraculous jobs in the handling of the timber and the logs. The same is true in the mills. With our relatively high wages, however, Canadians cannot be afraid of automation. To be competitive we must produce in the most efficient way. Only through continued research and technological progress will we, in Canada, be able to turn out the finished and semi-finished products which can be sold competitively. Happily, there is a continuing demand, in fact an increasing demand, for some of our forest products, e.g. newsprint. Our Council believes that the only effective answer to our unemployment problem is to produce more and more of such products as we can sell at a profit or to advantage either at home or abroad. This involves finding ways and means of reducing the costs of production and we must resort to it wherever it will serve that purpose. Traditionally, mechanization has increased employment and raised the level of the economy over the years. It is logical to assume that, since automation tends to improve our competitive position, it will, in the long run, increase employment.

Our next heading is "G.A.T.T.": We would like to see duties on forest and other products progressively reduced.

Wage rates and fringe benefits: I have touched on these in our statement of facts. We urge that for the present at least labour in the forest industry be content to consolidate the favourable position which they now enjoy of being the best paid in the world in such industries. They should, and we are sure that many of them do, appreciate that they must not take any action likely to impair our competitive position in world markets. Certainly, we would never reach anything like the 120 per cent goal forecast by the Gordon Commission, if there are further wage increases.

Senator BRUNT: I notice, Mr. Nicholson, you do not mention in your brief about the question of amalgamation of companies and its effect in cutting down costs. For instance, would the fact of the Howard Smith Company and the St. Lawrence Corporation being taken over by Dominion Tar and Chemical have the effect of bringing costs down?

Mr. NICHOLSON: It would depend on the nature of the operations. There is today a great tendency to amalgamate—perhaps it would be more accurate to say to integrate operations. For instance, it may be possible to use the chips of a company without having to pay a profit on them to another person, or to use common transportation or marketing facilities.

Senator BRUNT: Or to amalgamate head offices.

Mr. NICHOLSON: On the other hand, I am not here speaking just for the big operators. I am also speaking for the small fellows as well, and we would like to see them maintain their place in the sun.

Senator BRUNT: That is true, but you are mentioning all the things that could be done to cut down costs.

Mr. NICHOLSON: There can be no question about that: integration in many branches of the forestry industry does tend to reduce costs, and we must not forget that integration is going on in the United States, in Finland, Sweden and Russia, to the same and perhaps to an even greater extent than in Canada.

Senator CONNOLLY (*Ottawa West*): You are not afraid of the combine laws.

Mr. NICHOLSON: No, because there is still plenty of competition in the forest industry of Canada. The two gentlemen who are sitting behind me will provide competition for each other for an indefinite period. There are lots of well managed companies: Columbia Cellulose, Crown Zellerbach, MacMillan Bloedel, Tahsis Co., B.C. Forest Products, and others; and there also is plenty of tough competition from eastern Canada.

As I say, the matter of integration depends upon the size and nature of the operations or some combination of circumstances which can be taken advantage of. When speaking for the small industries, I could not very well come out and encourage too much integration. There are circumstances where it can cut costs and there are circumstances where it may not.

Another important point that is often overlooked in all parts of Canada, but should not be, is the importance to us of the U.S. market. In spite of the fact that the United States has increased its production of forest products on a phenomenal scale, as a result of the population growth that has taken and is taking place, the United States is rapidly reaching the stage where, if we remain competitive, we should be able to take more and more of that market. It may not come for, perhaps, five or ten years, but the opportunity is there, but with the help of research and automation we have got to be able to move in. We must go after more and more of that market.

We must be competitive. It is surprising to see just where the line can be drawn. We in B.C. do not get too far down the Californian coast to find markets. If we could correct these other factors we could come a little further north. The same applies to Texas. There is a ready market for some of our products in Texas, and there is a good market for British Columbia lumber on the Atlantic coast of the United States. But we believe that our sales areas and our markets could be extended for some products simply by adjustments in some of these factors that we have referred to here. We can show that. Where we have been able to get some slight advantage, we have been able to move in.

Senator BRUNT: Do you think it would be wise to move in on that Washington-Oregon market, if you could?

Mr. NICHOLSON: Possibly not. It might not be wise to do, but there are areas directly east of Washington and Oregon where more of the forest products of Alberta and the interior of British Columbia could be sold. There are also areas that we know of closer to the southern States into which we can move, and certainly California is one market that we like to regard as partly ours for some of our products. After all, the balance of trade between Canada and the United States is such that we should be able to go out and take a goodly share of it, without our cousins to the south being able to take much exception. I think we in B.C. could go after California and Texas business and even elsewhere without any concerted action or drive against us, without any U.S. block being afraid of what we are trying to do.

Senator BRUNT: I am afraid that if you went into Washington and Oregon they would be soon going to Washington to have the tariff changed.

Mr. NICHOLSON: Yes, probably so, but whether that lobby would be successful, having regard to the balance of trade at present, is hard to say. However, there are markets open to us in the United States.

Senator ROBERTSON: Are your wage scales tied in some way with the cost of living?

Mr. NICHOLSON: Our wage scales in British Columbia are very high.—

Senator ROBERTSON: Are they tied to the cost of living in Canada?

Mr. NICHOLSON: No, unfortunately they are not. I do not think that we would not have had the strikes in the last couple of years if they had been.

The growing states in the United States are Texas, with its oil, gas, petroleum and chemical industries, and California with its growing population. They provide growing markets. California has almost as many people in it as has the whole dominion of Canada, but our competition in California is coming from sections of the United States that is tough.

Senator BURCHILL: You have given us some figures of the growth of the industry in the United States which are very startling, and the United States is now exporting newsprint to Europe.

Mr. NICHOLSON: Yes.

Senator BURCHILL: Do you think there is any danger, if that production keeps on, of the United States putting a duty against our newsprint going down there?

Mr. NICHOLSON: I would not think so. Newsprint is the classic example of free trade in commodities on the North American continent. When they took off the duty on newsprint on both sides of the border about 50 years ago, people in this country and in the United States were greatly worried. Yet the industry has gone on expanding on both sides of the line. The United States can still take and will need increasing quantities of our products in spite of their own increased production.

While admittedly the United States is shipping from the southern States and elsewhere to Europe substantial quantities of pulp, newsprint and other forest products, there are many areas in the United States that we know of into which we can move, and in which our product is welcome, so long as we can compete on price. I would not be concerned about the increased production in the United States. I would like to see—and I know this is almost the unanimous opinion of the forest industry of British Columbia—free trade in forest products of all kinds with the United States so far as Canada is concerned. As I said earlier, if we cannot be competitive in forest products what can we be competitive in? It is as simple as that.

Senator LEONARD: Is there not also a shortage of water which is a factor which will limit the further extension of the pulp and newsprint industry in the southern United States?

Mr. NICHOLSON: Yes, there are several factors. They have not the natural advantages which we enjoy in many parts of Canada, they do have others, but no one knows what research or science might do. We have got to move along in the directions we have suggested in our brief in an endeavour to keep ahead of them if we can.

Senator ROBERTSON: What about the British market?

Mr. NICHOLSON: We have some competition from the United States in the British market, but our real competition in the British market comes from newsprint from Scandinavia, and from lumber products from the Baltic countries—from Russia, Sweden and Finland. There is a reference to that in this brief.

In 1954 Canada was the largest supplier of softwood products to the United Kingdom—the largest supplier—and by 1957 we had dropped to where we were running neck and neck with Russia for third place. Sweden was first, Finland was second and Canada and Russia were almost neck and neck for third place.

That, of course, arises partly out of the Russian's marketing policy. They have a central desk, and they will go in to the United Kingdom—we found this out from a timber commission which we hosted in British Columbia last June, and which was there for three weeks—and put in a fall clause into their

contracts. They go to the timber buyers in the United Kingdom—and there is only a limited number of such buyers and find out what their demands were for a certain period. They would then estimate whether they could take care of those demands, and then would give a price which would be slightly lower than ours. With our not being able to sell Canadian lumber, the banks might press us a little and we might wish to move into the United Kingdom market, but the Russians put a fall clause in their contract to the effect that if Canada or the United States, or any other competitor, comes along and offers lumber at a cheaper price, they would reduce the price they had given in their first contract and so meet that competition.

That same thing has been going on with the Japanese salmon packers. That is the type of competition we have suffered from most in the United Kingdom, but happily, largely as a result of two things, namely, the lifting of the dollar restrictions in the United Kingdom within the last 18 months and a very aggressive and hard hitting sales campaign that Canada has put on in Britain—our forest industry associations in British Columbia actually are spending hundreds of thousands of dollars over there annually in an aggressive sales campaign—we have now backed out the Russians and we have topped Finland, and we are crowding Sweden. But, that has only happened in the last eight months. It is a continuing battle, and in 1961 the Russians may be in with some new scheme to worry us.

That is what we have to contend with continually, but we know that when we were faced with the drop-off in the construction industry in Canada in the last eight months of last year the improved market in the United Kingdom was a godsend, and that is what kept the industry going on a reasonable basis.

We have at the end of our brief certain submissions to make to you. There is a summary, and just before that we touch briefly upon the rate of exchange. Our reference to that is very brief and it is as follows: The high exchange value of the Canadian dollar increases the difficulties of Canada's forest and other export industries in world markets. The marked reduction in the value of our dollar during the latter part of December helped considerably. The fact that the position has deteriorated somewhat during recent weeks, however, indicates that government and industry must be constantly alert and do everything possible to bring the Canadian dollar to par with or even slightly below that of the U.S. dollar.

But the trend in the last six or eight weeks has certainly been encouraging to all Canada's export industries.

The points I have made are summarized on pages 26, 27 and 28 of the brief. Then we have our specific recommendations starting at the bottom of page 29. Our Council specifically recommends action as follows:

- (1) A complete revision of our tax structure. In such revision, recognition should be given to the fact that the forest is a risk industry, onerous tax burdens which tend to make it less competitive in world markets should be enlightened, the inequities referred to in paragraph 3 (e) of the Summary on p. 27 should be corrected, and since most of our exports go to the U.S., any tax or revenue measure which has the effect of making it more difficult to compete successfully in that country should be changed with a minimum of delay.
- (2) Recognition by government of the importance of our export industries to the national economy, by tax bonuses similar to those given in the U.S. and in other countries to businesses engaged primarily in export.

Senator BRUNT: When you speak of tax bonuses do you mean tax reductions on products?

Mr. NICHOLSON: A better way of putting it would be credits or rebates.

Senator BRUNT: On the profits earned from the export part of the business?

Mr. NICHOLSON: Under what I think they call the "Pleney" tax in the United States—and I believe there is similar legislation in Finland, Belgium and Germany—agents get a 35 per cent reduction in taxes on the portion that is derived from your exports. That is one reason why they can step up their exports and we cannot. It is a very substantial incentive for people to get out and go after exports.

- (3) Legislative action to correct the discriminatory rail-freight structure which exists in Canada and which adversely affects employment in her forest industry, by forcing that industry to pay higher freight costs than other basic industries.

This does not apply so much to exports but it does affect employment in British Columbia. Since 1948 freight rates on lumber products moving to the Prairie provinces—we are not concerned with the moving into eastern Canada—have gone up 148 per cent in eight years. The bulk of that is borne by the forest industry because of the freeze on freight rates wheat moving from the Crowsnest Pass. The railways got the right to increase freight rates on products in western Canada and the bulk of the products, as we have said, are forest products. The rate is frozen on grain but in the forest industry we have taken these increases nearly every year and it has tended to weaken our competitive position. I am thinking of such things as asphalt shingles and other products that are being sold in the Prairie provinces and even some American products which are moving into the Canadian prairies by rail.

Senator CONNOLLY (*Ottawa West*): What do you suggest the answer is, a subsidy?

Mr. NICHOLSON: I do not want to prejudge what the MacPherson Commission is going to say but whatever it is certainly Canada's railways should not penalize one industry such as the forest industry of British Columbia by increasing their rates 148 per cent and keeping the ones that move the other way frozen at a certain level. It is not equity. I am sure that the MacPherson Commission or the Government or somebody else will do something about it; if not, we hope the Senate takes a crack at it.

Senator BRUNT: We save the Crowsnest Agreement on one occasion years ago.

Mr. NICHOLSON: But freight rates is a factor, and an important one. We found a situation the other day whereby under the freight rate structure lumber could be shipped in from Oregon and Washington to Thompson, Manitoba, cheaper than it could be from British Columbia. We got some action out of the railways on that one, but it is an illustration of what can happen unless you are constantly on the alert.

As to our recommendation about research, we have research fellowships on so many things at universities that there should be more research fellowships in connection with forestry. We have good forestry schools in New Brunswick, Ontario, British Columbia and other provinces in Canada. Our universities must be encouraged to do more research. The appropriations for research in the forest product laboratories should also be increased. Their staffs and facilities should be increased.

Another thing is that in the United States grants are made by Government, primarily federal and state Governments to industry to go out and undertake certain research projects. We do not do that to anything like the same degree in Canada. It is done in the United States and in Germany. They sometimes pay a bonus to industry if it goes out and undertakes some special work. I can think of one field that has fantastic possibilities. I think 50 per cent of the waste material from most of our trees that goes through the pulpwood is lignin, which is a sticky substance. If through some new technique we could use lignin, as a

filler, instead of carbon black for tires or products of that kind, or for flooring, particularly where you need light-coloured fillers, the possibilities are limitless. Get at the waste through research and we can go a long way to make ourselves competitive.

Speaking about our marketing program, there is another market which we should take note of as a result of information that has been received recently, and that is the common market in Europe. We think it is going to have real possibilities if we can meet the competition from Sweden and Finland in that area.

Senator CONNOLLY (*Ottawa West*): They are not in it either?

Mr. NICHOLSON: No, but Finland is shipping a tremendous quantity into Germany, and if there should be a marriage between the Inner Six and Outer Seven, and Sweden is in there, the new competition that will come from Sweden—and this will affect the industry in eastern Canada as well as western Canada—is going to supplant the British commonwealth preference that we have had.

Senator ROBERTSON: Why or how?

Mr. NICHOLSON: Today we are shipping forest products into Britain and we enjoy certain advantages under the commonwealth preference scheme over competitive countries. Now that Britain is associated with Sweden in the Outer Seven marketing arrangement, Britain is committed to drop its tariffs on forest and other products coming in from Sweden. So it naturally is bound to affect our competitive position.

Gentlemen, that completes a review of the brief. This subject is something that involves an understanding on the part of the Government and harmony and closer relationship between labour and industry. We have got to find some solution because if we cannot find it in the forestry industry I do not know where we are going to find it.

Senator CONNOLLY (*Ottawa West*): How many are employed by the industry in British Columbia?

Mr. NICHOLSON: I think in British Columbia the industry employs directly 125,000 people and directly and indirectly a livelihood for more than twice that number.

Senator CONNOLLY (*Ottawa West*): How many unemployed?

Mr. NICHOLSON: The unemployed in British Columbia—

Senator CONNOLLY (*Ottawa West*): In this industry?

Mr. NICHOLSON: In this industry, possibly 15,000, 20,000. There are 67,000 unemployed in British Columbia.

Senator HNATYSHYN: Do you have the figures for all of Canada, or an estimate, of the unemployed in the forest industry?

Mr. NICHOLSON: I would not attempt to give it to you for the whole of Canada. I know that the overall figure was about 600,000 as of the end of the year. What percentage of that is in the forestry industry I do not know, but the important thing is that we should try to provide employment in the industry for 100 per cent more people today, if the Gordon Report means anything.

Senator HNATYSHYN: I realize that.

Mr. NICHOLSON: It is only by solving our problems that we can reach that level of employment.

Senator LEONARD: What would the figure be roughly comparable to your figure of 125,000 for the whole of Canada for those engaged directly in the forest industry?

Mr. NICHOLSON: I cannot give you that, Senator Leonard. Frankly, I do not want to rely on my memory. I have read it in the past month out of D.B.S., it is there and readily available. We have about 40,000 loggers in the coastal area alone in British Columbia, apart from our mills and conversion plants, and we have the interior on top of that.

Senator SMITH (*Queens-Shelburne*): When you said you could likely employ another 125,000, do you mean associated with the industry?

Mr. NICHOLSON: Yes, I was referring to the service industries, transportation, school teachers, shops, and post offices, and everything else. Actuarially, it has been worked out that 54 cents out of very dollar is associated with the forest industry, and I think it is reasonably accurate. Is there anything further Mr. Chairman?

Senator CONNOLLY (*Ottawa West*): This has been a very interesting brief.

Mr. NICHOLSON: Thank you very much for your patience and attention. Whereupon the committee adjourned.

(For full text of brief see attached appendix)

APPENDIX

BRIEF

*Submitted by the Council of the Forest Industries of British Columbia
to
The Special Committee of the Senate on Manpower and Employment*

Mr. Chairman and Honourable Members of the Committee:

One of the most serious problems facing Canada today is how to keep our rapidly growing labor force occupied at the highest possible level. This problem is particularly disturbing in British Columbia where nearly 11% of the labor force was unemployed at the end of last month. It is of special concern to our Council because of lower employment during recent months in construction and in the logging, lumber, plywood and shingle industries of our province. We therefore welcomed the announcement that a Special Committee of the Senate had been appointed to study and report upon trends of manpower requirements and utilization in Canada and the opportunity thereby afforded to us and other interested bodies to present our views and suggestions.

Our Council is most appreciative of the opportunity to present this brief and trust that our submissions will be of assistance to you in your difficult and important task.

Before making any submissions, it might be well to identify our Council and to briefly describe its functions. We feel it will also be helpful if we refer briefly to the importance of the forest industry to the Canadian economy, more especially to the economy of the Province of British Columbia. By so doing our special reasons for presenting this brief will be more readily appreciated.

The Council of the Forest Industries (referred to herein as "our Council") was created by and is the co-ordinating body for a most important group of forest industry associations in British Columbia, namely, the B.C. Loggers' Association, the B.C. Lumber Manufacturers Association, the B.C. Division of the Canadian Pulp & Paper Association, the Consolidated Red Cedar Shingle Association of B.C., and the Plywood Manufacturers Association of B.C. As the names of its founding associations indicate, the advisory and other activities of the Council cover all phases of B.C.'s forest industry from the planting, care and cutting of the trees, through the manufacturing stages to the marketing of the products. Our Council is not only the co-ordinating body for the associations which I have named, but it speaks with a central voice for them and for their member-companies on important matters of common or general concern. It is hoped that the other forestry associations in the Province will associate themselves with the Council in the very near future.

You will readily appreciate the need for a central Council or co-ordinating body for the industry when I mention a few facts about B.C.'s forest industry which are not widely known and which are frequently overlooked by those who do not have the knowledge:—

1. Of all industries in British Columbia, our forest industry stands first in employment, first in terms of wages paid, first in new investments, first in net value of output, and first in freight-car loadings;
2. More than 95% of the productive land in British Columbia is suitable mainly for forestry and, in possibilities for future growth, the forest industry is British Columbia's most important;

3. According to the most recent estimate published by D.B.S. in May of last year, approximately 63.5% of the total of Canada's accessible coniferous timber is in the forests of British Columbia;
4. The Province depends on its forests and their products and the service industries associated therewith for approximately 54¢. of every dollar earned;
5. British Columbia produces approximately 60% of Canada's sawn lumber, approximately 80% of all plywood, 100% of all red cedar shingles and about 15% of the nation's pulp and paper products;
6. Net value of forest production (i.e. the sales value less the cost of supplies, fuel and electricity) is conservatively estimated at 40% of the total net value of production in the Province;
7. In 1959, the value of B.C., forest products was approximately \$640,000,000 and considerably more than 70% of this total was exported;
8. The value of forest products exported from British Columbia is nearly double the total exports from the Province of all other products combined. Incidentally, approximately 75% of these exports come from the mills of member-companies of the forestry associations which founded our Council;
9. The forest industries of British Columbia contribute the highest share of any B.C. industry to both the Provincial and Federal Treasuries through their tax payments.

TERMS OF REFERENCE OF YOUR COMMITTEE

The resolution appointing your Committee provides that, without restricting the generality of the nature of your task, you are to inquire into and report upon (a) the growth of the economy and other factors influencing employment opportunities, including technological changes, and (b) the growth and characteristics of the Canadian labor force.

The lays-offs in our own industry during recent months, the large number now unemployed and the knowledge that a million or more Canadians will come on the labor market within the next eight years or so are matters of serious concern to all Canadians. Since we represent such a large segment of the industry which provides more jobs for Canadians than any other, our Council has a special interest in your inquiry.

WHY A MANPOWER PROBLEM IN CANADA?

Natural resources are the foundation of economic wealth in any country. Canada has an abundance of such wealth in her forest, her metal mines and rich mineral deposits, her fertile farm lands, the fish in both her inland and coastal waters, her oil and gas reserves, and in her enormous hydro-electric capacity and potential. The Province of British Columbia is especially fortunate in the variety and richness of her natural resources. In view of the nation's great resources and potential and small population in relation to its size, one may well ask why were there nearly 600,000 unemployed in Canada at the end of last month and why are we worried that the situation may get worse in the years directly ahead while Germany, without anything like our natural resources, has over 500,000 job vacancies.

The answers to the questions posed in the preceding paragraph lie largely in the fact that, for more than a decade following World War II, we had a ready market for nearly everything we could produce, and the costs of production of many of our principal products were not matters of great

consequence. All of Canada's export industries benefitted from this unique situation. Economists warned the nation repeatedly that a day of reckoning would come. Some business leaders showed concern over what was happening but, on the whole, our political, business and labor leaders paid little or no attention to the warning. Profits were good; naturally labor wanted a share of these profits; and throughout the entire period management passed on to labor in the form of pay increases and benefits a generous share of the profits. Today conditions are vastly different. All factors of cost have taken on a new significance. We have to sell an unusually high percentage of our production outside of Canada, in the face of tough competition. To do so we have to find markets and be able to produce and sell at prices acceptable to our customers. Over a short period of three or four years costs of production in Canada have re-entered the picture as a matter of prime importance for the first time since the days of the great depression.

As a result of the war, Great Britain, Continental Europe and Japan were weakened by war damage, by shortages and by enormous debts. The important industrial systems of both Europe and Japan had come to a standstill. During the period of approximately twelve years which followed the war, a great imbalance of trade existed between North America and the rest of the world, and the forest as well as most other export industries in Canada benefitted greatly from this abnormal situation. In a relatively short time, most parts of the nation, and more particularly central and western Canada, reached a stage of prosperity of which our forefathers would never have dreamed. Practically every year in these prosperous areas there were demands from all classes of employees, whether organized in unions or not, for higher wages, improved working conditions, more frequent and longer holidays, pensions and other fringe benefits. As pointed out above, up until three or four years ago, these demands were met by most employers without too much difficulty, since the higher costs could be and in most instances were passed on to the customers. As a consequence, working conditions as well as the general standard of living in most parts of Canada improved immeasurably.

During the years immediately after the war, the size of the market for such surpluses as we had available for export was determined only by our ability to supply. Today, however, the economies of the countries that received financial and other help from the United States and to a lesser extent from Canada have been restored. Several of these countries are now our competitors. Other important factors have also intruded on the international trading scene, among them the Soviet Union, the trading blocks in Western Europe and their export activities.

Within a short period of a few years, the Soviet Union has become one of the really large trading nations of the world and its share of world trade has been rising more rapidly than that of Canada, more rapidly even than that of the United States. Today its industrial system is enormous. Its economy is highly self-sufficient and is tightly controlled. The Russians today have an ability to intervene in world markets that is powerful and effective. This ability has become an increasingly important factor in determining the kind of world trading community in which we live. Having experienced Russian competition in finding markets for our products, the forest industries of Canada and, more particularly the exporters of softwood lumber from British Columbia, have an appreciation of how effective such competition can be.

The establishment of trading blocks such as the Inner Six ("the Common Market") and the Outer Seven countries of Europe has also had a profound influence on the world trade pattern. Exports of pulp and paper and softwood lumber from the Baltic area, especially those from Sweden, an Outer Seven country, today provide a new kind of competition for exporters of forest products from all parts of Canada. Furthermore, as a result of new techniques

and a demonstrated ability to use competitive sources of low cost pulp-supply from hitherto unused tree species and other new sources, markets for our pulp and paper products in the United States and other parts of the world have been seriously affected.

Because of the radically different state of affairs which has come about during a relatively short period, the determining factor in the situation with which the export industries of Canada, including our forest industries, are faced, is our ability to meet the competition from outside Canada for the products which we normally export. Our position as a major exporting nation is challenged on every front and, because of the importance of exports to the Canadian economy, we must take stock of ourselves and take steps to meet this challenge if we are to solve the serious manpower and other economic problems with which we are faced.

STOCK-TAKING

Canada's greatest competitive advantage lies in our forests. If we cannot be competitive in the production and sale of forest products, the fields in which we can hope to compete successfully are few indeed. We have the technical knowledge and skills, we have intelligent reforestation programs, and, given the markets, we have the management and personnel necessary to expand production in any or all branches. Our principal difficulty lies in the fact that we cannot dictate or control the prices of forest products in world markets. We have, however, other serious difficulties to meet. Since the tougher competition has appeared on the scene, industry has become more and more conscious of these difficulties. Our governments and our labor leaders must, and we are sure will, in due course come to appreciate the cumulative effect of these difficulties.

Information released recently by the Food and Agricultural Organization of the United Nations (the F.A.O.) shows that the world demand for forest products is growing and that it will continue to grow appreciably, as a result of population growth and economic developments. The Gordon Commission on "Canada's Economic Prospects"¹ estimated that, if market potentials are realized, the Canadian forest industry could within twenty-five years increase its output by 120% above 1955 in terms of constant dollars. The commission also estimated that at that time Canada would still only be using 57% of its total forest potential.²

Our forest industry today stands an easy first in Canada in employment and in wages paid. If the estimated 120% increase in production above 1955 is achieved, the forest industry certainly will have done its part in solving the man power problem which is now so disturbing. If this high employment potential is to reach the ultimate, however, a well-planned approach on the part of industry, labor and government is necessary. Our Council feels that the essential condition of such an approach is a willingness on the part of all concerned to recognize and accept facts as they are, not as we might like them to be. Only after we know and have weighed all the facts can we take the action most likely to get the best results.

An objective or realistic look at its forest industry will quickly establish that British Columbia does have some advantages in tree species and climate over other parts of Canada and over other parts of the world. It will also confirm that we have vast stands of timber and certain other advantages. As mentioned earlier, more than 60% of Canada's accessible coniferous timber is in B.C.'s forests. Notwithstanding all this, we are faced with a combination of circumstances in our province today which makes it impossible to keep

¹ The Outlook for the Canadian Forest Industries, page IX.

² Ibid, page VIII.

many of our logging camps operating and our mills producing at anything like capacity. Exports to the United States were down for the last half of the year and lumber and shingle prices were on the average much lower in 1960 than in earlier years. The marked drop in the U.S. price for most of our exports has had far-reaching consequences. Unemployment in B.C. has increased steadily over the past eight months, rising last month to approximately 11% of the provincial labor force. The decline in activity was greatest in construction, logging and sawmilling. In one of the lumbering centres of the Province, the area in and around the city of Prince George, there are over 4,000 unemployed. In larger centres the situation is very much worse.

Faced with the certainty that there will be several thousand new job seekers coming on the labor market this year and annually for the next several years, it seems appropriate to now mention some of the factors which make full employment in B.C.'s most important industry so difficult. Later we can consider what can be done by government, industry and labor, in the light of these factors, to improve matters and ensure that such advantages as B.C.'s forest industry does enjoy are used to obtain the maximum benefits for the national economy.

FREIGHT RATES

A look at the map will emphasize and make it quite clear that, except for a very few products, e.g. newsprint to some parts of the United States, British Columbia is a very long way from any major purchasing area for its forest products. The long ocean haul makes it difficult to compete in the United Kingdom, which is our second largest export market area, with pulp and paper products and lumber from the Baltic countries, and high rail freight rates adversely affect the sale of our products in most parts of the United States, our largest market. We may do so reluctantly but we cannot escape the obvious fact that, in a freely competitive world market, B.C.'s forest industry is seriously handicapped by the fact that it has to absorb an overall freight-rate cost higher than that of almost any other area with which it competes.

TERRAIN

The geography of B.C. and more particularly the mountainous nature of the terrain not only make freight costs to rail markets more expensive, but this same terrain makes the cost of logging and of building roads to get at the trees and bring out the logs and the finished products more expensive than almost any other forested area in the world.

COMPETITIVE MATERIALS

The growing threat both at home and abroad to many of Canada's wood products from competitive materials, particularly in the building field, has reached alarming proportions. Asphalt roofing and siding materials are providing serious competition, not only abroad but in a declining domestic market. Aluminum sidings and roofing and aluminum and other metal window frames have made great inroads into the traditional markets for shingles and wooden window frames. The tremendous amounts of money spent in advertising by the aluminum companies and makers of other competitive materials at a time when there was no necessity for the makers of wood products to embark on expensive promotional programs is having its effect. Several of B.C.'s lumber mills have been operating at low levels for the past several months. Several of its large cedar shingle mills have had to close and production in others is down appreciably because of tough competition from these other products.

GOVERNMENT ASSISTANCE TO INDUSTRY

Our federal and provincial governments provide less assistance to industry in fighting forest fires, in building access roads, in pest control (both disease and insect), and in forestry research than do the governments of our chief competitors, especially the United States, Sweden and other Baltic countries.

TAXATION

The forest industries of Canada receive less favorable tax treatment than do those of our competitors in other countries of the free world.

Import Duties on Mill Machinery, etc.:

Our logging, lumber and pulp and paper mill operators are compelled to buy many of their tools of production in a protected Canadian market at a considerably higher price than if they were able to buy these tools in or outside Canada, without having customs' duties to contend with. Canada's farmers can buy their machinery and implements in the U.S.A. and import them free of duty, yet, because of our tariffs, operators in Canada producing a wide range of forest products destined for export to the U.S. and elsewhere must pay higher prices than their U.S. competitors for many of their tools of production. In this connection, it might well be pointed out at this time that, if Parliament accepts, without qualification, the resolution amending Section 2A of the "Customs Tariff Act" which is now before the House, the forest industries of Canada will be forced to pay still more for much of the machinery and many tools of production which they must have if they are to remain competitive on the world scene.

The Logging Tax:

As a result of the combined effect of our corporate income taxes and the provincial logging tax, we find ourselves in the novel position that the forest industries of Ontario and British Columbia bear the highest "income tax" of any industry in Canada, higher, we are informed, than forest industries are taxed in competing countries. The result of this discriminatory tax is to add what is in effect an "income tax" on many segments of the forest industries of the two provinces concerned, ranging between 2% and 5% higher than Canadian industry in general.

Sales Tax:

Relatively high Dominion and Provincial Sales Taxes on top of these other taxes make it difficult and, in some cases, impossible to export our forest products to certain foreign markets in the face of competition from parts of the world where export industries are fostered and encouraged by tax rebates and other concessions.

Depletion:

Canada's tax laws limit depletion allowances in the forest industries to a fraction of their true value. In the United States, one of B.C.'s chief competitors, the government permits the depletion of timber limits to be deducted for income tax purposes on the basis of replacement cost. Our government, on the other hand, only permits depletion on the basis of original cost, though that cost may have been incurred many years ago and inflation has made the timber stand much more valuable and difficult to replace than at the time of acquisition.

The forest industry is a high risk industry, yet it has never been recognized as such for taxation purposes in Canada. Timber land investments are

usually of long duration, since, under the sustained yield management programs, the annual harvest is limited to annual growth potential because of the "allowable cut" provisions in the timber licences or other documents of tenure.

Notwithstanding the large sums spent in protecting them and of increasing their growth, timber lands suffer unpredictable losses from fire, insects and disease. These losses are not insurable in Canada. In other Canadian industries, such losses are insured against and the insurance premiums are deducted as an expense before arriving at taxable income. In the forest industry the losses are absorbed as capital losses without any deductions from taxable income. In British Columbia and in several other provinces millions of acres of forests are destroyed by fire nearly every year. The damage by fire to the forests of Quebec and Nova Scotia in 1960 were staggering. The damage to the forests of New Brunswick and Nova Scotia during recent years by the spruce budworm and the cost of attempting to control this epidemic is an example of the risk from forest insects. The inability to insure against such losses emphasizes the high risk feature of our industry.

Other natural resource industries in Canada, e.g. mineral and petroleum, are recognized as risk industries under our tax laws through special depletion and other allowances. Is it not strange that, while our mining and petroleum industries enjoy these tax advantages, Canada's larger and more important forest industry enjoys no such recognition? Minerals and petroleum once taken from the ground are gone, whereas the forests being a renewable resource are a lasting asset, which should merit better treatment. The mere fact that our forests are renewable over a period of seventy-five or a hundred years certainly is no reason for treating them as an ordinary agricultural crop. The time it takes to renew a stand of timber and the risk of loss from fire and other causes are factors that should not in fairness be ignored. While the forest industry may not be entitled to the same generous treatment as that given to the oil and mineral industries under our tax laws, it is inequitable to treat it for tax purposes merely as a part of the agricultural industry.

British Columbia and other parts of Canada have huge unused forests, which can be utilized to provide thousands of jobs without diminishing the forest resource at all because of the sustained yield programs now in effect. If it is in the national interests to encourage, through special tax allowances, the production and export of mineral and petroleum products, is it not even more desirable to encourage by similar allowances the use of the forest potential which is now wasting and which can provide gainful employment without prejudicing future production at all? Under sustained yield management, a forest can produce its sustained yield capacity now without reducing the sustained yield capacity, in fact under good management may increase it. Failure to cut the sustained yield capacity amounts to sheer waste.

WAGES AND FRINGE BENEFITS

As a result of the wage increases and fringe benefits mentioned earlier, the average wage now paid to and other benefits enjoyed by the loggers in the woods and workmen in the mills and other branches of B.C.'s forest industry are the highest in Canada. What is more significant is that they are appreciably higher than the wage scales and fringe benefits enjoyed by workmen in the forest industries of the world which provide B.C.'s most serious competition in overseas markets. Our Council realizes that it would be difficult and probably unwise to reduce wages and benefits to anywhere near the level of those in most of the countries which provide our competition. In our opinion, it would be a backward step for management to attempt any such reduction. We trust it will never become necessary to do so. Nevertheless, the competitive

advantage that the forest industries of the Baltic countries and even some parts of the United States enjoy as a result of lower wages must be acknowledged, and ways and means must be found, if possible, to minimize this advantage.

ECONOMIC CLIMATE

At a time when employers and employees should be working together in harmony and a feeling of mutual trust, there appears to be an unfortunate lack of understanding, a lack of harmony between management and labor in British Columbia. This certainly has been true in the coastal area for some time. During the past five years we have had a long series of disastrous strikes in B.C.'s forest and other industries. Not only have these strikes affected the competitive position of the industry in world markets, but we believe that the economic climate has tended to discourage investment in the province and we believe it has stood in the way of expansion in segments of the industry for whose products there is a continuing demand.

CORPORATE PROFITS

Our Council is of opinion that this lack of harmony and lack of understanding between management and labor is largely due to the fact that the people of British Columbia and the people of many other parts of Canada have no proper understanding or appreciation of the constructive functions of corporate profits. While it is generally true that the most important factor in the cost of production in basic industries is the cost of labor involved, the high cost of equipment, plant machinery, power, transportation, operating supplies, the cost of research, and particularly the necessity of replacing timber out of "after tax" profits must also be kept in mind. Too often these cost factors are overlooked by the public and by some labor leaders. Certainly the mass of employees do not grasp them. A company's gross income may be very much higher in one year than in others, but the individual shareholder's profit on his investment may be and frequently is very much less than in the previous years.

Our Council feels, in fact is certain, that the greater percentage of workers in our woods and in our mills and conversion plants are loyal employees and anxious to continue on the job. We believe that much of the dissatisfaction and resulting labor strife during recent years can be traced to lack of understanding.

THE CONTINUING NEED FOR CAPITAL

Enormous amounts of capital are need in B.C., particularly to gain access to many stands of timber, for transportation of logs to market for research, and for the introduction of new types of equipment and techniques, both in the woods and in the manufacturing plants. Because of increasingly high development costs there is a continuing need for large amounts of capital on the part of our industry. A healthy economic climate, including good relations between government, industry and labor undoubtedly makes it easier to raise capital when it is required and so is very important for the success of the industry. It is needed now to ensure maximum employment on a continuous basis.

SUBMISSIONS

We have referred to several factors which influence adversely employment opportunities in Canada's most important industry in B.C. where over half the annual earnings are derived directly or indirectly from that one industry. Our principal reason for doing so is to emphasize the necessity for a realistic

approach to the manpower problem in a part of Canada which, though rich in natural resources, is today faced with having more than approximately 11% of its work force unemployed. We propose to now put forward some suggestions as to what should or should not be done to correct or at least improve the difficult situation that exists in our industry in B.C. We believe most of them will be useful in other parts of Canada.

Higher Tariffs are no answer:

It has been suggested frequently during recent months that an answer to Canada's unemployment problem lies in raising our tariffs and, by so doing, increasing employment in Canadian factories. Our Council does not believe that a tariff wall is an effective answer. It certainly is not the way out of the serious manpower situation which exists in British Columbia. The effective answer is moves which stimulate and encourage the use of our resources which are now going to waste.

The forest industries of Canada export 60% of their productions and, as previously mentioned, the percentage of exports of such products from British Columbia is even higher. We need outlets in other countries for our huge surpluses and we must find these outlets in the face of increasingly tough competition from several countries. People in some of these competing countries are working harder and longer hours than we are. People in other countries have come up with new ideas and new techniques and often with better and yet, at the same time, cheaper things to sell. These people provide serious competition and we cannot meet the kind of competition which they have to offer by creating artificial trade barriers which restrict imports from those countries whom we wish to sell our forest and other exportable surpluses.

World trade is seldom unilateral. Experience has shown this to be so and that this is particularly true as regards trade in certain kinds of forest products. If the principles of free competition are restricted by governmental action on the part of one country, such action frequently leads to the other countries concerned being unable or unwilling to take our exports. Frequently also the other country concerned sets up quotas or tariffs in defence or out of necessity which take years of negotiating to reduce. We in the forest industry have seen this happen to our sorrow more than once.

The Right Honourable the Prime Minister and other Canadian political and business leaders have stressed on many occasions during recent months the absolute necessity of improving our export position. We are not likely to do so if we antagonize our customers and make it difficult or impossible for them to trade with us.

Government Spending:

The fact that such an unusually high percentage of our forest products and other commodities must be marketed outside of Canada also shows conclusively that the answer to our serious unemployment situation does not lie in increased spending by our governments, as many people have suggested. No government should or would embark on a program of spending such as would be necessary to absorb a substantial part of 70% of production of an industry as large as the forest industry of Canada, to say nothing of the high percentage of agricultural, mineral and other products which we export.

In the opinion of our Council, the effective answer from a long-range standpoint to Canada's surplus manpower problem must be found elsewhere than in increased government spending, though undoubtedly such action provides valuable temporary relief in the communities where the money is spent and is therefore commendable.

Common business sense dictates that the forest industry of Canada must take steps to ensure that the industry gets its fair share of national defence and other government financed and guaranteed building programs. As business men, we must be realistic and do all that we can to increase sales in Canada to governments and other potential customers for our lumber, shingles and plywood because domestic sales of these products are most important to the success of the industry. If government money is available for defence, for housing or other projects, we must be realistic and see to it that the forest industry gets its share, if building materials of wood are suitable for any particular project or use.

We must also continually urge our governments to encourage the use of wood products in aid programs to governments abroad, such as railway ties to the countries of the Colombo Plan, and lumber and plywood to countries like Chile where our government has in the past volunteered to assist the thousands made homeless by earthquakes or some other calamity.

While we should try to get our share of any government funds that are being spent, no amount of government spending can keep our camps and mills going at levels necessary to maintain full, let alone expand, employment in our logging and manufacturing operations.

Secondary Industries:

Our Council feels that the establishment and the expansion of secondary industries in Canada (especially those which use our wood or other primary products) should be encouraged to the extent that we will be able to successfully market the products of such industries competitively at home or abroad. Our farm implement, our paper, our fertilizer and our synthetic rubber industries are outstanding examples of what can be done in this field. We should only promote or encourage the establishment in Canada of secondary industries, however, that we believe will eventually be able to stand on their own feet, without high tariff protection. It is a well-known fact that high tariffs frequently tend to perpetuate inefficiency and usually enhance prices at home and to increase the profits of the manufacturers. Unless therefore there is a fair chance that an industry will be able to operate profitably on its own within a reasonable period of time, it would be unwise to foster it in the first instance by fixing the duty on competitive imports at too high a level.

Any constructive efforts, such as those we have suggested, that will build up markets for Canadian goods at home are commendable and desirable, but these efforts on the home front fall far short of being the answer to the problem which confronts your committee. The only effective answer to our troublesome manpower problem is to meet head-on the competition from abroad that threatens sales outside of Canada of our forest and other products. A realistic vigorous approach is necessary for our continued prosperity. In fact, it is necessary if we are to continue as a great trading nation.

Research:

More research is indicated as a constructive move in our efforts to reduce costs, to find new products and to improve our chances of success in the competitive world of today. Forest, and more particularly product and silvicultural, research has not had the attention in B.C. or in other parts of Canada that the importance of the forest industry to the national economy warrants. In view of this, our Council has noted with interest and satisfaction the importance that Parliament attached to "research", in describing the duties and functions of the new Minister of Forestry in the "Forestry Act" that was passed at the last session of Parliament.

There is, for example, an urgent need for a long-range comprehensive program of fundamental research on western red cedar and other woods. There is also an urgent need for applied research in several other fields and in other segments or branches of Canada's forest industry. The amazing discoveries which made hemlock so valuable as a source of pulp and the use today of increasing quantities of hitherto-unusable wood in the manufacture of particle board and other products are indicative of the results that come from well-planned, well-executed product-research programs. Our Council feels that more such programs should be initiated as soon as possible.

Our Council feels and has recommended to the new Forestry Department that they should at an early date initiate a research program directed towards the discovery of coatings or finishes which will enable cedar and other lumber products of wood to retain their rich natural colors and thus encourage the use of such products. Western red cedar products and several other Canadian woods have a natural beauty which make them attractive, and the discovery of a reasonably priced finish or coating which would prevent discoloration might revolutionize the cedar industry which is fighting to maintain its position as an important segment of Canada's forest industry. This is desirable since the percentage of red cedar in the forest inventories of Western Canada is very high. Over 80% of all the cedar in North America is found in B.C.'s forests.

Use of waste materials:

Research should also help us put to use more of what heretofore have been treated as waste materials and thus reduce costs. Research will also enable us to introduce new techniques, new processing methods, new machines and other equipment which will increase production per man-hour and thus offset, at least in part, the lower wages that are paid by most of our foreign competitors.

Automation:

Research must and will undoubtedly lead to increased automation in our logging operations and in our pulp and paper and other mills. With our relatively high wages, however, Canadians cannot be afraid of automation. To be competitive we must produce in the most efficient way. Only through continued research and technological progress will we, in Canada, be able to turn out the finished and semi-finished products which can be sold competitively. Happily, there is a continuing demand, in fact an increasing demand, for some of our forest products, e.g. newsprint. Our Council believes that the only effective answer to our unemployment problem is to produce more and more of such products as we can sell at a profit or to advantage either at home or abroad. This involves finding ways and means of reducing the costs of production and we must resort to it wherever it will serve that purpose. Traditionally, mechanization has increased employment and raised the level of the economy over the years. It is logical to assume that, since automation tends to improve our competitive position, it will, in the long run, increase employment.

G.A.T.T.

To win new or larger markets for our products, we must do everything within reason to get rid of any tariff barriers and other obstacles which may prevent us from so doing. Canada, as one of the signatories to the General Agreement on Trade and Tariffs (G.A.T.T.), has committed herself to a policy of progressive reduction in tariffs with other parties to the agreement. If and when, therefore, opportunities present themselves for Canada to reduce duties on imports in return for some concession from another country importing or willing to import our goods, reductions in the Canadian tariff would seem to be desirable.

Wage Rates and Fringe Benefits:

Our Council is firmly of the opinion that, unless and until production of our saleable products can be increased to an extent which will give those who provide the capital (the employers) a fair return on their investments, there should be no requests for further wage increases or fringe benefits greater than those which now prevail in British Columbia. Labor is entitled to a fair return for its work but so is capital. Prices for most of our forest products are lower than they were a year ago, though wages in several segments of the industry are higher because of agreements which the industry signed the previous year with much misgiving, at the instigation of the government in order to settle a serious strike.

Returns today to many investors in the forest industries of British Columbia are by no means adequate. Their rights cannot be ignored indefinitely. More capital is urgently needed and it will be impossible to obtain it unless the investors are assured of a fair return. Our Council feels that it would be most unwise to permit increases in wages at this time since they will not only make our competitive position more difficult in world markets but will make it more difficult to obtain the capital that is essential for the intelligent utilization in the national interest of our forest resources. Our Council suggests that for the present at least labor in the forest industry should be content to consolidate the favorable position which they now enjoy of being among the best paid in the world in such industries. They should, and we are sure many of them do, appreciate that they must not take any action likely to impair our competitive position in world markets. Further increases in labor costs inevitably will have this effect. They will also make it impossible to build the mills and conversion plants needed to use a replenishable natural resource and create employment for thousands as would be the case if production increased by anything like the 120% above the 1955 figure mentioned in the Gordon Report. Having regard to the terrain in B.C., the province in which most of Canada's accessible forests are found, new techniques and other factors referred to earlier in this brief, enormous amounts of capital must be found if we are to increase production to the extent so estimated.

The Part of Government and Management:

Management and government also have important parts to play in improving the forest industry's ability to compete successfully.

Greater Sales Efforts:

Intensive promotional and sales efforts are urgently needed. The member-associations of our Council and their member-companies are alive to this fact and are doing their part in this connection. Such efforts involve substantial expense on the part of many companies concerned with no assurance of successful results. Today substantial amounts are being spent by our associations and their member companies in vigorous sales promotion programs in Canada, in the U.S.A., in the U.K. and elsewhere. The results of some of these programs during recent months are encouraging, but we must do more. We have a long way to go to get the volume of sales necessary to offset drops in prices of forest products brought about by changing world conditions.

Our forest industry must increase the sales volume of its products, if we are to put the 600,000 or more who are now unemployed back to work and find employment for the 100,000 others due to come on the labour market in Canada annually during the years directly ahead. To do so we must increase productivity—that is turn out more and more of the products that the world is prepared to buy from us on a competitive basis. Our Council does not believe this can be done if there should be an increase in wages or other costs without a

corresponding increase in productivity. We must with the co-operation of labour and government continue to reduce the costs of production and distribution.

The importance of the U.S. market:

Our forest and other export industries must continuously keep our eyes on the international trade situation and determine where our prospects are best for expanding markets. We must decide what trade we want, or, perhaps it would be better to say, what export trade it is possible for us to get under the competitive conditions which exist with respect to our products. We must decide what commodities have a chance of success in face of this competition and in what countries it is possible to sell these commodities at a fair or acceptable margin of profit. It might be well, therefore, to take a brief look at our trade in forest products with our nearest neighbour, the United States.

It should be noted at the outset that trade with our southern neighbour accounts for the greatest portion of Canada's total export trade and that export of forest products to that country is our principal source of foreign exchange. Canada's international trade has changed radically and permanently within the last twenty-five years. Our total commodity trade is more than five times as great as it was before World War II yet today nearly two-thirds of this expanded trade is done with the United States. Prior to the war our commodity trade with the U.S. was considerably less than half of the much smaller volume.

Until fairly recently, our trade in forest products with Britain and the Commonwealth, the second outlet for these exports, was a declining proportion of our total export trade over a period of several years. Since the lifting of the restrictions on imports into the U.K. from the dollar area, there has been an encouraging recovery in our exports of forest products to the United Kingdom. Britain and the Commonwealth still take only about one-fifth of Canada's total exports, however, as compared with nearly one-half before the war. Britain and the Commonwealth today supply us with less than one-fifth of our imports compared with twice that percentage only twenty-five years ago. What has happened is that over a relatively short period of time the American economy has grown tremendously and Canada has shared in that expansion.

Our Council believes that it would have been unwise not to have taken advantage of the opportunities that have developed since the end of the war to increase our exports of forest or any other products to the U.S. Had we not done so, we could not have sold our huge surpluses anywhere else. You can only sell to buyers who have the means with which to pay for your products, and you usually sell to the person who will pay the price that you are prepared to accept for your goods, regardless of the buyer's nationality.

Some months ago a spokesman for the U.K. Timber Trade Delegation to British Columbia frankly stated at a Press Conference in Vancouver that, in spite of Britain's close ties with us, B.C.'s lumber manufacturers, if they wished to do business in the U.K., would have to meet competitive prices and terms of delivery from other countries. In this connection, your Committee will no doubt be interested to know that as late as 1954, Canada was Britain's leading supplier of softwood lumber, yet by 1957, Canada's share of the U.K. softwood imports had dropped so that instead of being the leading supplier, Canada ran neck and neck with Russia for third place behind Sweden and Finland. Since the lifting of the dollar restrictions and due in no small measure to the promotional efforts of two of our founding associations, the B.C. Lumber Manufacturers Association and the Plywood Manufacturers Association of B.C., Canada is now back in second place, not far behind Sweden.

We must not forget the fact, however, that in that short period of only three years, Russia's share of Britain's total softwood imports doubled at Canada's expense. This was accomplished by ultra-competitive pricing and by trading

tactics, such as a "fall" clause which guarantees to early buyers the benefit of any price reductions she may make in subsequent sales during the year. Political advantages or the need for pounds sterling or some other currency, sometimes dictate the sale price of exports by Russia's central trading agencies. Whatever the reason a willingness to buy and a willingness to sell on competitive terms are the most important factors for consideration when it comes to selling in the world today.

During recent months we have heard it said more and more frequently that we have become or are becoming too dependent upon our great neighbour to the south. Frankly our Council, its member-associations and their member-companies are unable to see how such a suggestion can have any substance in respect to the sale of goods by individual Canadians to individual Americans where our continued prosperity is so obviously linked with the vast expanding American economy. We have benefitted immeasurably from our share in that expansion over the past fifteen years. Our Council firmly believes that we should constantly strive to expand exports to the U.S.A. of commodities, such as forest products, of which we have great surpluses. We should stop worrying about economic dependence upon the United States. It is our largest and most logical market. As its population grows, we can expect greatly increased markets for our exports so long as we remain competitive. We would be most unwise not to work earnestly and continually to develop the most promising outlet for what we have to sell.

Do not misunderstand our Council's position. We are not suggesting that we should not do our best to regain, and if possible, improve our place in the U.K. and other markets. We need the U.K. market, or as much of it as we can get and, as previously mentioned, we are working hard to get all we can of it. The population growth and the prosperity of the U.S. should be kept in mind, and to the extent that there is a market for pulpwood, newsprint, lumber, shingles or any other Canadian product in the U.S., we believe we should and we intend to go after it. Our sustained yield programs will still leave us ample timber reserves for our own increased needs.

Free Trade in Forest Products:

As one step towards such a goal—increased sale of our forest products to our nearest and logical market in the U.S.—we might well concentrate on establishing freer trade with that country. We are not proposing all-out free trade at first, but rather free trade in such forest products as the Americans will increasingly need from us and as we are willing to supply on a competitive basis. There is an outstanding example of success in this method of approach which has been highly beneficial to British Columbia. Nearly 50 years ago, newsprint was given free entry to the United States. Since that time, a trade in newsprint exports has grown up which accounts for a very high percentage to our exports to the United States, in fact it is our major export to that country, our chief source of American dollars. We believe that this particular trade with the U.S. is capable of further expansion. In fact the demands for more and more newsprint from all parts of the world and the studies and developments now underway in our province indicate that given a better economic climate, one might reasonably expect to see two or more new newsprint mills and two or more new pulp mills built in B.C. within the next three or four years.

Our Council firmly believes that pulp, newsprint, lumber and other mills could and should be built for the production of goods for shipment to the U.S. or any other country that is willing to buy from us, so long as we can sell the production of these mills profitably. A pulp or paper mill is not merely a source of employment. Each such plant is a modern chemical plant which provides openings for chemists, engineers and other university graduates, in addition to its normal operating staff.

By developing the branches of our forest and our other industries in which Canada has some real advantages and for whose products we have expanding outlets in the United States, the U.K. or elsewhere in the world, we can strengthen our competitive position at home and abroad for other products of the forest, sawn lumber, cedar shingles and plywood. We believe that such a course of action will best enable us to meet the growing economic challenge from Russia and other countries. We have used newsprint as one example, but there are several other products that we want to sell and that the United States is prepared to buy.

Canada today has duty-free entry into the United States for almost four-fifths of our forest products, including newsprint, wood pulp, pulpwood, logs, railroad ties, laths, shakes and shingles, and substantially duty-free entry of lumber up to the products of the planing mill. Duty-free or substantially duty-free entry of these products accounts for about 40% of Canada's total exports to the United States. We should follow a course that will make it possible for us to move more and more forest products duty-free into all trade areas, especially into the United States. We have and will continue to have exportable surpluses of every type of forest products and, as previously stated, if we had markets, production could readily be increased. Tariff barriers against all papers other than newsprint; tariff barriers against all paperboards, and tariff barriers against prime-coated lumber and against finished lumber and lumber products severely curtail our exports. Each of these could be a large item of new export for Canada. We should continually strive to get rid of any barriers that stand in the way of increasing sales of such products.

We fully realize that free trade in the forest products not now on the U.S. duty-free list may be a gradual process for a number of reasons. Even if Canadian opinion supported us in our view, other obstacles remain, most important of which is congressional actions in the United States. The removal of tariffs on products such as paper board and fine paper is bound to result in market losses and readjustments in operations, with resulting unemployment, and as a consequence each tariff change would be looked at carefully by Congress with resulting delay.

In suggesting a "commodity-free-trade" approach as part of the answer to the unemployment problem facing B.C.'s forest industry, our Council is influenced by the fact that the pattern of Canada's export trade, more particularly B.C.'s export trade, has been very steady. This trade has consisted largely of products of our forests, mines and agriculture, and partly manufactured goods. Despite the tremendous industrial development that has taken place in Canada over the past 25 years, we have not been able to increase the proportion of manufactured goods in our exports. If we must export such a high percentage of our production to maintain our standard of living, then logic and sound business sense dictates that for the time being, at least, we should concentrate on the export of manufactured and partly manufactured goods and raw materials for which there is, or for which we can develop a market. We might wish we had more than one such promising trading area, but we have not. The U.S. appears to be the only large trading area in which, in the foreseeable future, we can expand our trade sufficiently to bring about the balance of trade essential to Canada's continued prosperity.

Our trade pattern over an extended period shows conclusively that what the U.S. and most of the rest of the world wants from British Columbia, for the next few years at least, is our raw materials and our basic manufactures. We have great surpluses of such things. Let us therefore concentrate on a commodity free-trade approach, free-trade in the commodities in which we are sure we can hold our own, directed, if you like, towards a goal of eventual free-trade. As part of this program, we should work towards the elimination of any tariffs that may interfere with the export of our raw materials and our

basic manufactures and we certainly must be prepared to buy automobiles and other products from the U.K. and other countries who are buying equal or greater quantities of our products.

In time as we expand production of pulp, newsprint and other paper, lumber, shingles and wood products generally, and the products of our mines and our fisheries, our wheat and other basic materials to the U.S. and other countries, more secondary industries will come as we prosper and as our population grows. For the time being, however, let us be realistic and concentrate on the fronts and in directions where trade is open to us. With such an approach and with proper co-operation between labor, management and our governments, we believe that we can steer a course which should eventually bring about full employment and which will take care of our expected population growth. At the same time such a course is the one most likely to permit us to continue to enjoy the standard of living which we have come to expect.

Canada's Tax Inequities should be corrected:

Canada is an acknowledged leader in pulp and paper technology, and in forest products generally. We have an abundance of everything needed for pulp and paper production, trained personnel, water, hydro-electric power, and vast unused forest resources which, under the program of sustained yield now in force, can be harvested without any diminution of the natural resource, yet the growth rate in this, B.C.'s most important industry, is slower than the average of the free world. New capital investment for newsprint and other wood products is flowing to other parts of the world, which are eating into Canada's traditional markets. There is obviously something wrong with the economic climate of the forest industries in this part of Canada.

A few years ago, the Bowater Paper Corporation Ltd., a British company, planned to expand its newsprint and pulp production on this continent. It is well-known that Bowater surveyed opportunities in Canada, including British Columbia. As mentioned, there was no shortage of utilities, raw materials or personnel, yet the company decided not to expand its production facilities in this country. Instead it built a newsprint mill with a daily capacity of 1,000 tons at Calhoun, Tennessee. At the time, Sir Eric Bowater stressed that the company would be permitted to write off \$21 millions through accelerated depreciation out of otherwise taxable profits, under the U.S. Government's certificate of necessity. He also stated that local governments had offered generous tax concessions for establishment of the mill.

The Bowater Company has since built in South Carolina a bleached kraft mill, with 400 tons daily capacity at an estimated cost of \$39 millions, and a hardboard mill also at a cost of several millions.

Undoubtedly the tax incentives mentioned above were not the only factors that influenced Bowater in the selection of these particular sites. They may not even have been the most important factors. The labor, climate and proximity to markets probably had a lot to do with the decision, but admittedly the tax incentives were an inducement by the U.S. Government which has no parallel in Canada. Coupled with this, we have higher capital costs, through import duties, sales tax, freight, etc. (estimated by consulting engineers as at least 25%) which serve to widen the gap and turn away from Canada potential expansion of industries that could compete successfully in world markets.

In view of Canada's dependence on the forest industry for employment, its growth potential, and what it can do to help correct the nation's unfavorable trade balance, it is our sincere belief that both our federal and our provincial governments should seriously investigate the feasibility of bid-

ding for new investment, new business by correcting the tax inequities that now exist and other overdue changes in our tax structure. We are not advocating tax incentives to new investors, since such incentives are frequently unfair to existing industries. Changes can and should be made, however, in the tax laws which would (1) make provision for depletion allowances for the forest industries similar to those now enjoyed by competitors in other countries and similar to those which the petroleum and mining industries of Canada have enjoyed for many years, (2) abolish the discriminatory logging tax in effect in Ontario and British Columbia, or give the forest industry of those provinces a federal income tax credit for logging taxes paid to either of the provincial governments and which, as pointed out earlier are in fact an "income" tax and (3) authorize some form of rebate or tax credit for at least a portion of the sales and other special taxes which today tend to put the forest and other Canadian export industries in less favorable position than their competitors in any other countries.

Our Council feels that not only should government be quick to realize the seriousness of present onerous and discriminatory tax burdens which affect the ability of its most important industry to compete in world markets, but that our political and labor leaders should support the efforts of the forest industry to bring these matters to the attention of our governments and do what they can to obtain remedial action in both the provincial and federal fields.

RATE OF EXCHANGE

The high exchange value of the Canadian dollar increases the difficulties of Canada's forest and other export industries in world markets. The marked reduction in the value of our dollar during the latter part of December helped considerably. The fact that the position has deteriorated somewhat during recent weeks, however, indicates that government and industry must be constantly alert and do everything possible to bring the Canadian dollar to par with or even slight below that of the U.S. dollar.

SUMMARY

1. The forest industry of Canada stands an easy first in terms of employment, wages paid, and growth potential. Especially is this true of the forest industry of British Columbia.
2. Its growth potential and the contribution that the Canadian forest industry can make towards the solution of the manpower problem depends largely upon its ability to compete in world markets.
3. While the forest industry of British Columbia has some advantages over its competitors, there are a number of factors which adversely affect its ability to compete in world markets. Because of the importance of the industry to the national economy these factors are most significant in a study of Canada's manpower problem, especially since many of them apply to the forest industry in other parts of Canada. Among these factors are:—
 - (a) The selling price of our forest products is the world price, which we cannot control because of the relatively small percentage of forest products which we supply.
 - (b) B.C.'s forest industry is handicapped by the fact that it has to absorb an overall freight-rate cost higher than almost any area with which it competes.

- (c) The mountainous nature of the terrain in B.C., which increases the cost of access roads and other costs of logging and the costs of bringing out logs and finished and semi-finished products.
 - (d) The forest industry in Canada receives less financial assistance from government for fighting forest fires, building access roads, pest control and forestry research than do its competitors in other countries, e.g. the United States.
 - (e) The revenue and tax laws in Canada are less favourable to the forest industry than those that apply in other countries which provide our competition, e.g. (i) relatively high duties on many of the tools of production; (ii) the discriminatory logging taxes in B.C. and Ontario; (iii) relatively high sales taxes which affect the cost of many products which are exported; and, (iv) the provisions in our tax laws which limit depletion allowances in the forest industry to a fraction of their true value.
 - (f) The premium on the Canadian dollar.
 - (g) A higher scale of wages and fringe benefits than our competitors in overseas markets and in most parts of the United States.
 - (h) The economic climate in B.C. during recent years leaves much to be desired. We are of opinion that this is due in no small measure to the fact that the general public and more particularly the mass of employees do not appreciate the constructive function of corporate profits. The mass of employees do not realize that a reasonable return on investment is essential in an industry such as the forest industry where vast amounts of capital are needed to ensure maximum employment through the most efficient use of a renewable resource.
4. We must strive constantly to reduce and get rid of tariff or trading barriers that hinder the expansion of our export trade.
 5. Forest product, silvicultural and other fields of forestry research have not had the attention in Canada that the importance of the forest industry to the national economy warrants. More fundamental and applied research is needed of the growth potential of the industry is to reach the ultimate. Research directed towards finding economic uses for what heretofore have been considered waste materials and towards developing new techniques and processing methods likely to reduce costs, is especially important.
 6. We cannot afford to be afraid of automation in our forest and other industries. Other countries are taking advantage of the rapid technological changes that are taking place to improve quality and increase productivity. In view of the relatively high wages and fringe benefits enjoyed, we must be constantly on the lookout for and be prepared to introduce new techniques and new machines in order to help offset the lower wage scales in force in competitive countries. Since the wage scale in the forest industry in B.C. is not only the highest in Canada but higher than in the forest industries against which we must compete for overseas markets, the need to automate is greater in B.C. than in other parts of Canada.
 7. The use of our wood and other Canadian raw materials in the manufacture of finished products in Canadian plants promotes job opportunities and should be encouraged by government and the Canadian public where there is a reasonable chance that such an industry will be able to stand on its own feet without high tariff protection.

The establishment of secondary industries, however, which will need the continued support of high customs duties are not in the national interest.

8. Government expenditures on an emergency basis to provide employment, especially in areas where there are large numbers of unemployed, is commendable, and the use of Canadian raw materials, e.g. lumber, plywood, shingles, should be encouraged in all such undertakings.
9. A vigorous marketing program is needed, and, in this connection, special efforts should be made to increase the volume of sales of our forest and other exportable surpluses in the United States, since it is our nearest, largest, and most logical market for such surpluses.

RECOMMENDATIONS

Our Council believes that too little thought or attention has been given to the importance of the Canadian forest industry and to the possibilities of that industry, with its great growth potential, in relation to the fuller utilization of the nation's growing work force. There is a steadily increasing demand for forest products from many parts of the world. By increasing the output of many of the required products, Canada could benefit greatly from this demand and increase employment, but to do so calls for a realistic approach and concerted action on the part of all parties concerned.

Our Council specifically recommends action as follows:—

- (1) A complete revision of our tax structure. In such revision, recognition should be given to the fact that the forest is a risk industry, onerous tax burdens which tend to make it less competitive in world markets should be enlightened, the inequities referred to in paragraph 3 (e) of the Summary on p. 27 should be corrected, and since most of our exports go to the U.S., any tax or revenue measure which has the effect of making it more difficult to compete successfully in that country should be changed with a minimum of delay.
- (2) Recognition by government of the importance of our export industries to the national economy, by tax bonuses, similar to those given in the U.S. and in other countries to businesses engaged primarily in export.
- (3) Legislative action to correct the discriminatory rail-freight structure which exists in Canada, and which adversely affects employment in her forest industry, by forcing that industry to pay higher freight costs than other basic industries.
- (4) Recognition of the need for more research in all segments of the forest industry, by grants to universities through research fellowships and otherwise, by increasing the appropriations for research in the Forest Products Laboratories of the nation and expanding the staff and facilities of these laboratories, and by encouraging industry itself to do more research both by money grants for special projects as in the United States and Germany and by tax bonuses for money spent on research.
- (5) Development of a healthier economic climate in all parts of Canada. Government, industry and labor must work together in harmony, if Canada is to continue as one of the great trading nations of the world. Such a climate is necessary in order to raise the capital necessary to take care of increased world demand for products which are prepared to supply competitively.

- (6) Firm resistance to the cost-price spiral. We must take a firm stand against further wage increases, additional fringe benefits and other increases in costs in view of the highly competitive conditions that exist today. Labor in the forest industry should be content for the present to consolidate its enviable position as being the highest paid in Canada and among the very highest in the world.
- (7) Recognition by all parties concerned of the importance of technical changes that will improve our competitive position. We must encourage the use of new techniques, new processes and new machines which will reduce production costs without impairing the quality of the product. It must be recognized that automation tends to reduce costs and therefore in the long run tends to increase employment.
- (8) Recognition of the fact that the U.S. is the logical customer for such surpluses as we wish to export. As the population of that country grows, they will need more and more of such products as we have to sell.
- (9) A vigorous marketing program. If we are to maintain anything like our present standard of living and take care of population growth such a program is essential. In planning any such program, the possibilities of the U.S. market must be kept constantly in mind.
- (10) In line with Canada's policy as a party to G.A.T.T., a progressive reduction in tariffs, in return for compensatory advantages. Such a policy should be directed towards eventual free trade of commodities such as forest products which we have in abundance and which we are anxious to sell to other countries.
- (11) Continue the efforts to bring the Canadian dollar down to par with or even slightly below that of the U.S. dollar.

CONCLUSION

Our Council is of opinion that, if steps such as we have recommended are taken, the forest industry of Canada can do much to absorb the expanding labor force which today presents such a serious problem. We believe that, if government, industry and labor would only work together in harmony and pursue a course such as we have recommended, we will be able to put into the hands of our customers more and more of the forest and other products that the world wants from Canada. In this way we can look for much greater employment in the industry with the highest growth potential in the nation. A steady improvement in the national economy would inevitably result. We must all work towards that end.

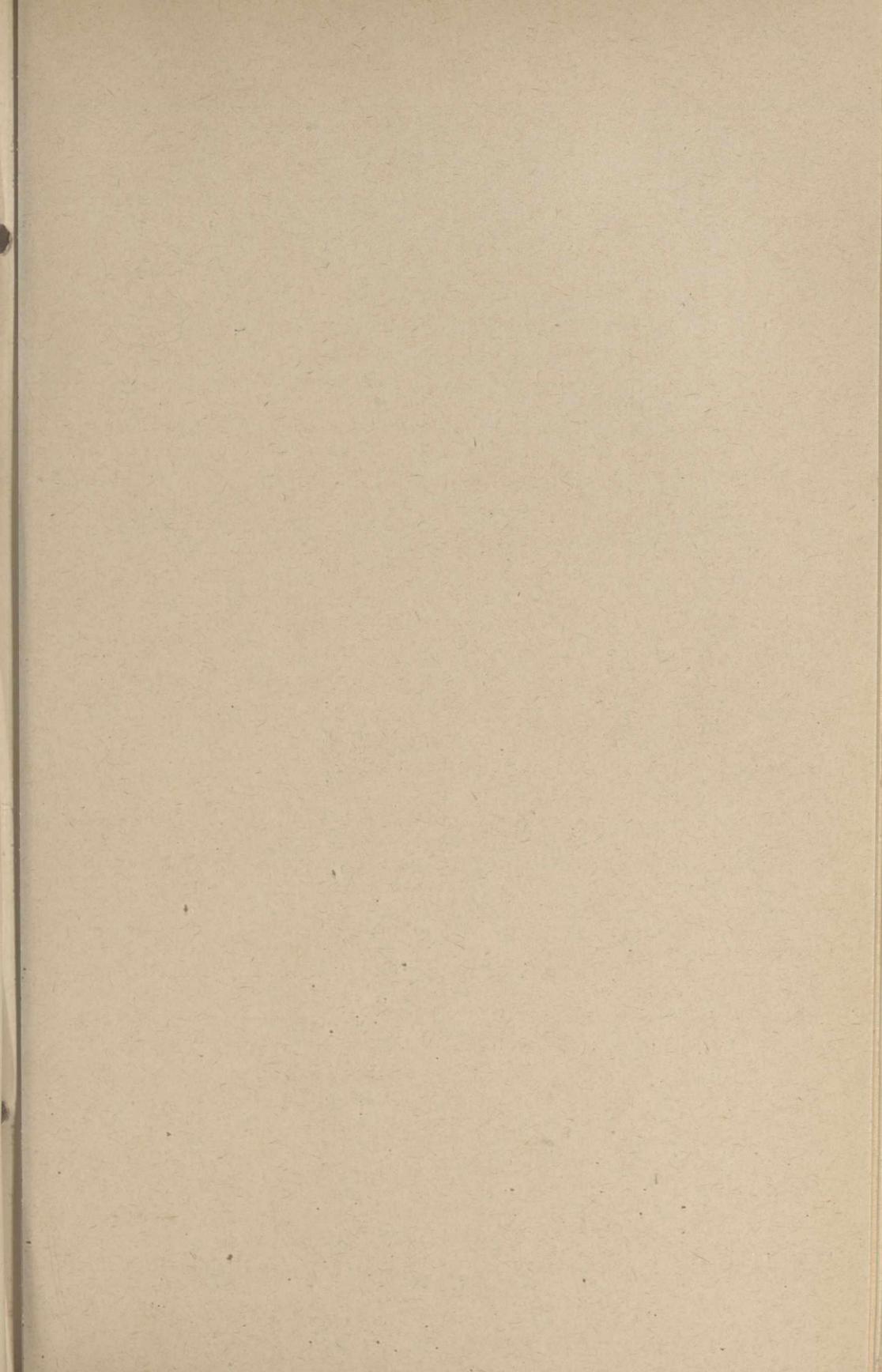
All of which is respectfully submitted.

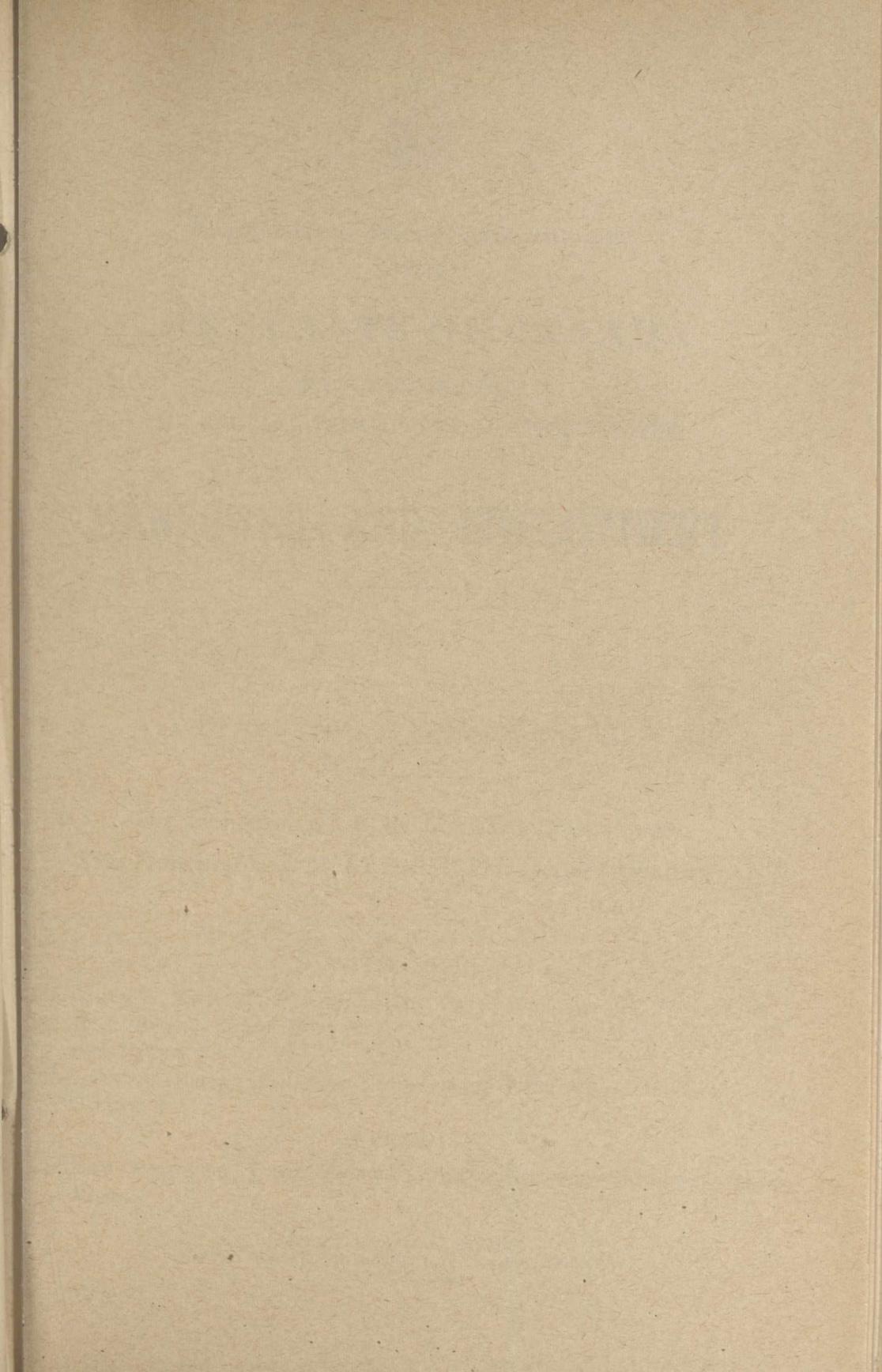
COUNCIL OF THE FOREST INDUSTRIES
OF BRITISH COLUMBIA

Per J. R. NICHOLSON,

President.

Vancouver, B.C.
January 27th, 1961.







Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA

PROCEEDINGS OF

THE SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

No. 7

THURSDAY, FEBRUARY 2, 1961

The Honourable LEON METHOT, Chairman

The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Mr. R. D. L. Kinsman, President, The Canadian Exporters' Association.

Mr. A. K. Stuart, Chairman, Policy Committee, The Canadian Exporters' Association.

Professor S. Judek, Associate Professor of Economics, University of Ottawa.

APPENDIX

Canada's Persistent Unemployment Problem—Labour Surplus Market Areas.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i>
Burchill	Inman	<i>Shelburne</i>)
Cameron	Irvine	Thorvaldson
Choquette	Lambert	Vaillancourt
Connolly (<i>Ottawa West</i>)	Leonard	Wall
Courtemanche	MacDonald (<i>Queens</i>)	White
Croll	Macdonald (<i>Cape Breton</i>)	Wilson—(33)
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Asetine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative".

J. F. MacNEILL,
Clerk of the Senate.

REPORT OF THE
COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1881
PART I
GENERAL STATEMENT OF THE LANDS BELONGING TO THE CROWN
AND THE LANDS BELONGING TO THE SEVERAL STATES AND TERRITORIES
OF THE UNITED STATES
AS OF JANUARY 1, 1881
BY
JAMES H. BEAN, COMMISSIONER OF THE GENERAL LAND OFFICE
WASHINGTON: GOVERNMENT PRINTING OFFICE: 1881.

MINUTES OF PROCEEDINGS

THURSDAY, February 2, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 9.30 a.m.

Present: The Honourable Senators Methot—Chairman, Blois, Brunt, Buchanan, Carroll, Haig, Horner, Hugessen, Inman, Irvine, Leonard, MacDonald, Macdonald (*Cape Breton*), Pratt and Smith (*Queens-Shelburne*).—15.

The following were heard:—

Mr. R. D. L. Kinsman, President, The Canadian Exporters' Association.

Mr. A. K. Stuart, Chairman, Policy Committee, The Canadian Exporters' Association.

Professor S. Judek, Associate Professor of Economics, University of Ottawa.

A study prepared by Professor Judek, "Canada's Persistent Unemployment Problem—Labour Surplus Market Areas", was ordered to be printed as an appendix to these proceedings.

At 12.30 p.m. the Committee adjourned until Wednesday next, February 8th, at 9.30 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.

THE SENATE

SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

EVIDENCE

Ottawa, FEBRUARY 2, 1961

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 9.30 a.m.

Hon. LEON METHOT in the Chair.

The CHAIRMAN: Honourable senators, I understand that we have a quorum so I will call the meeting to order.

We have the advantage of having with us this morning a delegation from the Canadian Exporters' Association. I will call upon its President, Mr. R. D. L. Kinsman, to address us.

Mr. R. D. L. Kinsman, President, Canadian Exporters' Association: Mr. Chairman and honourable senators, I am Vice-President of Alcan International Limited, Montreal. I am for this year the President of the Canadian Exporters' Association and on behalf of which association I am presenting this brief to you this morning at your request. With me on my left is Mr. A. K. Stuart, General Manager of Electrolyser Corporation, Toronto, and the Chairman of the C.E.A. Policy Committee. Next to him is Mr. H. R. Shaver, Export Manager, Canadian Malting Company Limited, Toronto, and Vice-Chairman, C.E.A. Policy Committee. Next to him is Mr. John C. McDerby, General Manager, Canadian Exporters' Association, Montreal.

Mr. Chairman, if the brief that we present to you this morning bears some resemblance to other briefs we have presented, particularly to the Prime Minister's Conference on Unemployment, it is simply because we have no excuse for that. It is simply that our point of view has remained consistent, and I trust it will do so. If you wish me to read the brief to you, sir, it is entitled "Increasing Employment in Canada":

1. In presenting this brief to the Special Committee of the Senate on Manpower and Unemployment, the Canadian Exporters' Association does not intend to offer any quick, short-term cure to current unemployment.

2. Canada can only achieve high levels of employment by the bold and imaginative use of monetary, fiscal, commercial and social policies.

3. Being presented by the Canadian Exporters' Association, this brief is generally limited to considerations of commercial policy. Within this framework, it suggests three steps which, in our view, are essential for the initiation and maintenance of high levels of employment on a permanent basis. These three steps are:

- (a) A substantial increase in Canadian exports;
- (b) The organization of certain industries into larger and more efficient units;
- (c) The better education of more Canadians.

4. The brief concludes by warning against the adoption by Canada of the protectionist policies of economic nationalism.

(In view of the extensive studies prepared for the Committee under the direction of Dr. J. J. Deutsch, statistical information, in this brief, has been kept to a minimum.)

UNEMPLOYMENT:

5. The Canadian Exporter's Association believes that unemployment is the most important problem facing Canada today. According to the Dominion Bureau of Statistics over five hundred thousand Canadians were out of work in December, representing more than 8 per cent of our labour force.

6. It is important to note that ever since 1949, there has been a tendency for unemployment to rise. During the 10 years, 1949-1959, the labour force increased by nearly one million at an average annual rate of 1.9%; employment rose by 864 thousand or 1.6% a year and unemployment by 200 thousand or 8.7% a year. After each recession the percentage of unemployment settled down at a higher level than at the time before—after the 1949-50 recession unemployment fell back to 2.4%; after the 1953-54 recession it fell back to 3.4% and, after the 1957-58 recession, it fell back to 6%.

7. Turning to the future, a number of signs suggests unemployment may increase still further. Regarding the short run, the Canadian Labour Congress has forecast that unemployment will rise to approximately 750 thousand or possibly one million this winter. Regarding the long run, we face a continuation of a relatively high rate of growth in our labour force, as the post-war babies come of working age. From 1951 to 1959 the total population aged 15 to 19 rose by 250 thousand or 25%. Projections to 1966 suggest that this age group will increase by over 500 thousand or 42%.

8. This is clearly too much unemployment. High levels of unemployment erode and eventually destroy the fabric of our national life. In economic terms, unemployment represents a huge waste of productive labour which slows the pace we move towards a number of important national objectives outlined below. In social terms, unemployment—particularly if prolonged for any length of time—leads to relative poverty and its ancillary evils—insufficient food and clothing, wretched overcrowding, poor health and inadequate education. In political terms, unemployment represents a cancerous source of discontent and instability. From the human point of view, unemployment results in the degradation of the individual and the members of his family.

OTHER NATIONAL OBJECTIVES:

9. The task of sharply reducing the numbers of unemployed is closely connected to three other long run objectives of the Canadian people:

First: Canada has striven, and will continue to strive, to achieve a rate of national economic growth greater than that taking place in other countries of the western world. This aspiration arises out of the fact that Canada has immense territory, small population and vast natural resources. Over the years, we have attempted to achieve a rate of growth commensurate with our prospects. This has involved substantial imports of capital, goods, services and people. It has further involved substantial exports of goods and services. These imports and exports combined have made Canadians the biggest international per capita traders in the world.

Second: While pursuing a high rate of national growth Canadians have attempted to achieve a relatively high standard of living. The pace in this field has been set by the United States and it is doubtful if Canadians would permanently accept living conditions substantially lower than those across the border.

Third: Canadians have reinforced their high standard of living by adopting rising levels of public and social services—e.g., unemployment insurance, old age pensions, family allowances, hospital insurance, education, transportation, etc. The financing of these services has involved, and will continue to involve, the expenditures of very substantial sums of money from the public purse—all the greater because of considerations of climate and distance.

INTERNATIONAL ENVIRONMENT:

10. To place these objectives in perspective, it should be noted that Canada must pursue them in the world of the 1960's. All the signs suggest that, during this decade, we must face the following facts:

First: Competition will be more intense at home and abroad than at any time in our history. West European countries and Japan have rebuilt an efficient and modern industrial system and are going on to establish new records of performance in virtually every field. A number of underdeveloped countries are entering the early stages of manufacturing—e.g. textiles—and they will become more competitive as time goes by. There is a possibility that before the end of this decade, we will encounter stiff competition from Russia and possibly China. If Canada is to grow in this world, it will have to be vigorous, imaginative and competitive.

Second: The trading world of the 1960's will be dominated by economic giants—the United States, the European Economic Community, the European Free Trade Area, Japan and possibly Russia and China. Since Canada faces the necessity of selling a large portion of its output abroad, it must secure improved access for its goods to these giant markets. It would be difficult to achieve this objective under the present circumstances of the rule of law and international cooperation which has covered the commercial relations of the Free World since the end of the war and is embodied in the General Agreement on Tariffs and Trade and the International Monetary Fund. It will be immeasurably more difficult—if not impossible—to secure the required access to these markets if the world, under the impact of regionalism, returns to the predatory trading practices of the 1930's.

Third: Canada, and other members of the North Atlantic Community, face the need to pool their resources in a programme designed to the rapid increase of living conditions in the underdeveloped countries. Sir Oliver Franks has described this challenge as the North-South Problem. The problem begins with the fact that a small minority of white people in the North Atlantic region are living in comparative wealth, while a vast majority of coloured people to the south of them are desperately poor. The problem is intensified by the fact that the gap between the living standards of the wealthy northern minority and the poor southern majority is increasing—the rich are getting richer while the poor remain poor. The problem is further intensified by the fact that the poor, coloured, southern peoples are in the process of securing their political freedom from the rich, white, northern peoples. These considerations have created a situation in which the southern peoples are in virtual revolt against their economic, political and social inferiority to those of the north. If the North Atlantic countries fail to meet this challenge, the southern peoples will inevitably turn against them and ally themselves with Russia and China. In the past decade, the world balance of power turned on the recovery of Western Europe; in the coming decade, it will turn on rapidly increasing the wealth of the southern

peoples. A rapid increase in the standards of living of the southern peoples, in turn, requires a substantial increase in their export earnings and imports of capital. It should be noted at this point, that export earnings are far more important than imports of capital. This might be illustrated by recalling that during the past few years the income of the southern countries comprised approximately 85% export earnings and 15% imports of capital in one form or another. A substantial increase in export earnings for the poor south will require the North Atlantic Countries to

- (a) provide a steady and rapidly growing demand for their exports, and
- (b) grant better access to their markets for exports from the south.

Fourth: Scientists have cautioned us that we are now in the early stages of a scientific revolution—the industrial use of electronics, atomic energy and automation—which will bring about more fundamental changes in our methods of production than were affected by the Industrial Revolution itself. In order to compete in these circumstances, Canadian industry will have to be scientific leaders in some fields, while keeping abreast of developments, in other countries, in other fields. This, in turn, will involve substantial programmes of research and development. It is not unreasonable to suggest that, in most instances, only large industries will be able to finance these programmes. It is doubtful that many industries, producing for the Canadian market only, will possess the resources to undertake this essential research and development. It seems to follow that most Canadian industries, including secondary manufacturing, must broaden their base by exporting substantial amounts of their output.

11. It is nothing new, of course, for Canadians to find that they must adjust to forces generated beyond their borders. However, the intensity of these forces in the 1960's is perhaps greater than anything we have met in the economic field before. It follows that the time available for adjustments to these forces is correspondingly reduced. Viewed in this light, it is no exaggeration to suggest that the prosperity and growth of Canada depend upon whether we regard these revolutionary changes in our environment as challenges to be met with positive, outward looking policies or perils to be avoided by negative, inward looking action. Herbert Spenser defined progress as an increase in man's adaptation to his environment; George Bernard Shaw elaborated on this definition by observing that civilizations were usually overwhelmed when they failed to keep abreast of developments in their economics, politics, science, education or religion. Sir Charles Snow has recently remarked "History is merciless to failures".

GROWTH:

12. Within this framework, it is suggested that the first and most important means of substantially reducing unemployment is a substantial increase in our rate of economic growth. From 1950 to 1956, Canada had a high rate of growth and satisfactory levels of employment but from 1956 to date the economy has been almost stagnant—according to some criteria it has actually lost ground—and unemployment has exceeded tolerable limits. For example, from 1950 to 1956 inclusive, the gross national product in real terms grew at an average annual rate of 5.6% and unemployment averaged 4.5% of the labour force. From 1957 to 1959 inclusive, growth averaged 1.3% and unemployment 5.9%.

13. Even more discouraging is the fact that real per capita output in 1960 is less than in 1956. In fact, the 1956 level of real per capita output will not be regained in 1961 unless there is a business upswing of approximately 1955

dimensions. We are falling behind the carefully projected targets for economic growth established by the Gordon Commission, which were approximately 20% between 1955 and 1960 and 50% from 1955 to 1966.

14. The most effective way to initiate and sustain a high rate of growth is to increase exports. Virtually from the beginning of Canada, exports have been regarded as the most important single contributor to our economic growth. Although exports now account for a smaller share of the gross national product than in the pre-war period, they are still probably the most important national stimulant to our growth. Evidence supporting this view might be summarized as follows:

First: Export industries have generated demand for a wide range of materials, machinery and component parts, which, in turn, have stimulated the growth of supply, service and manufacturing industries inside Canada;

Second: Export industries have created conditions in which other Canadian industries can thrive, by contributing to pools of managerial, technical and manual skills;

Third: A number of export industries throw off by-products which provide opportunities for the establishment of new Canadian industries;

Fourth: Payments for exports filter through the Canadian economy, creating demand for goods and services in the secondary manufacturing and service or tertiary industries—e.g. distribution and marketing; education; transportation; publishing and printing; repair, maintenance and cleaning of producers and consumers goods and of buildings; public service and entertainment.

Fifth: All of these developments have combined to stimulate demand in the tertiary industries which have provided 60% of the new jobs created during the last ten years.

15. It is perhaps important to pause at this point and stress the connection between the export and tertiary industries. Largely because of exports, Canadians enjoy the second highest per capita income in the world. This wealth, in turn, has financed the establishment of an elaborate tertiary industry. In an Ottawa lecture, approximately two years ago, Professor Jacob Viner gave the following detailed explanation of the development of the tertiary industry:

... any country which attains a moderately high per capital level of income, will, under modern conditions, have a majority of its population living in urban areas and engaged in urban occupations. This will be true whether the country is industrialized or not, in the sense of having large factories and an extensive manufacturing industry. As per capita incomes rise, an increasing proportion of these incomes universally is spent on the products of so-called tertiary industries...

... A prosperous country always has a wide range of urban occupations, many of them 'tertiary'. A poor country may have a large urban population, especially if it has high tariffs, but this urban population will consist more largely of factory workers than will be the case for the cities of the richer countries. It is not at all necessarily the case that a high tariff or even complete suppression of imports—and, consequently, also of exports—will increase the variety of occupations. If the country is poor, whether or not it is predominantly urban or rural, whether or not it has a restrictive trade policy, its tertiary industries will be of minor importance and, therefore, will make limited contributions to the range of occupations available to the population. In any case, prosperity brings the variety rather than the other way round.

16. It is suggested that the most effective way of increasing exports is to secure better access to foreign markets. Progress in this direction will, in turn, require action along the following lines:

- (a) In the short-run, efforts to secure better access to foreign markets for those products we now export in substantial quantities—i.e. reinforce success. The bulk of these products are raw materials produced by our resource industries—agriculture, forestry, fishing, mining, petroleum and electric power. A relatively small, but significant, portion of current exports consists of manufactured and capital goods. While we have made substantial progress towards securing reasonable access to foreign markets for these export products, improvements are still needed for certain products, in certain cases.
- (b) In the long-run, efforts to secure better access to foreign markets for new export products. These efforts might begin with products which are processed and manufactured from the raw materials we now export. In general, it would seem that processing and manufacturing industries in these fields would have real competitive advantage and could, therefore, compete in foreign markets. This might imply a review of their price structure in Canada, by Canadian producers of raw materials, where such prices are substantially higher in Canada than in markets outside North America. A logical procedure would be to move from the indigenous raw material to semi-fabrication and eventually to complete fabrication. Throughout this process we should make a systematic effort to apply the best methods of modern Canadian technology and the new techniques of the scientific revolution as they become available. However, the domestic market is too small for many Canadian industries to obtain production efficiencies on anywhere near the scale that can be achieved by the U.S., or that will be achieved by the members of the two European trading blocs. It would appear, therefore, that the best way to increase processing and manufacturing in Canada is to secure a larger market for Canadian products by negotiating reductions in foreign tariffs, rather than by increasing Canadian tariffs.

17. It appears that this approach is also recommended by past experience. In the early post-war years, Canada made a real effort to increase exports of products which we could produce efficiently and sell in world markets. Measured by almost any yardstick, we made substantial progress towards achieving this objective. Evidence to support this view is set out in the accompanying Table, which lists a number of products Canada exports to the United States, the U.S. tariff in 1947 and 1960 and the value of Canadian exports to the U.S. in 1947 and 1958.

The most important point to emerge from this table is that substantial reductions in the U.S. tariff have resulted in an even more substantial increase in Canadian exports. Other factors—such as growing demand—helped to increase these exports. However, it is perhaps fair to say that Canadian exports of these products would not have achieved their 1958 levels if the U.S. tariff had remained at its 1947 level. It is urged that tariff negotiators for Canada continue to take a realistic and sophisticated attitude, in regard to Canada's needs and national interests.

SELECTED CANADIAN EXPORTS TO THE UNITED STATES

Product	U.S. Tariff			Canadian Exports Can. \$000's		
	1947	1960	Decrease %	1947	1958	Increase %
Aircraft and Parts.....	30%	12½%	59.2	200	37,150	17,575.0
Aluminum.....	3¢ per lb.	1½¢ per lb.	58.3	5,600	77,619	1,286.0
Articles of iron or steel, not elsewhere specified.....	45%	19%	57.7	100	2,012	1,900.0
Barley.....	15¢ bush.	7½¢ bush.	50	300	16,894	4,631.0
Beef and Veal.....	6¢ per lb.	3¢ per lb.	50	8	8,931	111,500.0
Beer.....	25¢ per gal.	12½¢ per gal.	50	1,909	4,943	158.0
Chemical compounds, not elsewhere specified.....	25%	10½%	58	1,533	16,000	943.7
Copper.....	4¢ per lb.	1.7¢ per lb.	57.5	6,300	75,465	1,098.0
Electrical machinery.....	25%	10½% to 13¾%	45 to 58	1,500	12,000	900.0
Fish fillets; (other than ground fish).....	2½¢ per lb.	1½¢ per lb.	40	2,500	12,350	394.0
Fish; fresh.....	¾¢ to 3¢ lb.	½¢ to 1½¢ lb.	33.3 to 50	15,198	27,840	83.2
Lead.....	Ore—1½¢ lb. Metal—2½¢ lb.	1-1/16¢ 1-5/16¢	29.2 38.3	3,284 14,218	6,219 9,000	89.4 decrease
Lumber.....	50¢ to \$2 per M. bd. ft	25¢ to \$1 per M. bd. ft	50	68,000	293,191	331.2
Maple sugar and syrup.....	2¢ to 3¢ per lb.	1½¢ to 2¢ per lb.	25 to 33.3	2,998	4,939	64.7
Nickel.....	2½¢ per lb.	1½¢ per lb.	50	34,200	106,557	211.6
Pork.....	2½¢ per lb.	1½¢ per lb.	50	8	15,808	197,600.0
Vinyl acetate.....	15% & 3¢ per lb.	6½% & 1½¢ lb.	48.4	125	6,596	5,176.0
Whiskey.....	\$2.50 gal.	\$1.25 gal.	50	16,700	71,274	326.8
Wood veneers.....	20%	10%	50	200	18,244	8,122.0
Zinc.....	Ore—1½¢ lb. Metal—1¾¢ lb.	0.6¢ lb. 0.7¢ lb.	50 50	3,545 11,800	16,270 18,692	358.9 58.4

18. Progress in this direction might be facilitated by a thorough study of Canadian industry to determine those parts which have an exporting future. The study should cover both existing and potential export industries. It should make a particular effort to encourage those export industries which would increase processing and manufacturing in Canada. The main foreign markets for the products concerned should be identified, if possible, and tariff levels which would provide reasonable access to those markets indicated. Economic analysis can throw only a limited light on this problem and much would have to be left to trial and error. However, despite this qualification, a sound objective study would be a useful guide to future action. As far as we know, a study of this type has never been undertaken in Canada—the Royal Commission on Canada's Economic Prospects did not go into this aspect of the problem in any detail.

19. We must face the hard fact that this increased access to foreign markets will have to be paid for by reductions in the Canadian tariff. The bulk of these reductions should be made in those industries which can afford to meet increased import competition or which do not have an economic future. The most serious mistake Canada could make in the 1960's would be to try to shore up those industries which do not have an economic future. Without the disciplinary effects of imports and of reduced tariffs, we would be in danger of industrial fossilisation.

20. These tariff reductions would accelerate the pace at which hardships would be imposed on some members of the community. Since the whole community would gain, in the long run, from reducing these tariffs, it is only fair that the Government should take steps to facilitate the adjustments required. It is also suggested that a thorough study be made of ways of facilitating these adjustments. Some possibilities that should be examined are the phasing of new

industries into an area where an old industry is declining, the supplementing of unemployment insurance, assistance in retaining workers, loans and tax incentives to new industries and technical and financial assistance to communities. It has been estimated that the cash cost of the Canadian tariff is over one billion dollars a year; there is, therefore, a good chance that money spent to ease the adjustments brought about by reductions of the tariff will be money saved in the long run.

LARGER UNITS

21. It appears that we could make an important contribution to growth by organizing certain manufacturing units into larger, more efficient complexes which could compete at home and abroad. The Canadian market is too small for many Canadian industries to obtain production efficiency on anywhere near the scale that can be achieved by the U.S. or that will be achieved by the members of the common market and free trade area. There is a growing body of evidence that Canada suffers from substantial duplication of facilities and excess capacity in certain manufacturing fields. This uneconomic multiplication of firms prevents any one of them from securing the benefits of mass production and leads to increased costs and prices. Apart from preventing exports these higher costs and prices invite imports and tend to bring new competitors into the production field in Canada to further divide markets which were already too small. Bigger units mean lower costs, greater efficiency and lower prices. The United Kingdom program for reorganizing its cotton textile industry is an outstanding example of an enlightened approach to this problem.

22. Mr. Eric W. Kierans, President of the Montreal Stock Exchange and former Professor of Economics at McGill University, documented the case for organizing Canadian manufacturing industry into larger units in an article which appeared in the "Financial Post", dated June 5, 1960. Mr. Kierans pointed out that despite substantial reductions in raw material prices and labour cost—the two main components of manufacturing costs—since 1951, prices of manufactured goods have remained virtually unchanged and profits have declined. He suggests that the decline in raw material and labour costs has not been passed on to the Canadian consumer because "we have dissipated our strength by an uneconomic multiplication of firms and consequent increases in selling and administrative costs and other investment". Moreover, this situation has largely limited competition to "the fields of service, diversification of production, styles and models, advertising to magnify inconsequential differences." He suggested that "we need more price competition—not more tariff protection".

EDUCATION

23. A third essential for growth is the better education of more—in fact all—Canadians. At the present time, only 33% of the students entering primary school complete high school courses, only 6% will complete university and college courses and less than 1% will graduate from a post-high school technical institute. Even under present conditions of heavy unemployment there is a significant number of vacant positions for skilled and professional Canadians.

24. Over the past ten years the fastest growing occupations have been the ones requiring relatively high levels of training and education. The professional group has increased 71%, skilled 38% and white collar 34%. In contrast the semi-skilled and unskilled occupations have increased only 24% and occupation in the primary industries is actually declining. An outstanding development of the last ten to fifteen years has been the creation of a range of new jobs at a level between that of the skilled trades and that of the professions; these may be loosely classified as "technician occupations".

Sir Charles Snow has recently cautioned that, in the next ten years, the juxtaposition of the Scientific Revolution and the North-South Problem will sharply increase the demand for educated persons. He has suggested that "as the Scientific Revolution goes on..." the call for engineers "will be something we haven't imagined... they will be required in thousands upon thousands of positions..." To close the gap between the rich and the poor, he states "the second requirement, after capital, as important as capital, is men. That is, trained scientists and engineers adaptable enough to devote themselves to a foreign country's industrialization for at least ten years out of their lives". Sir Charles concludes by asking "Isn't it time we began? The trouble is we have been brought up to think as though we had all the time in the world. We have very little time—so little that I dare not guess at it."

Senator HAIG: Mr. Chairman, there is a point of order I want to raise. I received no notice of this meeting. I have attended every one of these meetings, except those which were held when I was out of town. This meeting commenced at 9.30, it is now 10 o'clock, and I was not notified of it.

The CHAIRMAN: I am sorry, but I was under the impression that notices had been distributed.

Senator LEONARD: I do not think anyone was informed.

Senator HAIG: We are entitled to a notice of a meeting being held. This is a committee of the house, and as a member of the house and this committee I am entitled to a notice of each meeting; and I want to know why I did not receive it. I protest bitterly about it. If these meetings can be handled in that way, then you could shut any opposition out to anything you do not want a man to be in on.

Senator CROLL: None of us got notice of this meeting, so it is not fair to suggest that anyone has been shut out. We are all here, and notice was given some time ago.

Senator HAIG: Did you get a notice of this meeting?

Senator CROLL: No, but we are here.

Senator ROBERTSON: I am not a member of the committee, but they could not keep me out if they wanted to. Let us go on.

Mr. KINSMAN: Shall I continue, Mr. Chairman?

The CHAIRMAN: Yes, continue please.

Mr. KINSMAN:

PROTECTIONISM

26. During the past few months the advocacy of increased protection seems to have been more violent than at any time for thirty years. Almost every claim points to unemployment and prescribes the sole solution of an increase in manufacturing, regardless of cost. Stripped to essentials, the demand for protection seems to begin with the fact that imports of consumers' goods now total nearly \$2 billion. The protectionist argument continues that the bulk of these goods can and should be made in Canada. In addition to increasing levels of employment it is claimed that the production of these goods in Canada would reduce the trade and payments deficit. To achieve these objectives, the use is recommended of virtually every weapon in the protectionists arsenal, medieval and modern,—tariffs, quantitative restrictions and administrative barriers and the discriminatory application of these weapons, particularly against products from so-called "low-wage countries". These weapons are to be flourished in the face of any country—friend or foe, commonwealth or non-commonwealth, developed or underdeveloped—so that Canada may retreat behind a Chinese Wall of economic ultra-nationalism.

27. The first and most important result of increasing barriers against imports would be a substantial reduction of exports. Until recently this truth

was regarded as self-evident. However, during the past few months the protectionist brigade has been claiming that it is possible to increase barriers against imports without affecting our exports. Unfortunately, this promise of Utopia at bargain rates runs counter to the probabilities and facts.

28. The fact is that rising costs of production within Canada would make our exports less competitive in foreign markets. Alternative sources of supply now exist or can be quickly developed for virtually every important Canadian export. Every important Canadian export industry is now operating at less than capacity. In most, if not all, cases the major cause of this surplus capacity is competition in foreign markets. For these reasons we cannot afford to be cavalier about costs of production in our export industries.

29. The probability is that a substantial increase in barriers against imports would provoke our trading partners into retaliating by raising barriers against our own exports and diverting trade to alternative suppliers. For over a hundred years there has been a close connection between the level of the duties Canada applied to imports and the rates our important trading partners imposed on our exports. This connection has been embodied in a number of trade agreements, particularly in the GATT. As a result of these trade agreements most of the duties in the Canadian tariff are bound against increase unless we compensate our trading partners by reducing other duties. Since it would be impossible to reduce duties by an amount sufficient to compensate for the increases requested by the protectionists, other countries would have a legal right to retaliate. The probability that a number of countries would exercise their legal right to retaliate is increased by the historical fact that retaliation is regarded as the ultimate sanction against raising trade barriers above accustomed levels.

30. It is further suggested that a substantial reduction of exports would initiate a chain reaction of adverse consequences for nearly every phase of Canadian life. This point might be illustrated by the examples set out below. These developments are not just possible, they are likely.

- (a) In the economic field, a substantial decrease in exports would probably turn a slowly growing economy into a shrinking one, reducing standards of living and increasing unemployment. It will be a long time before Canada has declining exports and increasing prosperity, simultaneously.

Senator CROLL: Will it ever have?

Mr. KINSMAN: No, sir.

- (b) In the field of population, falling standards of living relative to those in the U.S. will lead to heavy losses of skilled and professional Canadians by accelerating immigration to that country.
- (c) In the international field, a substantial increase in barriers against imports would have serious adverse effects on Canada's relations with the United States, Commonwealth countries, underdeveloped countries elsewhere and NATO allies. International trade and politics are inextricably entangled. It is a historical fact that raising trade barriers above customary levels provokes international ill-will.

31. These are grounds for doubting if Canada can reduce unemployment by increasing barriers against imports. Reducing imports may, for a time, increase employment, by exporting some unemployment to our trading partners but Canadians do not have a monopoly of knowledge of this device. Any substantial effort to export unemployment by raising barriers to trade is almost certain to result in retaliation from other countries. If, as often happens, the retaliation goes further than the original change, Canada would find herself worse off than under the initial circumstances and would feel compelled to

retaliate against the retaliator. If we learned anything from the 1930's, it was to avoid such beggar-your-neighbour policies.

32. One final observation regarding protectionism. Mr. W. Earle McLaughlin, President of the Royal Bank of Canada, recently addressed the Annual Meeting of shareholders and made the following comments on the connection between exports and employment:

It is often said in defence of make-work schemes that our export industries, especially in the resources field, though highly efficient, are not large employers of labour. The implication is that we should encourage those branches of industry making products with a high labour content, even at the expense of our exporters. But this argument ignores almost every major contribution to the storehouse of economic wisdom made in the last thirty years. Our export industries relative to their size may not be large direct employers of labour, but the income generated by our big, efficient, highly productive export industries has a multiple effect as it flows through our economy, and indirectly is a major, if not the greatest, single source of demand for labour in Canada.

33. The Canadian Exporters' Association, Mr. Chairman, has made its submission for the greater employment and increased prosperity of Canadians, and rests its case:

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, for the record, I wonder if the gentleman would put on the record what export industries hold membership in the Canadian Exporters' Association, in general?

Mr. KINSMAN: Just about everybody, sir—paper, asbestos, nickel, aluminium, fisheries, grain, lumber—

Senator SMITH (*Queens-Shelburne*): Have you any people who represent secondary manufacturers?

Mr. KINSMAN: Yes, indeed, sir. The classification might be a little different, but certainly the electrical industry—Westinghouse, C.G.E., Canadian SKF—those are three examples. There are about 287 members.

Senator HAIG: How can you suggest that exports are going to be curtailed when we are now talking about putting more oil on the market, and immediately the United States, one of our largest buyers, say they are going to put a tariff against our oil, that they don't want it in their country? Now, that is not Canada's fault, but how are you going to meet it?

Mr. KINSMAN: Part of the trouble is the education of other people; indeed one of the difficulties that we have, particularly in exports, is a lack of understanding of Canada's trading position, particularly a lack of understanding in the United States. I regard that as one of our greatest single difficulties.

Senator HAIG: How would you suggest we go about selling our grain, at a time when we have millions of bushels of wheat stored in elevators and granaries and nobody wants to buy it?

Mr. KINSMAN: Some is being bought.

Senator HAIG: They are buying a little, but one farmer could pretty nearly grow all that is being sold.

Mr. KINSMAN: How you are going to sell grain, I do not know. I am not a grain expert. I do know that if we put embargos against Japan, for example, we will not sell them wheat. In 1959 our trade with Japan was \$37 million on our side, and I think the most of that was grain.

Senator HAIG: When the United States sells grain they take the currency of the country to which they are selling.

Mr. KINSMAN: I agree.

Senator HAIG: But we can't do that. What are we going to do?

Mr. KINSMAN: We might adopt the United States' policy.

Senator HAIG: You say you want lower tariffs, but there is no tariff on grain.

Mr. KINSMAN: I say an increase in tariff across the board would discourage our exports. I know one way we could lose some of our grain market, and that would be to increase the tariff on manufactured goods from countries that buy our grain.

Senator HAIG: The commodities we have to sell are grain, pulpwood and minerals, and there is no tariff on any one of those.

Senator BRUNT: There is a tariff on American grain coming into Canada.

Senator HAIG: There is not.

Senator BRUNT: Try and bring some in, and see what you are up against.

Senator HAIG: How are you going to handle this marketing problem when we have surpluses?

Mr. KINSMAN: If we could take another country's currency we would obviously make a better job of selling our grain than we are now doing. I may say in practice the policy of the United States for the disposal of its surplus agricultural products works a heavy burden on Canadian exporters of the same products. We run into that in our own business, and it is very difficult to compete in foreign products when the United States is disposing of its surpluses at prices which I think are lower than world prices.

I suggest, sir, that if I knew the solution to the problem of the marketing of grain, I might be sitting in another part of this chamber, rather than here.

Senator CROLL: In the course of your discussion you suggested that perhaps Canada's raw materials sold on the open markets at prices lower than on the Canadian markets.

Mr. KINSMAN: That is a suggestion—that is what I meant.

Senator CROLL: You say you meant it—is it so?

Mr. KINSMAN: Yes; not in every instance, but in many.

Senator CROLL: Name a few for my information.

Mr. KINSMAN: My own is the aluminum industry. The world price for aluminum on the international markets of the world is generally lower than the price in Canada.

Senator CROLL: And the aluminum is made in Canada?

Mr. KINSMAN: Yes.

Senator CROLL: You say the price is lower on the world markets than in Canada. How do you explain that?

Mr. KINSMAN: Because the price in the United States is much higher.

Senator LEONARD: Is that as a result of the competition from Russian aluminum?

Mr. KINSMAN: No, I do not think so, although it is very hard to say.

Senator CROLL: Mr. Kinsman, I am looking for information. You have made a statement as to something about which you are knowledgeable. As I understand the import of your statement it is this: aluminum might sell at lower prices in the world markets than in Canada, though it is made in Canada.

Mr. KINSMAN: That is correct.

Senator CROLL: And why do you say that is so?

Mr. KINSMAN: Because the North American economy—I am trying to avoid the use of the words "the United States," because I may be misquoted—is

generally inflationary. The price for aluminum in the United States is freely published in the newspapers. It is 26 cents a pound. The price in the United Kingdom is 23½ cents a pound.

Senator CROLL: And in Canada?

Mr. KINSMAN: I must look it up. I deal in foreign markets, not in Canadian markets. It is under 24 cents.

Senator CROLL: You said it was 26 cents in the United States.

Mr. KINSMAN: Yes, but there has been a 5 per cent premium on currency on goods going into the United States.

Senator CROLL: You say, as far as the United States is concerned we are about on a balance.

Mr. KINSMAN: We were. On aluminum going into the United States, by the time the duty was paid and allowance was made for currency differential, the price was about the same.

Senator CROLL: But in Great Britain it is cheaper.

Mr. KINSMAN: Yes.

Senator CROLL: And on the Continent it is cheaper?

Mr. KINSMAN: Yes. In certain countries their own domestic product is more expensive than world prices, but aluminum sold across the international borders is sold at 23½ cents a pound.

Senator CROLL: You suggest that applies to aluminum and to other products?

Mr. KINSMAN: I think it might well do so.

Senator BRUNT: I think you will find it also applies to wheat.

Mr. KINSMAN: I had that in mind.

Senator CROLL: Let us go to another portion of your presentation. You suggested larger units be used, such as is done in Britain, for example.

Mr. KINSMAN: Only in respect of textiles.

Senator CROLL: As a matter of fact Britain encourages what we call combines, does she not?

Mr. KINSMAN: That is right.

Senator CROLL: As do most other European countries.

Mr. KINSMAN: They do indeed.

Senator CROLL: You are suggesting there is virtue in combines, are you not?

Mr. KINSMAN: I don't say that. I say there is virtue in larger units. The word "combines" is a dirty word.

Senator BRUNT: Call it a "cartel".

Senator CROLL: We use dirty words when we are trying to get at the truth.

Mr. KINSMAN: I am not suggesting a monopoly position for anybody. To take an example, there are perhaps nine manufacturers of refrigerators in Canada. I do not wish evil to any one of them, but do we need nine refrigerator manufacturers? True, some are bigger than others.

Senator CROLL: Let us stop right there. Suppose the five of us are in the refrigerator business—who goes out?

Mr. KINSMAN: I wouldn't know any better than you would.

Senator CROLL: We are not talking about a Utopia here. We are realists; we have a problem, and we share your view to a greater extent than you appreciate. At the same time, these are practical things.

Mr. KINSMAN: It is a practical problem. At the moment if you tend towards combinations you are liable to certain sanctions of the law. Perhaps if the sanctions did not exist there might be a move by you as a refrigerator man to sell your business to the next fellow, or a move on someone's part to buy your business.

Senator LEONARD: Is it your point that it is better that Senator Croll go out of business than that the whole five of us go out?

Mr. KINSMAN: Yes, put it that way.

Senator CROLL: At this moment I am eliminated.

Senator BRUNT: I think a greater latitude is allowed in connection with cartels in industries in Canada with respect to export trade than to domestic trade. In fact, the latest amendment to the act provides that businessmen may sit down together and endeavour to work out problems of trade for export.

Senator LEONARD: Mr. Kinsman, are you up again special taxes, bonuses or arrangements made by other countries with respect to their exports?

Mr. KINSMAN: Yes sir.

Senator LEONARD: Could you give us some examples.

Mr. KINSMAN: Perhaps Mr. Stuart could discuss that matter.

Mr. STUART: I might say, as an example, that there are the Western Hemisphere Trading Corporations of which I believe there are some 600. These are companies 90 or 95 per cent of whose export sales are in goods which travel beyond the borders of the United States, and on that basis each company receives a special rate of tax on profits which I think at the present time amounts to about 38 per cent. That is one specific example of tax relief given to export earnings. I am sure there are many others.

Senator LEONARD: What about West Germany? Are you familiar with exports from West Germany?

Mr. STUART: I did hear at one time that there had been tax exemptions, but I am not sure of the status.

Mr. KINSMAN: I was told by the recent Trade Mission that went to Europe that the members were informed when in Brussels—I realize that this is hearsay evidence—that there were tax concessions given to exports from the Common Market countries. Officially they have denied it. We have pressed in our association for some form of tax relief on exports in common with the practices in European countries. We have been told by officials of Government that these special arrangements do not exist abroad. We have reason to believe that they do, and we are certain that they do. We have undertaken a tax study, which the Canadian Tax Foundation is doing for us, and the report should be ready some time later this year. We hope then to be able to have a little clearer picture. This is all highly technical, and something which we ordinary and common or garden businessmen are not able to talk about. However, there are quite definitely under-the-counter arrangements. These arrangements are under the counter because they are contrary to the GATT agreement.

Senator LEONARD: The American arrangement is not contrary to GATT.

Mr. STUART: I might say that to my knowledge it has never been challenged in GATT.

Senator LEONARD: Was it in existence before GATT?

Mr. STUART: Yes, I believe so. I believe it has been in existence for many years.

Senator SMITH (*Queens-Shelburne*): Mr. Kinsman, how does this gimmick work—I am referring to this under-the-table concession? Have you any information on that?

Mr. KINSMAN: There are a great many taxes in the European system which are of an indirect nature. They can be relieved. The French are particularly adept in this. I do not mean tax relief as such, but I am thinking of a tax on the base price which is quite different from what you eventually pay. They are added on to the invoice, and they can be left off.

Senator BRUNT: You can do it by depreciation.

Mr. KINSMAN: Yes.

Senator SMITH (*Queens-Shelburne*): Mr. Kinsman, some of us are puzzled, I know, as to what the future can be with regard to increasing exports of the products of our secondary industries. What kind of secondary manufactured articles can we in Canada produce under our present cost set-up or system and still make those products competitive in the world market?

Mr. KINSMAN: It is very puzzling for everybody, sir, but it can be done. I have given one example only. It is no good my telling you that we should be able to export mouth organs to Germany. I do not know anything about the mouth organ business, but I do know of one interesting example and that is the textile industry. The textile industry has always been in poor shape. The textile people—

Senator CROLL: "Depressed" is the word.

Mr. KINSMAN: Yes, depressed. One Canadian textile company in particular has greatly increased its exports of textiles in the last year or two to the United Kingdom. Now, if a Canadian company can sell textiles in the United Kingdom then anybody can go to Newcastle and sell coal, because the United Kingdom is the home of textiles. Here is a company that did it. How did it do it? It modernized its machinery and techniques, it got new capital and then it sent a couple of damned good salesmen over to London.

Part of the trouble is, as I mentioned before, that perhaps we do not do quite enough selling. We do not believe enough in ourselves. We do not get into the field and go to the customer and say: "Look, this is what I have. It is better than anybody else's and the price is right. Look at the quality. You cannot afford to be without it". You cannot do international selling sitting at a desk at home. You have to be out in the territory.

It was interesting at the conference which the Minister of Trade and Commerce called in December last to see 1,233 firms turn up. Over half of them had never exported before. They were interested, but you are still not going to export by coming to Ottawa.

Senator SMITH (*Queens-Shelburne*): May I ask a question on that very point? What did the half of these people who had never considered the export field before take home from that conference?

Mr. KINSMAN: They took home a beginning of a knowledge of the territory in which they were interested. They found out that they could sell in Ghana, for example. They were told how to deal with Ghana, and they knew whether it would be a good thing or not to have a representative in Ghana. The representative of that company met the Canadian Trade Commissioner in Ghana and he got a first hand account of Ghana from him. The Trade Commissioner probably told him that if he was thinking of sending a particular item to Ghana to package it in a certain way and not in the way it was usually packaged because the people of Ghana like their goods packaged in that certain way. I think the people went away from that conference with the beginning of a knowledge of the problems of export, and a realization that the export trade is not as easy as the domestic trade because the cold winds of international trade are fairly strong.

Senator SMITH (*Queens-Shelburne*): Is not the main handicap of most of our people who were at the conference one of price?

Mr. KINSMAN: Yes, price is a problem. Mr. Stuart, who is in the manufacturing industry, might care to say something on that.

Mr. STUART: Yes, I would like to comment. I think the difficulties that confront secondary industry in achieving growth in exports should never be underestimated, but perhaps we could turn to advantage some of the potentialities we have in Canada. Mr. Kinsman has touched on one very briefly, namely, the structure of our material prices in Canada. Perhaps more should be done than is being done to provide Canadian manufactures with materials at costs which are competitive with any costs in the world. Secondly, it might require a degree of specialization. If a company, let us say, acquires the Canadian rights to somebody else's design for a steam boiler, that company, in view of the cost structure of Canadian labour and what not, finds it is very difficult to compete with other steam boilers in the export markets, particularly if a country is designing unique ones. In that respect the influence of technology may have a great bearing on this, and if the manufacturers in Canada can achieve certain designs this might circumvent the high labour costs and other factors which make it difficult to manufacture a wide range of products. So, the emphasis in Canada should be to an increasing extent on research and development.

I believe that where Canadian scientists have been given a free hand, and financing, the results have been quite remarkable in terms of cost. I am referring particularly to Atomic Energy of Canada and the work of the National Research Council, and many agencies which have produced a great deal.

Senator CROLL: If I recall correctly—and somebody will correct me if I am wrong—I saw a report to the effect that the Canadian Research Council was complaining that industry had not taken advantage of its research facilities, and of what it was able to put on the table. Are you aware of that?

Mr. STUART: Yes, I saw the report of that. I cannot understand it. I think the National Research Council's activities are reasonably well known, but it may be true that many companies have yet to avail themselves of the facilities available there.

Senator CROLL: I do not think we can be heard to criticize the Government for failure to spend money on research. That is one thing that governments have had their eye on for many years.

Mr. KINSMAN: There was no implication of that.

Mr. STUART: I was referring particularly to secondary industry in this respect. However, there may be ways in which the Government could further encourage research and technology in Canada. I am referring particularly to tax policies and that sort of thing.

Senator CROLL: Well, the Research Council cannot do very much with respect to researching tax policies. That, I am afraid, is in the hands of the people for whom you mark your ballot from time to time. But it was on the wider field of research that I made my reference, and that is what you were talking about, I believe.

Mr. STUART: I think it is a well-known fact that the Canadian exports from private industry represent a very low percentage of the gross national product compared to that in other countries and, as Mr. Kinsman has been quoting from Sir Charles Snow, it is absolutely true that a scientific revolution is going to take place in the world based on technology, automation and electronics, and it is going to require considerable original thought in Canada to keep up to these things. I think therein lies one of the hopes for Canadian exports abroad. Certainly the concentration of economic power which is occurring in the Common Market, and the vast expenditures on research

and development which are to follow, will make competition for Canadian exporters of manufactured products in these areas extremely difficult.

Senator CROLL: We have heard only from Mr. Kinsman and Mr. Stuart but I know Mr. Shaver well by reputation. I assume you are knowledgeable in this particular field from what we have heard today. Much has been said here and other places about the common market. What are we doing to get ourselves integrated into the common market? Assuming the European free trade market is dead and it all becomes a Common Market, what are we doing at this stage, to your knowledge, to get our noses in?

Mr. STUART: May I ask whom you refer to when you say "we"?

Senator CROLL: Canada. I do not mean you.

Mr. STUART: You mean industry or the voter?

Senator CROLL: Not the voter, industry. I am thinking of what you as exporters are interested in.

Mr. KINSMAN: There are several opinions as to the virtue of integration with the common market. I have heard it very eloquently expressed that we should integrate. I have heard equal eloquence dissipated on the theory that this is only another form of regionalism. Never mind how glorious are the standards being borne by people who talk about higher standards of living, in the end these trading blocs finish up by being exclusive. The manner in which the Common Market proposes to treat tropical produce is appalling. Take such produce as coffee, tea, bananas, cocoa and things like that which are not produced in the territory of the Common Market at the moment or in their colonial dependencies or ex-colonial dependencies. They are raising the duties on these things. Ghana will find itself in a very poor position if the growth of cocoa is encouraged in, say, some of the ex-French colonial territories. Canadian industries have been more and more, I believe, seeing no solution to this problem that we can take. After all, it is a political problem, really. What can be done to integrate or to soften the effects on the Canadian economic market must be achieved by Government negotiation, and these negotiations are in fact going on in Geneva at the moment. I believe a Deputy Minister of Trade and Commerce has been in Geneva for the last six months on these problems that arise in connection with the common market and GATT. I do not believe much progress is being made at the moment. Perhaps a reason for this is the change of administration in the United States. I do not know, One is noticing more and more Canadian industries putting branch plants in those areas, and that results in less employment in Canada. For instance, if you put a plant in Belgium because you want to sell there and you can't sell from Canada because of the duties, then you are increasing unemployment in Canada. There is no question about that. That is what is happening all the time.

Senator CROLL: Is that what you think Polymer did?

Mr. KINSMAN: I think that is one of the reasons. It must be. It is surely obvious.

Senator BRUNT: Not only would such a company sell in Belgium but in certain circumstances it would sell back in Canada.

Mr. KINSMAN: Yes.

Senator CROLL: You may not agree with my analysis but I throw it on the table anyway. What you are saying in effect is that the Common Market will have the effect of importing further unemployment in our country.

Mr. KINSMAN: I think so, sir.

Senator CROLL: I don't like your answer but I have to accept it, not that I disagree but that is the fact.

Mr. KINSMAN: I think it is. It has not started yet but, in my own opinion, that is what is going to happen. The tariffs are going to be high. In theory they are operating on the basis of an arithmetic average of the tariffs of the countries producing the products, but there is a special list "G", I think it is called, which sets out the items subject to individual negotiation, and they are all the vital items. We look upon this in the aluminum industry, with the greatest possible alarm.

Senator HAIG: How will you meet these combinations in Europe? There is now one of the Inner Six and there is one of the Outer Seven.

Mr. KINSMAN: That is right sir. We are back to the point where unless we can negotiate away the bad tariff effects of these blocs, we will have the tariffs against us and we will have to sell against those tariffs.

Senator HAIG: Why didn't you move when they started to negotiate, and get in then? Did you try to get in as negotiators with them when they formed these blocs?

Mr. KINSMAN: No sir, we didn't have the opportunity. I am sure of course that the Government has consulted our people at all times in industries such as aluminum, pulp and paper, asbestos, and so on.

Senator LEONARD: I believe Mr. Stuart has had some experience with competition in connection with credit terms in the export market. Would you like to say anything about when the Canadian exporter is in competition in an export market as to the credit terms available to a Canadian exporter compared to the credit terms available to his competitor from another country?

Mr. STUART: Thank you, sir. I was hoping to have an opportunity of making a comment on that point. I do believe this is one point where Government and financial circles can together achieve substantial assistance for the exports of Canadian secondary industries, particularly in capital goods. I feel it is a true statement that a very small proportion of total world sales, particularly in the undeveloped countries, are carried out on the basis of cash terms. In most export markets, goods are offered for sale and accepted only on the basis of medium to long-term credit terms. Perhaps the most prominent among these undeveloped countries are in Latin America, and it is well known what sort of credit terms exist there. I had an experience yesterday of a fairly large project in Peru which is under negotiation. Tenders have already been invited. The terms being negotiated are no payment for two years after shipment, and the retirement of the balance over seven years following that.

So one can see what difficult financial competition the Canadian exporter is up against. Now, what does the Canadian exporter have available to meet that competition? There are high hopes in connection with the Export Finance Corporation which has just been reactivated. We hope it will be able to provide the Canadian capital goods exporter with the financial means to make his terms competitive with those from foreign competitors. With respect to the project that is being negotiated in Peru at the present time I understand there are 30 bidders, of which not one is Canadian or American.

Senator BRUNT: No American bidder, you say?

Mr. STUART: No.

Senator CROLL: The Americans have some facilities.

Mr. KINSMAN: Yes, excellent ones, particularly through the Export Bank at Washington. We have been pressing for many years to have adequate bidding facilities.

Mr. STUART: I do not know why there have been no American bidders. A consortium of industries is required in making a bid on this project, and I am hoping to interest some American companies in a joint effort, but at the present time no American firms have made a bid. There is no question of a cash sale in that connection. Obviously the purchase price of the equipment involved is to be retired out of the profits earned from the operation of the enterprise in Peru. This is the pattern in the undeveloped countries.

Here in Canada we have, as everyone knows, high labour costs and all the other disadvantages. We had until recently a fairly expensive dollar, and to this is added the compounding inability to meet foreign credit terms. As to facilities that are needed, we have to have some arrangement which will enable the Canadian manufacturer not only to be competitive in the matter of interest rates and its overall cost, but also on such a basis that his own credit is not imperilled. Otherwise, the volume of the business that he is able to put into the export field will be severely restricted. There has been no announcement of ground rules and policies under which the Export Finance Corporation still operate. We are anxiously awaiting statements when they are arrived at.

Senator CROLL: Without giving names, could you give us a little lead, in the main, where these other bidders come from?

Mr. STUART: I have not that information now, but I believe there are a number of European bidders, and I imagine also Japanese bidders, too.

Senator BRUNT: Has there been any case where a Canadian firm would go into a joint venture on this with an American firm, with the American firm providing the long-term credit?

Mr. STUART: I do not know of any examples; there may be.

Senator BRUNT: It is not a common practice to have a joint venture between an American and Canadian firm?

Mr. STUART: I am not qualified to answer that question, I do not know. There may be precedents for this. Of course, it does not necessarily have to be an American firm, it may be a German firm. However, I think it is important to say this, that if Canadian bidders are quoting and concerting with foreign firms, financial problems become very difficult. It might be difficult to get the bank at Washington to offer terms on our portion of the contract.

Senator BRUNT: But because of favourable costs and other favourable circumstances, a Canadian firm might be able to provide a certain part of the contract with an American firm at a lower cost?

Mr. STUART: Yes, I think that is substantially correct. In my own experience, Canadian costs are often shared with American costs, for various reasons.

Mr. KINSMAN: They would not finance the Canadian portion, however.

Mr. STUART: It does not really matter if you are 5 per cent or 10 per cent higher, if you cannot offer the necessary payment terms to give the project the necessary financing, you have not a hope.

Senator CROLL: Is that the sort of thing that they ask for typically in South America?

Mr. STUART: Yes, that is typical.

Mr. KINSMAN: We had a case about two years ago, I believe, sir, involving capital goods to Mexico in the amount of millions of dollars. I believe the Canadian offer was the lowest in price, but the credit terms were very restricted. The business went to a foreign competitor because the Mexican government insisted, nevertheless, on 7 or 10 years to pay. This was with respect to railway equipment by the Canadian Car Company.

Senator HUGESSEN: Do these foreign bidders get favourable credit terms from their own government?

Mr. KINSMAN: Oh, yes, sir, much better than ours have been, although I hope no better than ours will be under the new regulations policy. The Export Finance Corporation is sitting down with the chartered banks at the moment and working out a set of ground rules, which have not yet been published, and until they are published we do not know quite what they will be, whether as good as our foreign competitors or not; we sincerely hope they will be.

Mr. STUART: We hope they might even be better.

Senator CROLL: I followed the brief very carefully. In the minds of the Canadian people, however, I think there runs this thought, with which they have been concerned for a very long time: We have the actual resources in Canada, we lack population, and for a generation, or some generations perhaps, we have not been able to build up our secondary industries. We are aware of it, but we do not know what to do about it. You say in the brief what is necessary to do. Well, where do we go from there to get a start at building up our secondary industries in some direction? What do we need to do?

Mr. KINSMAN: Well, first of all, the obvious answer, of course, is that we need to make an acceptable product at a proper price. Why do we import \$1,300,000,000 odd of consumer goods from the United States—I don't know.

Senator CROLL: Well, why?

Mr. KINSMAN: I don't know. The cry has been that the market is being flooded with consumer goods produced by low wage countries. That just is not true. Our imports from the United States are almost double. Of course, in the United States they have the advantages of the large unit, as well as a big home population. But if we are going to build up a secondary industry, and I agree that is very desirable, and we do it by cutting off our imports and thereby cutting off our exports, we must realize that we are on the horns of what my old house master used to call a "duenna". I think this debate at the moment as to what to do about it is most productive and shows that people are thinking about it. I believe we have been thinking more about it now than we have done for a long time; that is why the committee is meeting here this morning. It is a hard nut to crack, but it cannot be done behind a high wall of protection.

Senator CROLL: There is no one around the table that will disagree with you, but where have we started to crack it? You are in the business. We have had a long time at it for 25 or 30 or perhaps 50 years talking about it. Now where do we start to crack it.

Mr. KINSMAN: Well, this again is a supposition on my part. What is the percentage of Canadian secondary manufacturing owned abroad? It is over 50 per cent, is it not?

Mr. STUART: I think that is correct, I do not know.

Mr. KINSMAN: I think it is around that figure. We have the situation of the branch plant sitting in some other country. Does that plant enjoy the advantages of technological advance, and things like that, for the benefit of the expansion of the national economy of Canada, or for the financial benefit of the foreign owner? I think that is one of the problems we have to solve there.

Senator CROLL: How do you solve it?

Mr. KINSMAN: There have been several statements made in the House of Commons in recent months on that, sir. Quite obviously if you have a restrictive practice on capital, you will have the old "duenna", you see.

Senator CROLL: Do you like Mr. Coyne's suggestion that we go into quota and employ other such restrictive methods and controls? I see you are cringing a bit.

Mr. KINSMAN: I am, sir, a little. I am not capable of debating with him, but it does not seem to me to be the right answer.

Mr. STUART: May I add a comment? I think it is true that where we are nothing but a branch plant in the economy our competition in world markets is difficult; but it should be remembered that some of the subsidiary companies in Canada have been put here expressly for the purpose of exporting. Also, I think it would be in order to encourage, and perhaps the Government might also encourage it, the performance of more design in Canada on the part of the subsidiary and encourage the subsidiaries to export. I think those two developments would assist our position.

Senator CROLL: Then we are back again to where we started. What do you do to encourage exports? Never mind whether it is a subsidiary or not—that exists, and that is our media.

Mr. STUART: I would like to suggest that the Export Trade Conference was a very sound move in that direction. It is a question of contacts and familiarity of conditions and foreign trade, and a good beginning has been made in that direction. Canadian businessmen realize what is necessary in the way of design and cost structure, I hope, and if they are to be competitive, there will be a model to follow from that.

Senator PRATT: I was not here during the first part of the proceedings this morning, so I am not too familiar with all that has gone before, but I would like to ask one question. Is it so that most of the exports from Canada of manufactured goods are from companies and plants that are primarily there for the domestic trade, and their exports consist of surplus?

Mr. KINSMAN: Yes, as a general rule, I would say that is true—what we call the Friday afternoon exporter.

Mr. STUART: I think that is generally true, but it requires a statistical answer. I think there are a number of companies which have built their companies for export purposes, and it is not just a question of export surpluses.

Exporting surpluses under today's marketing conditions is an impractical procedure. To build up exports takes years and long contact with foreign markets. It cannot be done on an in and out basis.

Senator PRATT: Do you find in the Canadian export business that a considerable amount of exporting is done through exporting organizations, that is, sales organizations that are set up to handle a varied number of products, or is most of it done by industry itself who want to export just its own products?

Mr. STUART: I think the export houses have an important function but I doubt if they would represent the majority of exports of Canada.

Senator PRATT: In Europe generally and in England particularly there are a great many outstanding export sales companies which handle the products of one and another and another, and that is what really puts the enterprise in the foreign selling field. We do not have this to any great degree in Canada, do we?

Mr. KINSMAN: No, the British, and the Greeks possibly, are big international traders. They are accustomed to going to outlandish places and selling the natives what they want. We do not have that tradition in Canada. Therefore the general export house is not as big, nor perhaps as efficient and capable, as it might otherwise be. The majority of exports from Canada are made by the big resource industries and they do their own exporting through their own sales offices abroad. As Mr. Stuart said, you cannot be in that kind of

market on an "in-and-out" basis. If you want to sell to Fiji, you have to have a man in Fiji who will know the wants and needs of local people there.

Senator PRATT: I always thought that there was a lack of enterprise on the part of Canadian industry generally on the exporting end because most of the exporting firms would be relatively small and there would be no concentration in sales organizations.

Mr. KINSMAN: I think that would be a fair statement.

Mr. STUART: I think that is an outgrowth of Canada's pioneering economy.

Senator CROLL: Mr. Kinsman, would you like to see us join the Common Market?

Senator PRATT: Which common market?

Senator CROLL: You know what I mean, Mr. Kinsman?

Mr. KINSMAN: Yes, Senator Croll, and I am trying to give you a fair answer. No, I do not think so. It is a hard question to answer. I think we would be in just another bloc, that is all. I think we would be swamped. It does not seem to be the answer unless the Common Market comprises all the countries of the world.

Senator CROLL: Have you in mind any other combination?

Mr. KINSMAN: About 12 months ago I thought that if we joined any combination it might be advantageous but today I am not so sure. I think we should scale downwards the bad effect of the Common Market. The situation is very grave, mind you, and it is going to be very serious for us unless our negotiators in Geneva and elsewhere can sweeten this situation. I think we must depend a great deal on American influence in this regard—they are disturbed about it, as we are, and they are more powerful.

Senator ROBERTSON: On the question of the alternative bloc, as you probably know the OECD, which is a combination of 20 nations of the Western world, will bring a new organization into existence which we may see fit to join. It is just a structure yet, involves no obligation as yet. But last year at the NATO Parliamentary Conference Dr. Hallstein who is, as you know, the chairman of the Inner Six, in his speech in Washington—obviously he was under attack for showing lack of interest in bringing the Six and Seven together—said that in due course the gulf between the Six and Seven would likely be bridged, but the great danger was that in bridging that gulf they open a wider gulf between the two sides of the Atlantic. I asked him afterwards what he meant by that and it was certainly definitely in his mind that after the American election that the United States—he had the idea, I am not saying it is—that the United States was going to enter into some relationship, some economic relationship between the Six and Seven combined, and I asked him in what form and he said with very much enlarged powers under the reciprocal trade agreement which had pretty well run out in the United States, and this is what he had in mind as happening.

Now, as you will remember, since then, under the initiative of the Americans OECD has come into existence or at least a suggested existence, not without a good deal of skepticism and criticism as to what the American objects were. Some friends of mine in the United States who have been very close to this seem to think that in some form or other it is coming into existence, at least the Americans are going to invite the other 19 countries to come into association that is, this group of 20 countries, in principle if not in fact. That is the object. The Inner Six are doing among themselves what they are trying to get the Six and Seven to do in some form. Under those circumstances it would be open of course to any other country of the 20 to become associated or not. Supposing that the Six and Seven and the United States become associated on the same basis of that kind with a gradual reduction in tariffs over the years, and if Canada

were not a member what would your view be of that taking place—Canada not being a member?

Mr. KINSMAN: I think it would be appalling, disastrous—it would be economic ruin as far as we are concerned. I said just now we can go along with the United States on softening the impact of this Six and Seven organization. Their interests and ours are the same and I hope we will go along with them. I believe the present stagnancy in Geneva at the moment is because every one is waiting on the determination of North American policy.

Senator ROBERTSON: I would like to remind you that the chief architect of the Eisenhower administration in this movement, Mr. Dillon, is the only one of the Eisenhower cabinet who was taken in as Secretary of the Treasury of the Kennedy administration.

Mr. KINSMAN: I remember Mr. Dillon made a speech about a year ago in Paris saying that there should not be those two blocs in Europe and that the United States and Canada should get together to see that this permanent split in Europe did not occur. I remember at that time sending a telegram to the Minister of Trade and Commerce hoping we would take advantage of Mr. Dillon's statement and pursue ways and means of associating ourselves with the United States in this endeavour. It is very encouraging to find, that Mr. Dillon is a holdover from the Eisenhower cabinet and has moved on to the important post of Secretary of the Treasury. I think this is a good sign.

Senator CROLL: As a result of what Senator Robertson has said: the Americans are taking certain steps to soften the blow of the Common Market by establishing plants in the Common Market area. Do you agree with that?

Mr. KINSMAN: That is right, sir.

Senator CROLL: Is it not significant to you that one of the first plants from Canada to establish itself in the common market area happens to be a Government plant? Does that not indicate to you what is likely to have to happen on the part of Canadian manufacturers?

Mr. KINSMAN: Yes. As a matter of fact,—I do not know whether the establishment of that Government-owned plant is an expression of Government policy—

Senator CROLL: I did not suggest that.

Mr. KINSMAN: As a matter of fact, I was reading an article in the Gazette this morning about the lack of control over Crown-owned corporations. Certainly, I know many plants have been established in Europe by Canadians, to take advantage of the Common Market, or, rather, to escape certain disadvantages. My own company has one, the Coleman Company has, and Atlas Steel as well.

Senator PRATT: I suggest you cannot rule out that or condemn it, because it is going on all over the world among all manufacturers.

Mr. KINSMAN: "If you can't lick 'em, join 'em," I suppose that is the answer. Your company, or my company, might do it because we feel that we would not be in the market otherwise.

Senator CROLL: You say, "If you can't lick 'em, join 'em." Do you think we can "lick" the common market?

Mr. KINSMAN: No, not by ourselves.

Senator ROBERTSON: Is the point not this, that you do not deal as a country in the markets of the world, but as individual industries, individual firms or businesses?

Mr. KINSMAN: I would sincerely hope that at the Government level we could take advantage of the interest between ourselves and the United States in this regard.

Senator LEONARD: Mr. Chairman, we are very much indebted to the Exporters' Association, and, particularly to Mr. Kinsman, Mr. Stuart and their associates, for the very forthright and frank way in which they have presented their brief and answered all our questions. I am sure it is going to be very helpful to us in our deliberations. We are very grateful.

Mr. KINSMAN: Thank you, sir.

Senator PRATT: May I make a comment, Mr. Chairman?

The CHAIRMAN: Yes.

Senator PRATT: In view of the fact that the export trade of Canada in relation to manufactured goods, generally, is at a disadvantage today, and there is almost an hiatus existing, one would think, a lack of outstanding policy, largely because of the prevailing conditions—do you not think that we have reached the time now when, in order to give impetus to Canadian exporting—particularly in the processing and manufactured goods—exporting should be regarded by the Government as deserving a separate policy from industry generally, by reason of the fact, say, that people who would put up plants which are designed for producing exports, would get special depreciation allowances and maybe even an incentive by means of reduced taxation, say income or profits tax, on goods that are exported and which have to go into competitive areas? Do you not think some policy such as that is required in order to give a real start to exporting from Canada?

Mr. KINSMAN: Yes, and, as a matter of fact, at the last convention of the Canadian Exporters' Association, at the Seignior Club in October of last year, we passed a resolution which had to do with financing long-term credits only.

Mr. STUART: And dollar premiums.

Mr. KINSMAN: Perhaps you might like to repeat the resolution?

Mr. STUART: I am afraid I cannot.

Mr. KINSMAN: In effect, we recommended to the Minister of Trade and Commerce that national policies primarily established for domestic reasons should be made wider and take into account the special problems of export.

Senator PRATT: Special policies for export?

Mr. KINSMAN: Yes. Mind you, there is a difficulty in regard to special tax concessions; and that is it is claimed that it would be contrary to the general interest of trade.

Senator PRATT: Did you make any specific recommendations as to how that policy should be brought into effect?

Mr. KINSMAN: No, we were talking purely in general terms, particularly in regard to long-term financing and Canadian dollar premiums. The policy of the Bank of Canada might be established for domestic reasons, and they might not be of assistance to the export trade.

The CHAIRMAN: Thank you, gentlemen, for your excellent presentation.

The CHAIRMAN: We have with us now, gentlemen, Professor Judek, Associate Professor of Economics at the University of Ottawa. If you do not mind, Professor Judek would like to read his brief before being asked any questions. In that way we think it would be easier for him and quicker.

Professor S. Judek, Associate Professor of Economics, University of Ottawa: Mr. Chairman, the report I am presenting today is part of a larger study which was prepared by me, and I understand that it will appear in toto as an appendix to the proceedings of this meeting?

The CHAIRMAN: Yes.

Prof. JUDEK: Mr. Chairman and honourable senators, my report to the Special Committee of the Senate on Manpower and Employment is as follows:

I INTRODUCTION

One of the most striking features of the last decade has been the persistence of localized unemployment during periods of general prosperity despite the increase in national employment and income in Canada. Some local labour markets have lost their source of employment because of a relative decline of main industries and as a consequence are gradually becoming labour surplus areas. It seems that as the Canadian economy matures some areas and some industries fade, leaving a residue of workers not always able or willing to move to other areas and industries.

Generally speaking, the most essential causes of persistent and localized unemployment are shifts in consumption patterns, technological changes, depletion of resources and protracted seasonality. This would suggest that originating factors may be outside the control of the local economies. In other words, the local economies may be unable to adjust themselves to changes in the national economy. On both humanitarian and economic grounds, the redevelopment of distressed areas is essential to prevent the existence of "ghost communities" amidst relative plenty, and to allow balanced and steady economic progress throughout the nation as a whole. Clearly the problem of labour surplus market areas is a national, economic and political problem that should concern all levels of government in Canada.

The objective of full employment will not be attained so long as the labour surplus market areas are allowed to persist. An effective national full employment policy, by necessity, must include special provisions to deal with those areas which lag behind the national progress. These provisions must be separated from an overall national policy and be diverted specifically to the existing pockets of localized and chronic unemployment. The past decades have proven that our economy can expand. However, while national production and employment may reach high levels, some areas can and do lag behind and pockets of high unemployment are likely to develop in the future as they have done in the past. It seems imperative therefore that if we are to secure a high level of employment in the country as a whole it is a necessary prerequisite to launch an attack against localized and chronic unemployment.

The first part of this study is concerned with the identification of the labour surplus market areas in Canada. A summary of the main characteristics of the selected labour surplus market areas follows. The last part of this report is concerned with the author's specific suggestions and recommendations in order to devise the necessary and appropriate policies to relieve and reinvigorate the labour surplus areas in this country. An outline of the experience of other countries with the problem of chronic unemployment is given in Appendix 1.

II IDENTIFICATION AND LOCATION OF LABOUR SURPLUS MARKET AREAS

(a) N.E.S. Registrations and Paid Workers, by Local Labour Market Areas, 1953-1959:

The Federal Department of Labour identifies 110 local labour market areas in Canada, which cover approximately 90 to 95 per cent of the total paid workers. A labour market is usually identified with a particular geographical area within which the supply and demand for labour are assumed to adjust to each other. This assumption implies that there is a territorial and occupational mobility of labour, under the impact of dynamic elements present in the local economy.

The 110 labour markets in Canada are grouped into four different categories (metropolitan, major industrial, major agricultural and minor) on the basis of the size of the labour force. The key to the grouping of local labour market areas into the four mentioned categories is shown below:

Metropolitan Areas:

Labour force 75,000 or more.

Major Industrial Areas:

Labour force, 25,000 to 75,000 of which 60 per cent or more is engaged in non-agricultural activity.

Major Agricultural Areas:

Labour force 25,000 to 75,000 of which 40 per cent or more is engaged in agriculture.

Minor Areas:

Labour force 10,000 to 25,000.

The geographical boundaries of the labour market areas are not identical with those of the municipalities after which they are named, but they coincide rather with the district serviced by the particular local office or offices of the National Employment Service. The principal factor determining the geographical boundaries of the N.E.S. local office is the transportation and communication facility and ease with which the workers may be in contact with the N.E.S. office. In some instances two or more N.E.S. areas are amalgamated into one local labour market.

In this study the operating statistics of the "applications for work on file with National Employment Service Offices" are used as a measure of "unemployment". The N.E.S. registrations are compiled mainly for internal administrative purposes and, therefore, serve only as a partial index of unemployment in the country or a region. Acknowledging all reservations concerning the N.E.S. registrations as a measure of unemployment, however, it is a fact that these series are the main available source of statistical data on local labour market areas, and for the purposes of this study, which is not concerned with the actual unemployment but rather with the relative changes in unemployment and relative comparisons as between different labour market areas, the N.E.S. statistics are useful for the analysis of local unemployment situations.

N.E.S. monthly registrations in absolute figures and as a percentage of estimated paid workers have been averaged for the period of 1953-1959 for 109 local labour markets (Kitimat has been excluded as it was formed as a separated labour market only in recent years). The seven-year annual averages of monthly registrations to paid workers are to be found in Map 1 attached to the large study included in these proceedings.

N.E.S. monthly registration in absolute figures and as a percentage of paid workers have been averaged for the summer months, May-October, and for the winter months, (November-April), for each local labour market for the same period of 1953-1959 and all market areas have been ranked in descending order within each market group. The six-year winter months averages are indicated in Map 2 attached to the larger study included as an appendix to these proceedings.

A general indication of the impact of seasonal variations upon registrations is illustrated in **Chart 1**, which shows monthly registrations as a percentage of paid workers during the summer months of 1953-1959 and during the winter months of 1953/54-1958/59. The significant feature of this chart is the wide seasonal variation in registrations in the Atlantic provinces and in the province of Quebec.

(b) Statistical Criteria and the Selection of Labour Surplus Market Areas:

It is not easy to define precisely the statistical and other criteria for the selection of labour surplus market areas. One of the most often employed criteria is that "substantial" and "persistent" unemployment exists in an area when it exceeds the national level for an extended period of time. The terms "substantial" and "persistent" themselves pose a difficulty of definition. Localized unemployment in Canada is especially difficult to assess because of the presence of seasonal variations. This alone renders it difficult to identify and select the labour market areas with chronic unemployment as opposed to those suffering from severe seasonal unemployment. For this reason it was decided to rely upon the ratio of unplaced applicants to the number of paid workers in a labour market area and use summer months, (May-October), averages because during this period unemployment due to seasonal variations is largely eliminated or quite low. The labour surplus market areas were identified only when they showed a significant proportion of the paid workers out of work over a period longer than the interval between one recession and another. In this study a period of seven years, 1953-1959, was examined.

It is impossible, even after making allowance for cyclical and seasonal unemployment, to estimate precisely the actual number of workers chronically unemployed at any given time as there is always a certain amount of frictional unemployment. However, the characteristic feature of labour surplus market areas is the fact that they show a high percentage of registrations to paid workers far above the national level during the summer months even during the prosperity phase of a business cycle. It has to be admitted that some portion of registrations during summer are students, who are not part of the paid workers group. However, this factor can be disregarded in defining the statistical criterion because it is present in all labour market areas and, therefore, it affects the national average ratios as well as local labour market ratios. The level of unemployment, it can be argued, may not fully reflect the extent of economic distress of the selected areas because there may be under-utilisation of labour in such areas, which is not reflected in the total number of unemployed. It is very likely that some individuals who remain outside the labour force would probably seek and accept work if the unemployment situation were less severe. Admittedly also data on unemployment alone do not reflect the whole dimension of economic distress as there may be some underemployment (employment for less than a full working week) in labour surplus market areas.

In addition to the unemployment criterion other factors might be considered in the determination and selection of the depressed areas, such as the level of personal income per person, the level of production, etc. It is possible for a given area to show a high level of unemployment but for the level of wages and personal income to be relatively high. These qualitative factors are important in identifying and evaluating local labour market areas.

TABLE I
 STATISTICAL CRITERIA FOR THE CLASSIFICATION OF THE LABOUR MARKET AREAS, 1953-1959
 RATIO: AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS

Labour Market Groups	Labour Surplus Market Areas			Problem Labour Market Areas	Normal Labour Market Areas
	Summer Months (May-October)	Calendar Year	Winter Months (November-April)	Summer Months (May-October)	Summer Months (May-October)
Metropolitan Areas.....	25% above the national seven-year average monthly ratio (i.e., 7.5 per cent and above)	Annual monthly ratio persistently above the national average monthly ratio for each year and in the last 3 years about 30% above the national rate	Ratio above the national six-year average monthly and well above the national rate during the last 3 years	Above 6.0% and up to 7.5%	Below the national seven-year average monthly ratio (i.e., below 6.0%)
Major Industrial Areas..	30% above the national seven-year average monthly ratio (i.e., 9.0 per cent and above)	Annual monthly ratio persistently above the national monthly average ratio for each year	Ratio above the national six-year average monthly ratio	Above 7.0% and up to 9.0%	Below the national seven-year average monthly ratio (i.e., below 7.0%)
Major Agricultural Areas	50% above the national seven-year average monthly ratio (i.e., 7.4 per cent and above)	Annual monthly ratio persistently above the national monthly average ratio for each year	50% above the national six-year average monthly ratio	Above 4.9% and up to 7.4%	Below the national seven-year average monthly ratio (i.e., below 4.9%)
Minor Areas.....	50% above the national seven-year average monthly ratio (i.e., 8.7 per cent and above)	Annual monthly ratio persistently above the national average monthly ratio for each year	30% above the national six-year average monthly ratio	Above 5.8% and up to 8.7%	Below the national seven-year average monthly ratio (i.e., below 5.8%)

This inquiry comprises labour surplus market areas selected mainly, but not wholly, according to a quantitative set of criteria. In view of a lack of homogeneity in the industrial structure of the local labour market areas as between the four different categories of market groups, a different set of criteria is used for each labour market group. For the purpose of identification of labour surplus, problem and normal market areas, the statistical criteria described in Table I were used in this study as based on average monthly registrations as a percentage of paid workers.

✓ The principal criteria which I used for the selection of labour surplus market areas were the seven-year average monthly ratios of registrations to paid workers during the summer months (May-October) and the similar ratios ✓ for calendar year and winter months were considered as subsidiary criteria only. In some instances, however, although the statistical criteria classified a labour market area as a labour surplus area, it was decided to consider it rather as a problem area (i.e. not requiring immediate policy attention) because seasonal unemployment occurred in summer rather than in winter months. This was the case with Oshawa, for example.

Table II shows the selected labour surplus market areas within each market group, the seven-year average monthly registrations and the percentage of registrations to paid workers during summer months and calendar years, as well as six-year average monthly registrations and the percentage of registrations to paid workers during winter months:

TABLE II

SELECTED LABOUR SURPLUS MARKET AREAS, 1953-1959

Types of Labour Market Areas	Summer Months (May-October)		Calendar Year		Winter Months (November-April)	
	Average Monthly Registrations, 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953-1959	Average Monthly Registrations, 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953-1959	Average Monthly Registrations, 1953/1954- 1958/1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953/54- 1958/59
	'000	%	'000	%	'000	%
Metropolitan Areas						
Windsor-Leamington.....	8.9	10.9	9.5	11.5	10.6	12.8
Vancouver-New Westminster- Mission City.....	20.3	8.4	27.8	11.6	35.9	15.1
St. John's.....	4.6	7.7	9.1	15.3	14.1	23.9
National Average.....		6.0		8.5		11.4
Major Industrial Areas						
Corner Brook.....	1.8	9.8	2.9	15.6	4.3	23.0
Shawinigan Falls.....	2.2	9.4	3.4	14.7	4.7	20.6
Lac St. Jean.....	4.9	9.1	7.8	14.7	10.8	20.6
Rouyn-Val d'Or.....	3.0	9.1	3.8	11.7	4.8	15.0
New Glasgow.....	1.6	9.0	2.5	14.6	3.6	21.3
Cornwall.....	1.7	8.6	2.4	11.9	3.2	15.8
National Average.....		7.0		10.1		13.7
Major Agricultural Areas						
Thetford-Megantic- St. Georges.....	2.5	9.3	4.2	15.6	6.1	22.5
Riviere du Loup.....	1.4	8.5	3.1	19.0	5.0	30.5
National Average.....		4.9		9.2		14.0
Minor Areas						
St. Stephen.....	0.8	11.4	1.3	18.6	1.8	26.2
Campbellton.....	0.9	11.1	1.6	19.4	2.3	28.3
Gaspé.....	2.9	10.7	7.0	25.2	11.5	41.3
Newcastle.....	1.1	10.7	1.9	19.2	2.8	28.9
Rimouski.....	1.3	10.4	2.7	21.9	4.2	33.7
Bathurst.....	1.0	9.5	2.7	25.8	4.6	43.9
Montmagny.....	0.7	9.0	1.4	16.5	2.1	24.9
National Average.....		5.8		11.4		17.0

Out of 12 metropolitan areas I selected three as labour surplus market areas, namely, Windsor-Leamington, Vancouver-New Westminster-Mission City, and St. John's, Newfoundland. Out of 26 major industrial areas I selected six, Corner Brook, Shawinigan Falls, Lac St. Jean, Rouyn-Val d'Or, New Glasgow and Cornwall. Out of 14 major agricultural areas I selected two, Thetford-Megantic-St. Georges and Riviere du Loup. Out of 57 minor areas I selected seven. The attached Map 3 shows the location of labour surplus, problem and normal labour market areas. The darkest colour shows the labour surplus areas, and it will be noted that these are located mainly in the Maritimes and Quebec.

(c) Department of Labour's Classification of Labour Market Areas, 1953-1959: The Department of Labour's classification of the labour market areas for the period 1953-1959 has been examined from monthly information published in the Labour Gazette. Local labour market area's registrations are expressed as a percentage of the estimated number of paid workers in a given area. The ratios of all labour markets are then grouped on the basis of statistical criteria

and other supplementary information, into four classifying categories to indicate a shortage, balance or substantial and moderate surplus of labour in relation to available job opportunities. The purposes of this classification are as follows: to provide better understanding of current variations in local employment conditions within each region and between regions as well as within each local labour market area; to outline the changing pattern of economic and employment activities of the country as a whole and of local labour markets; to assess the factors causing the shortage or surplus of labour at a local labour market level and to examine these factors in order to determine whether they are of a permanent or temporary nature; and to indicate the impact of seasonal variations upon employment and unemployment in the local labour market areas and the whole regions of the country.

The statistical criteria on which this classification system is based are shown in **Table III**. I was concerned mainly with the classifications of substantial and moderate labour surplus.

TABLE III
RATIO RATINGS FOR LABOUR MARKET AREAS CLASSIFICATION N.E.S.
REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS

Classification Group	Category of the Labour Market Area			
	Metropolitan	Major Industrial	Major Agricultural	Minor
1. Substantial Labour Surplus.....	10.0 plus	12.0 plus	14.0 plus	14.0 plus
2. Moderate Labour Surplus.....	6.0 - 9.9	6.0 - 11.9	7.0 - 13.9	7.0 - 13.9
3. Balanced Labour Supply.....	2.5 - 5.9	2.5 - 5.9	2.0 - 6.9	2.0 - 6.9
4. Labour Shortage.....	0.0 - 2.4	0.0 - 2.4	0.0 - 1.9	0.0 - 1.9

The substantial labour surplus category applies to a labour market in which current or immediate prospective labour supply exceeds demand in almost all of the major occupations. The moderate labour surplus classification applies to labour market areas in which current or immediately prospective labour supply exceeds demand in about half of the major occupations. The balanced labour supply classification applies to areas in which current or immediately prospective labour demand and supply are approximately in balance for most of the major occupations. Finally, the labour shortage category includes labour market areas in which current or immediately prospective labour demand exceeds supply in most of the major occupations.

In classifying the local labour market areas the Department of Labour does not rely entirely on the statistical criteria but takes into account additional information on labour market conditions, which is obtained from various sources, such as the monthly reports of the local N.E.S. offices, special reports of field representatives of the federal Department of Labour in Ontario and Quebec, statistical reports of the D.B.S., supplementary information of different departments of the federal Government and of provincial and municipal authorities.

Table IV shows the distribution of the monthly substantial and moderate labour surplus classification of the Department of Labour for the selected surplus market areas for the years 1953 through 1959.

TABLE IV
LABOUR SURPLUS MARKET AREAS

Distribution of Monthly Substantial and Moderate Labour Surplus Classification
of the Department of Labour, 1953-1959

Type of Labour Market Areas	Summer Months (May-October)					
	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a Percentage of Total Summer Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a Percentage of Total Summer Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a Percentage of Total Summer Months
		%		%		%
Metropolitan Areas						
Windsor-Leamington.....	20	47.6	14	33.3	34	80.9
Vancouver-New Westminster- Mission City.....	2	4.8	29	69.0	31	73.8
St. John's.....	5	11.9	16	38.1	21	50.0
Major Industrial Areas						
Corner Brook.....	9	21.4	18	42.8	27	64.2
Shawinigan Falls.....	5	11.9	33	78.6	38	90.5
Lac St. Jean.....	4	9.5	28	66.7	32	76.2
Rouyn-Val d'Or.....	8	19.1	24	57.1	32	76.2
New Glasgow.....	5	11.9	29	69.0	34	80.9
Cornwall.....	5	11.9	29	69.0	34	80.9
Major Agricultural Areas						
Thetford-Megantic- St. Georges.....	3	7.1	21	50.0	24	57.1
Riviere du Loup.....	7	16.7	7	16.7	14	39.4
Minor Areas						
St. Stephen.....	8	19.1	23	54.7	31	73.8
Campbellton.....	8	19.1	20	47.6	28	66.7
Gaspe.....	8	19.1	20	47.6	28	66.7
Newcastle.....	9	7.1	33	78.6	36	85.7
Rimouski.....	8	19.1	18	42.8	26	61.9
Bathurst.....	5	11.9	17	40.5	22	52.4
Montmagny.....	5	11.9	15	35.7	20	47.6

SOURCE: "The Labour Gazette", Department of Labour, 1953-1959.

TABLE IV—Continued

LABOUR SURPLUS MARKET AREAS—Continued

Distribution of Monthly Substantial and Moderate Labour Surplus Classification of the Department of Labour, 1953-1959—Continued

Type of Labour Market Areas	Calendar Years					
	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a Percentage of Total Summer Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a Percentage of Total Summer Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a Percentage of Total Summer Months
		%		%		%
Metropolitan Areas						
Windsor-Leamington.....	43	51.2	29	34.5	72	85.7
Vancouver-New Westminster-Mission City.....	30	35.7	43	51.2	73	86.9
St. John's.....	42	50.0	21	25.0	63	75.0
Major Industrial Areas						
Corner Brook.....	43	51.2	26	31.0	69	82.2
Shawinigan Falls.....	43	51.2	37	44.0	80	95.2
Lac St. Jean.....	37	44.0	36	42.9	73	86.9
Rouyn-Val d'Or.....	33	39.3	40	47.6	73	86.9
New Glasgow.....	43	51.2	33	39.3	76	90.5
Cornwall.....	36	42.9	40	47.6	76	90.5
Major Agricultural Areas						
Thetford-Megantic-St. Georges.....	33	39.3	32	98.1	65	77.4
Riviere du Loup.....	42	50.0	12	14.3	54	64.3
Minor Areas						
St. Stephen.....	48	57.1	25	29.8	73	86.9
Campbellton.....	42	50.0	28	33.3	70	83.3
Gaspe.....	45	53.6	24	28.6	69	82.2
Newcastle.....	41	48.8	37	44.0	78	92.8
Rimouski.....	45	53.6	22	26.2	67	79.8
Bathurst.....	43	51.2	21	25.0	64	76.2
Montmagny.....	40	47.6	22	26.2	62	73.8

SOURCE: "The Labour Gazette", Department of Labour, 1953-1959.

TABLE IV—*Concluded*
 LABOUR SURPLUS MARKET AREAS—*Concluded*

Distribution of Monthly Substantial and Moderate Labour Surplus Classification
 of the Department of Labour, 1953-1959—*Concluded*

Type of Labour Market Areas	Winter Months (November-April)					
	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a Percentage of Total Summer Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a Percentage of Total Summer Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a Percentage of Total Summer Months
		%		%		%
Metropolitan Areas						
Windsor-Leamington.....	21	58.4	13	36.1	34	94.5
Vancouver-New Westminster- Mission City.....	24	66.7	12	33.3	36	100.0
St. John's.....	32	88.9	4	11.1	36	100.0
Major Industrial Areas						
Corner Brook.....	30	83.3	6	16.7	36	100.0
Shawinigan Falls.....	33	91.7	3	8.3	36	100.0
Lac St. Jean.....	28	77.8	7	19.4	35	97.2
Rouyn-Val d'Or.....	21	58.3	14	98.9	35	97.2
New Glasgow.....	33	91.7	3	8.3	36	100.0
Cornwall.....	28	77.8	8	22.2	36	100.0
Major Agricultural Areas						
Thetford-Megantic- St. Georges.....	26	72.2	9	25.0	35	97.2
Riviere du Loup.....	30	83.4	4	11.1	34	94.5
Minor Areas						
St. Stephen.....	34	94.5	2	5.5	36	100.0
Campbellton.....	30	83.3	6	16.7	36	100.0
Gaspe.....	32	88.9	3	8.3	35	97.2
Newcastle.....	33	91.7	3	8.3	36	100.0
Rimouski.....	32	88.9	3	8.3	35	97.2
Bathurst.....	33	91.7	3	8.3	36	100.0
Montmagny.....	30	83.3	6	16.7	36	100.0

SOURCE: "The Labour Gazette", Department of Labour, 1953-1959.

The frequency with which the labour market areas in that table had been classified as having substantial and moderate labour surplus cannot be explained solely by recession unemployment and the general decline of economic activities although, of course, such frequency tends to rise during recession years as compared with relatively prosperous years. It also appears that the recession impacts on unemployment last longer in such areas. The pockets of substantial and moderate labour surplus exist also while the country as a whole is enjoying prosperity and when employment and economic activity are expanding in most of the other regions and labour market areas.

In the metropolitan areas group, only St. John's has had one half of the 42 months during the summer months of 1953-1959 classified as periods of substantial and moderate labour surplus. Moreover, St. John's has had all the winter months during the same period classified as substantial and moderate labour surplus and nearly 90 per cent of the winter time characterized as substantial labour surplus. The other two metropolitan areas—Windsor-Leamington and Vancouver-New Westminster-Mission City—classified as labour surplus market areas have shown about three-quarters of the summer months as having substantial and moderate labour surplus and the Vancouver labour market area is subject to extreme winter unemployment.

In the major industrial group almost all the selected labour surplus market areas have had three-quarters of the summer months classified as having substantial and moderate labour surplus and practically all of them have had substantial and moderate labour surplus during the entire winter period.

For obvious reasons the major agricultural labour market areas have shown a relatively low frequency of substantial and moderate labour surplus during the summer months but the two selected labour surplus market areas have shown a high frequency of labour surplus during the winter months.

Among the minor labour surplus market areas all of them were in substantial and moderate labour surplus for about half to three-quarters of the summer months and practically all of them experienced substantial and moderate labour surplus during the winter months.

The above analysis of the distribution of monthly substantial and moderate labour surplus areas according to the classification of the Department of Labour during the years under consideration supports the previous findings as to the seriousness of unemployment in the selected labour surplus market areas. This is, I suggest, an official admission that there are such labour surplus market areas in Canada.

III SOME CHARACTERISTICS OF THE SELECTED LABOUR SURPLUS MARKET AREAS

For the purposes of this study, an analysis of N.E.S. registrations, by occupation and sex, was made for each labour surplus market area for the summer months (May-October) of 1953, 1955 and 1957-1959 and winter months (November-April) of 1952/53, 1955/56 and 1956/57-1958/59. Five-year monthly averages were calculated for each of the above periods and the absolute figures of unplaced applicants, by occupation and sex, were expressed as percentages of the total number of registrations. Quarterly data with respect to age distribution of unplaced applicants, both males and females, of each labour surplus market area have also been examined. The analysis of age distribution covers the years 1955-1959. The duration of claimants having an unemployment register in the "live file" with the local N.E.S. office has been taken in this study as a measure of the duration of unemployment. For each of the labour surplus market areas monthly average durations, measured in weeks, of all claimants and of claimants of thirteen

weeks and over have been calculated. This analysis covers the period 1955-1959 and is made for both males and females. Duration on the unemployment register indicates the cumulative number of weeks during which a claimant has reported to the local N.E.S. office to prove unemployment during the current period on claim. Consequently, a count of all claimants (regular and seasonal) having an unemployment register in the "live file" at the close of business on the last working day of the month may be considered as a rough measure of recorded unemployment among insured persons at a point of time. The Unemployment Insurance Act covers approximately 85 to 90 per cent of all paid workers engaged in non-agricultural activities in Canada. When a claimant establishes a benefit period, his total entitlement is calculated on the basis of his insured employment record over the last two years (or, if he had a previous benefit period within those two years, then it would date from the commencement of that benefit period, or a year, whichever is the longer period). Thus it can be said that a claimant's established duration is a function of his previous insurable employment.

The detailed analysis of registrations, by occupations and sex, age distribution of unplaced applicants, and duration of claimants having an unemployment register in the "live file" in the eighteen labour surplus market areas suggests the following general conclusions:

- (a) Female registrations with the N.E.S. offices during the summer months of 1953, 1955 and 1957-1959, constituted the highest proportion of total registrations in the metropolitan labour surplus market areas with the exception of St. John's. A five-year average of monthly female registrations expressed as a percentage of total monthly registrations was 22.6 in the case of the metropolitan labour surplus market areas, 18.9 in major industrial labour surplus market areas, 16.9 and 18.4 in the minor and major agricultural labour surplus market areas respectively. In the latter two areas, because of a lack of industrial diversification, there were less job opportunities for women and hence less incentive for them to register.
- (b) The unskilled labour registrations constituted a higher proportion of total monthly registrations in the metropolitan and major industrial labour surplus market areas than in the other two types of labour market areas. A five-year average of monthly male registrations classified as unskilled labour constituted 36.0 per cent of total monthly registrations during the summer seasons in the metropolitan labour surplus market areas. The corresponding percentages for the other labour market groups were as follows: major industrial labour surplus market areas—34.7; minor labour surplus market areas—32.1; and major agricultural labour surplus market areas—29.7. These proportions are relatively high because the unskilled workers are most subject to lay-off, and it is also they who tend to remain unemployed longer than skilled workers. These facts and figures indicate a definite need for training and retraining facilities and assistance for the unskilled workers in the labour surplus market areas discussed in this study.

The corresponding percentages of female unskilled registrations were much lower in all four labour surplus market area groups being 15.8 in the case of the metropolitan areas, 13.9 in the minor areas and 10.6 in the major agricultural and 9.3 in the major industrial areas. The above proportions differ widely as between particular labour market areas within each market group.

- (c) Amongst men in the Windsor-Leamington area the highest concentration of registrations during the summer months were in the transportation equipment manufacturing industry, reflecting the impact of automation; and also in metalworking, construction, service, transportation and clerical and kindred occupations. In the Vancouver and St. John's labour market areas, in addition to the above industries and trades, the unemployment during the summer months was also heavy in the lumbering and lumber products occupational group. In the case of major industrial labour surplus market areas, the principal occupational groups in which the male registrations were heaviest included construction, lumbering and lumber products, transportation, metalworking, service, coal mining and textiles. In the major agricultural labour surplus market areas again lumbering and lumber products, construction, transportation and service were mainly responsible for high chronic unemployment in these areas. In the minor labour surplus market areas the above four mentioned industries and trades plus fishing, food and tobacco products, accounted for a greater part of male registrations in the summer months.

Thus it would appear that chronic unemployment resulted from technological changes in some industries such as car manufacturing, or because of changes in demand for some commodities such as coal and textiles, or in industries of highly seasonal nature which show a high rate of unemployment in winter. Evidently the latter industries, the seasonal industries, are not capable of absorbing a reserve of labour in the labour surplus market areas even during the peak of their activities in the summer seasons. It would also appear that a lack of industrial diversification, particularly in the minor and major agricultural labour surplus market areas, and consequently too great dependence on primary industries as providers of employment for men, accounted for persistent localized unemployment in the labour market areas examined in this study. It follows then that remedial action designed for such areas would require an examination of the possibility of developing new industries and trades that would be more stable in their employment opportunities or, if this is found impossible, to expand training and retraining facilities in order to improve the mobility of labour. It seems that an economic policy designed—and even effectively carried out—to level off seasonal employment throughout the year would probably result in a higher employment in winter months but it would not diminish severe unemployment during the summer seasons in most of the labour market areas analysed. A high incidence of long-term unemployment of the workers in the construction and lumber industries even during the summer seasons reflects a high labour turnover and irregular employment of a large number of unskilled men.

- (d) The substantial difference between the occupational distribution of men and women is the relative concentration of female registrations in a relatively few occupational groups in all labour surplus market areas analysed. The chief occupational groups in which women experienced difficulties in finding jobs included clerical, service, sales, textiles and food and tobacco products. Again, a lack of industrial diversification in most of the labour surplus market areas would suggest a scarcity of job opportunities for the ever increasing number of women in the labour force and hence the high registrations in a few trades and industries that provide job opportunities for women.

In the labour surplus market areas, where some men remain persistently unemployed, there is a greater incentive for women to seek employment.

- (e) An examination of quarterly data of age distribution of unplaced applicants during the summer months of 1955-1959 showed that young men in the age group below 20 constituted 8.4 per cent of the average quarterly total figure of unplaced applicants in the metropolitan labour surplus market areas. The corresponding figures for other labour surplus market area groups were as follows: major industrial—11.3 per cent, major agricultural—14.6 per cent and minor—12.2 per cent. These percentages were much higher in the case of female unplaced applicants, being 18.6 per cent in the case of metropolitan areas; 28.0 per cent in major industrial areas and 26.1 per cent and 23.0 per cent in the case of major agricultural and minor areas respectively.

Persistent long-term unemployment may become a serious problem among young workers as a group if the young men's experience in joining the labour force influences the patterns of their working lives. Moreover, the job seeking efforts of younger people accentuate the difficulties of persistently unemployed "older" workers in finding jobs.

The above proportions of young men seeking work, perhaps, indicate the extent of training facilities required in the labour surplus market areas analysed.

Even more serious is the problem of the "older" workers in the age group of 45-64. A five-year average percentage of male unplaced applicants of this age group to total number of male unplaced applicants was 18.4 in the metropolitan labour surplus market areas, 21.5 in the major industrial areas and 16.8 and 21.3 in the major agricultural and minor labour surplus market areas respectively. It is this group of workers who find re-employment most difficult and whose family responsibilities in most cases are not yet over. These high percentages of "older" workers seeking work would again recommend introduction of extensive retraining schemes for older workers in the labour surplus market areas. The corresponding percentages of female unplaced applicants of the same age group, 45-64, were as follows: the metropolitan areas—16.3; the major industrial areas—8.6; the major agricultural areas—4.8 and the minor areas—11.0.

- (f) The seriousness of unemployment is reflected not only in numbers of people unemployed but also in the duration of unemployment. In this study duration of unemployment was measured in terms of the duration of claimants having an unemployment register in the "live file" during the summer months of 1955-1959. It has been established that in most of the labour surplus market areas approximately one-third of claimants have had an unemployment register in the "live file" for 13 weeks and over, and a five-year average of monthly duration of this group of claimants during the summer months was approximately 22.0 weeks.

A five-year average of monthly total weeks of male claimants who have had an unemployment register on the "live file" for 13 weeks and over expressed as a percentage of monthly total weeks of all male claimants was 71.1 per cent in the metropolitan labour surplus market areas, 64.2 in the major industrial labour surplus market areas, 63.5 and 65.2 in the major agricultural and minor

labour surplus market areas respectively. These high percentages suggest a high degree of persistent and long-term unemployment experienced by one-third of male claimants in these labour market areas. The corresponding figures for female claimants of the same category were as follows: the metropolitan areas—77.1 per cent, the major industrial areas—72.0 per cent, the major agricultural areas—68.3 per cent and the minor labour surplus market areas—70.5 per cent.

IV RECOMMENDATIONS

I believe it has been established in this study that the labour surplus market areas face persistent unemployment resulting from causes beyond their control such as protracted seasonality, changes in technology, lack of industrial diversification, depletion of resources, changes in consumers' demand, etc., and hence localized and chronic unemployment in these areas must be considered as a national problem.

The objective of high employment under the condition of relative price stability and reasonable rate of economic growth makes it imperative to develop in Canada a national economic policy that amongst other things would include area-oriented measures to deal with the high localized unemployment. A national economic policy automatically assigns a key role to the Federal Government of Canada in devising and executing such a policy in close co-operation with the provincial and municipal governments as well as with the local development associations and other public and private institutions and agencies vitally interested in regional and local economic development.

Attempts to find a long-term solution to the chronic unemployment in the labour surplus market areas through an overall economic expansion of the country as a whole are not likely to succeed locally, because it has now become obvious that this type of unemployment does exist in particular areas even in prosperous times. It is more likely, unless appropriate action is taken now, that the local disequilibrium between the available job opportunities and the supply of labour will, in fact, become increasingly more serious and the pockets of localized chronic unemployment will increase in number, even if we succeed in using fiscal and monetary policies to deal with cyclical unemployment.

It seems to me that all efforts must be made to equip a part of our labour force with the new skills that will be in demand in the age of automation, to improve mobility of labour and to diversify local economies in order to prevent further growth of localized chronic unemployment.

It will also become necessary to devise a national policy with respect to location of industries through fiscal and monetary incentives, information and development of modern industrial environment needed by private enterprise. There is an obvious need for the legislation that would encourage new industries, trades and firms to locate, and the existing ones to expand, in the labour surplus market areas or, if that proves to be uneconomical, to improve mobility of labour from such areas. These economic objectives can only be achieved through a national policy initiated by the Federal Government.

The following general and, by no means, complete recommendations are submitted for consideration in finding a long-term solution to the localized and chronic unemployment in the labour surplus market areas:

- (i) The recently established National Productivity Council should appoint immediately a special Local Development Advisory Committee as an integral part of the Council. In the above Committee the following organizations should be represented: The Canadian

Labour Congress, The Canadian Federation of Mayors and Municipalities, The Canadian Manufacturers' Association, regional economic councils, local development associations and spokesmen of agriculture and trade. The tasks of the Committee should include making recommendations to the Federal Government as to the appropriate economic policy to be pursued in each labour surplus market area, inquiring into the effects of automation, fiscal, monetary and economic policies upon regional and local economies with a view to suggesting changes in these policies when desirable in order to prevent the development of distressed areas, devising a rational industrial locational policy, encouraging organization of regional and local development associations, etc.

- (ii) The Federal Government of Canada should immediately establish a Local Development Board, associated with the Federal Department of Trade and Commerce, which would be responsible for carrying out the national economic policy with respect to the labour surplus market areas. The specific duties of the Local Development Board should include the following tasks:
 - (a) The Board should be responsible for identification and location of the labour surplus market areas and a regular examination of current and prospective economic and employment conditions of the local labour market areas and economic regions. The Board should also analyse the causes of localized and chronic unemployment and assess the practicability of the various area-oriented economic policies.
 - (b) The Local Development Board should be responsible for providing technical assistance requested by the Local Development Associations to enable the communities characterized by persistent unemployment to plan their long-term economic development. Such technical assistance, readily and freely available to the Local Development Associations and upon a formal approval of the Local Development Advisory Committee, should include the services of experts in marketing, manpower analysis, transportation, resource development, economics of industrial location, etc. The experts in these fields could be drawn from the teaching staffs of the regional universities and colleges and also from the federal and provincial governments. The main purpose of the technical survey would be to assess economic potentialities of the local areas, their deficiencies and their industrial locational advantages in order to attract new private and public enterprise and to rehabilitate existing industrial and commercial enterprise.
 - (c) The Local Development Board should have at its disposal a National Development Fund of \$50 million supplied annually by the federal Government, for financial grants to the municipalities afflicted by chronic unemployment to supplement their efforts in constructing and improving public services and utilities such as roads, power and water supply, commercial centres, transportation, sewers and sewage treatment systems, industrial sites, hospitals, schools, recreational facilities, etc., in order to improve industrial locational advantages in such municipalities. Such a program of public facilities improvement should be coordinated with the provincial governments concerned. A federal grant should cover 50 per cent of the incurred expenditures of

an approved project. The provincial and municipal governments should cover equally the remainder of the expenditure.

- (d) The Local Development Board in co-operation with the Unemployment Insurance Commission should be responsible for the expansion of vocational training and retraining of unemployed workers in the labour surplus market areas. An effort also should be made to strengthen the guidance and counselling services provided by the N.E.S. offices, particularly to young entrants into the labour force and older workers. The purpose of this action would be to adjust the supply of local labour to the demand for labour of the newly established enterprises in labour surplus market areas or to facilitate geographical mobility of labour to other prosperous industrial centres.

During the training and retraining period the individuals concerned should receive an unemployment insurance benefit and, in the case of heads of families, additional payments up to the average wage of a given type of worker. This subsidy should be paid from the National Development Fund. In the case of a transfer of the workers they should receive a special allowance. To offset the loss involved in selling a house when a worker moves to another area the Federal Government in co-operation with the municipal authority should initiate a low-cost and low-rent housing project in the resettlement areas.

- (iii) The Federal and Provincial Governments but not municipal authorities should provide tax incentives in the form of accelerated depreciation and other concessions to encourage industries and trades to locate in the labour surplus market areas and to expand the activities of the existing enterprises in such areas. Tax incentives should be considered only as a supplementary measure.
- (iv) The operations of the Industrial Development Bank should be specifically extended to provide long-term and low-interest—about 2 per cent below the market rate of interest—loans to private enterprise and Local Development Associations to enable them to construct and improve industrial and commercial building, factories, industrial sites, etc., in the labour surplus market areas. These loans should be guaranteed by the Federal Government and the rate of interest subsidized by the Federal Government.

The purpose of this financial aid would be to assist the establishment of new firms and the expansion of existing ones in the labour surplus market areas.

- (v) The Federal Government in co-operation with the provincial Governments should build and operate more vocational and technical schools in the province of Quebec and the Maritimes where most of the labour surplus market areas are located.
- (vi) The Central Mortgage and Housing Corporation should give priority to applications for loans received from labour surplus market areas and in the resettlement areas.
- (vii) In order to avoid unhealthy competition between various Local Development Associations, Regional Development Councils should be established in the Atlantic Provinces and the province of Quebec.

Prof. JUDEK: I wish to thank you, Mr. Chairman.

Senator CROLL: Mr. Chairman, before Professor Judek goes, I think the committee would like him to know that we are appreciative of the very careful and painstaking study that he has presented to us, as a citizen, and we must

appreciate it the more because there are some things that have been developed by him that have not been put before the committee heretofore and they will be given consideration, and this paper will be very helpful indeed.

On behalf of the committee I thank you, Professor Judek.

Senator HORNER: Mr. Chairman, this is a very, very lengthy brief and contains a large number of suggestions but I fail to see where the money is coming from to carry out any of the plans mentioned in your brief, Professor Judek. You have not mentioned at all the position that we are placed in in competition with world markets, in competition with people who are working longer hours for lower pay, working six days and seven days a week in many cases, producing goods that have to be sold in competition with Canadian products. In building up West Germany I understand that workmen came back to work after 6 o'clock and worked for two or three hours at night and refused any extra pay. They were interested in building up their country. Now, in all your entire brief there is not one word about labour making any concession of any kind. May I suggest to you that if we were to speak about abolishing unemployment insurance entirely the unemployed would disappear by half as a good many of them have no wish to continue working steadily as long as this unemployment insurance is available for working part-time. It seems to me that labour will have to offer something other than to do just as little as they possibly can in the shortest possible number of hours of work and then use the strike method to gain their ends. I might mention as an example of that the longshoremen's strike that prevented the farmers of western Canada from selling 25 million bushels of grain. The longshoremen went on strike at a time to prevent shipping the grain. They said that was the strategic time to call a strike. The same thing occurred this fall when it was time for the wheat to be shipped to ocean ports. What I would like, Mr. Chairman, is for someone from labour to come forward and tell just what labour is prepared to do to help the crisis. That is what I would like to hear instead of wanting the Government to do this and to do that at great expense. It can only be accomplished, may I tell you, in a dictatorship.

Prof. JUDEK: Sir, I am not a spokesman of labour, to put forward their submission, but I do believe that trade unions would be most co-operative in any constructive efforts initiated by the Government to alleviate conditions that exist in the labour surplus market areas. I believe that any remedial action must be initiated by the federal Government, in co-operation with the provincial governments as well as the municipalities concerned, and I am sure that the labour organization would see that it is in their interest to get rid of pockets of persistent unemployment.

Senator MACDONALD (*Cape Breton*): I wish to say, Mr. Chairman, that I think this is a tremendous study, and one which is worthy of a great deal of study on our part. I know that I would like to go over it myself to absorb it all. I wonder if it might be possible at some later time to have Professor Judek come back, so that we might ask him, perhaps, to expand a little on this?

The CHAIRMAN: You are from Ottawa?

Prof. JUDEK: Yes, I am from the University of Ottawa. I did this study on my own, and started it last February. I was not commissioned by the committee as such, but volunteered to get the evidence and present my study. The larger study which is to be included, and which I believe will be ready in a week, contains much more detailed information than I was able to give today. I would certainly be more than willing to re-appear before this committee and to give any further explanation that might be needed.

Senator MACDONALD (*Cape Breton*): Would it be possible to get a copy of the larger study?

Prof. JUDEK: It will be ready in about a week.

The CHAIRMAN: It will be incorporated as an appendix.

Senator HUGESSEN: Is that the whole study?

Prof. JUDEK: Yes, the whole study. It is a manuscript of about 200 pages.

Senator SMITH (*Queens-Shelburne*): I know that we are getting anxious to adjourn Mr. Chairman, but I wonder whether it would not be a useful thing to have on the record something which I have been looking at while Professor Judek was reading the first part of his brief. I realize that a lot of the comment is based on these maps, except when we come to the recommendations.

Prof. JUDEK: Yes, the tables that I have prepared.

Senator SMITH (*Queens-Shelburne*): I would like to put these facts on the record and then, perhaps, Professor Judek could make a comment on what I say. This has to do with the problems in the Atlantic area of Canada, about which a great many Canadian people still continue to be confused. This information, in the form in which it appears here, seems to me to pop it right up in our faces. I want to refer the members who are here to map No. 3. I do not need to identify it any more than that. It is, in that form, an expression of the depressed areas, the problem areas, and the normal areas with regard to labour surplus. They are divided into various categories. With respect to the metropolitan areas, the third on the list is St. John's, which has an average monthly registration at the N.E.S. office, as a percentage of paid workers during the summer—which has nothing to do with seasonal unemployment—of 7.7 per cent.

Three out of the seven depressed areas in the list of those that are major industrial areas are in the Atlantic provinces. Two out of the seven additional problem areas are in that region of Canada.

Just one reference to the major agricultural areas. Charlottetown is No. 4 on the list of depressed and problem areas in major agricultural areas. Perhaps most important of all, when I look at the list of those that are referred to as "minor areas," I see that four out of the nine depressed minor areas in Canada are in the Atlantic provinces; and that eight out of the 25 problem areas in Canada are in those provinces down there. That pulls out in a rather dramatic way what our employment prospects are there.

My question, following this, perhaps, rather lengthy statement, which is really preliminary to a question, is this: do you not believe that before we can get around to the devising of techniques to take care of all the depressed areas and problem areas in Canada, on a national basis, to do it at one stroke, the situation in the Atlantic provinces is such that we cannot wait for the great national policy, and that we should have recommendations that the federal Government could act on that would do the kind of thing you suggest can be done in your recommendations, but to do it at least in the Atlantic provinces area first? Would you comment on that?

Prof. JUDEK: Well, sir, I know that the Atlantic Economic Development Council is also studying at this point the problem of labour surplus market areas. They are also waiting for the publication of my own report. I do agree with you, sir, that probably the greatest effort should be concentrated towards the Maritimes. As I stated in my recommendations, I believe that perhaps a regional development council should be established, which would be charged with the duty of advising specific policies. I do believe that an effort should be made first to devise a national locational industrial policy, and to re-direct, perhaps, some of the new industries which may be established in the Maritimes.

Secondly, I believe that it is better to bring work to the workers than to move population. But if, in the final analysis and after making a very serious

study, there is no economic potentiality for a particular area, then we owe those workers the facility of mobility elsewhere, and we owe them additional training and payment of expenses involved in transfer of population.

As to the specific policy, if you ask me what I would do in this area, I would say this, that apart from these general recommendations I have made, I would still have to be more closely in contact with the difficulties and some of the aspects of the local economy to be able to make any practical and sensible recommendation. However, I do agree with you, sir, that the area policies should be primarily directed towards the Maritimes.

Senator HORNER: Would you not agree though, that primarily it is the local district itself which should arrange its own plans and then appeal to the Government for some assistance? First, they should go ahead and help themselves.

Prof. JUDEK: The American experience indicates that local efforts initiated by the community itself are not sufficient; and, therefore, accepting that the initiative must still start with the local development association, the status of the depressed areas is such that they have to be helped and helped by the federal Government. I believe the persistence of localized unemployment is not the fault of the local community. It is caused by factors which, as I suggest in my study, lie outside of the control of the particular area.

Senator HORNER: I will tell you of an instance. The province of Saskatchewan from which I come does not create the right atmosphere, and industry will not go in there. We were supposed to be getting a pulp mill. There are four going into Alberta—and one has already been built—and Saskatchewan is passed by because of the lack of provincial co-operation. In fact, instead of assistance being given it has been made impossible for money to be invested in that area.

Prof. JUDEK: I believe, sir, that we should examine the policy with respect to development areas in the United Kingdom which relies mainly on a policy of re-locating industries, and examine the effects and experience there. It is my belief that the time will very likely come when we might probably think in terms of having some kind of a national industrial location policy.

Senator HORNER: Britain has a different set-up altogether. We have ten governments and they have one.

Prof. JUDEK: I am aware of the constitutional difficulties, but I dare say that both provincial and federal governments are concerned with unemployment. It is problem number one, and, therefore, constitutional difficulties can probably be resolved.

—Whereupon the committee adjourned.

CANADA'S PERSISTENT UNEMPLOYMENT PROBLEM

Labour Surplus Market Areas

by

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Ottawa, 1960

PREFACE

The Canadian economy in the post-war years has shown a fairly remarkable rate of economic growth although it has been uneven and regionally unequal. During this period Canada has successfully maintained a relatively high level of employment, as contrasted with the general and mass unemployment of the 1930's, but the available labour resources in the post-war period have been utilized unevenly among the various regions of Canada. Unemployment now appears to be more concentrated in certain areas and among certain classes of workers. One of the most striking features of the last decade has been the persistence of localized unemployment during periods of general prosperity despite the increase in national employment and income. Some local labour markets have lost their source of employment because of a relative decline of main industries, textiles, coal mining, etc.) and as a consequence are gradually becoming labour surplus areas. It seems that as the Canadian economy matures some areas and some industries fade, leaving a residue of workers not always able or willing to move to other areas and industries.

Any realistic approach, aimed at reducing unemployment and its burden on the individuals affected and on Canadian society as a whole, must attempt to determine if this chronic and localized unemployment in the midst of apparent prosperity is of a transitional or permanent nature; what its causes are, why our economy is apparently failing to maintain a more rapid economic growth and why the advance is so unequal regionally. It is necessary to examine whether structural unemployment, which on the national scale is reflected in pockets of chronic unemployment in certain local labour market areas, is an inevitable price to be paid for the technological progress that characterizes our economy. It is also necessary to re-examine the validity of our national economic policy, including monetary and fiscal measures, which is occupied mainly with the fear of inflation rather than with long-term measures dealing with the social and economic effects of unemployment (in particular, where unemployment is structural in nature) which are experienced by particular groups of our people. Neither obsession with inflation nor short-term remedial measures designed to gain popular good will, will solve the problem of persistent unemployment of a technological character or eradicate the industrial slums or depressed areas. The attempt to ease unemployment on a seasonal basis, through an inadequate national winter works program, and on an industrial basis, mainly through housing and other construction projects, is not sufficient in the long-run because it does not recognize the condition of persistent local unemployment. Other more acceptable alternatives and long-term measures must be devised to deal with structural unemployment and localized unemployment.

The purpose of this study is to examine the problem of persistent unemployment in some local labour market areas in Canada and to provide some basis for judging the practicability and advisability of pursuing a national economic policy with respect to such areas. This study also evaluates the local development programs that are designed to encourage the economic recovery and steady healthy growth of those areas. The underlying assumption of this inquiry is that market forces alone will not be adequate to solve the problem of depressed areas through mobility of labour, capital and enterprise.

For, by now, it has become obvious that localized unemployment persists even during periods of general economic expansion. It should not be ignored because of our preoccupation with economic growth and the general social progress in our country as a whole. It has to be acknowledged that some inevitable concomitants of economic growth, like shifts in demand and changing patterns of international trade, automation, exhaustion of resources, changes in locational patterns of industry, will continue to exist. But, obviously, the failure to deal with localized structural unemployment constitutes a serious weakness in our market economy. It is the author's belief that the problem of the depressed areas is worthy of a theoretical analysis for the practical purpose of reducing the general unemployment and also, that coexistence of depressed communities amidst relatively prosperous ones not only affects adversely the long-run national economic growth but is a social cancer that must be dealt with on a national basis in order to eliminate social and economic inequity from our society.

This study is the first attempt of its kind in this country, and, therefore, contains many of the shortcomings that are always present in a pioneering work. Moreover, the statistical data used are subject to numerous limitations, and little is really known in economic theory about the factors affecting local economic growth or decline. As a general rule, economic difficulties of a particular labour market area or industry tend to be neglected until they reach a critical stage. For these reasons and because of the limited time and financial resources available for this study it must be considered as experimental rather than as a definitive contribution in the field of depressed areas economics and economic policy.

An unofficial research project, such as this, depends heavily on the cooperation of the officials of various Federal Government Departments in making available the statistical information and providing some clerical assistance. I wish to express my appreciation to the officials of the Economics and Research Branch of the Department of Labour, the Unemployment Insurance Section of the Dominion Bureau of Statistics, and the Geographical Branch of the Department of Mines and Technical Surveys, who made this study possible. I wish to acknowledge particularly the assistance provided by Dr. Eugene Forsey, the Director of Research of the Canadian Labour Congress and Prof. Gordon Boreham of the University of Ottawa, who read the manuscript in its earlier stages and offered valuable criticism of many details of the analysis. I wish to state, however, that the interpretation of the facts and data and the recommendations I make are my own responsibility. I am also under a very real obligation to Mr. Saul Wen, a postgraduate student of the University of Ottawa, who so obligingly and generously has given his time in assisting me in the very tedious and vast clerical aspects of this work and to Mrs. Doris French for her skilful editorial guidance.

STANISLAW JUDEK

University of Ottawa,
Ottawa, Ontario,
December 1960.

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Chapter I

INTRODUCTION

In this introductory chapter some relevant facts and aspects of the Canadian economy during the last ten years will be discussed in order to establish the general conclusion that the annual rate of economic growth is very uneven, that some industries, despite the increase in the volume and value of their production, are failing as providers of jobs, that not all regions of Canada and not all Canadians have shared equally in economic progress. This brief economic survey is followed by an analysis of major trends in the employment market in Canada over the past decade. Special emphasis is attached to the problem of persistent unemployment in this country. An outline of the scope of this study is then presented, supplemented with the sources of statistical data and their limitations. Finally, a brief reference is made to the main types of unemployment and the relationship between a full employment policy and the problem of depressed areas.

A. SOME RELEVANT ASPECTS OF THE CANADIAN ECONOMY IN THE 1949-1959 PERIOD

Uneven Economic Growth and Regional Inequity

Canada's gross national product in current dollars has more than doubled between 1949 and 1959; having increased from \$16,343 m. in 1949 to \$34,593 m. in 1959. Taking into account the price inflationary factor, however, the gross national product in constant dollars (1949) has increased by one half, i.e. it has risen from \$16,343 m. to \$24,763 m. during the last ten years, this is an arithmetical average annual rate of increase of over 5.0 per cent. This remarkable increase occurred mainly during the period of rapid expansion prior to 1953. During the years 1949 to 1953, the gross national product in constant dollars increased by 27.2 per cent, or at an arithmetical average annual rate of 6.8 per cent, while during the period 1953 to 1959 it increased by 19.1 per cent, or at an arithmetical average annual rate of only 3.2 per cent. From 1949 to 1953 we had a period of fair-sized increases varying up to a very impressive increase in 1952. In 1950, the increase in the gross national product in constant dollars was 6.9 per cent as compared with 1949; in 1951 the increase was 6.2 per cent; in 1952 it was 8.0 per cent; and in 1953 it was 3.8 per cent. Then, if we take 1953-1959, we have a very diverse period. In 1954, real G.N.P. dropped 2.9 per cent; in 1955 and 1956 it rose 8.6 per cent each year; in 1957 it dropped 0.3 per cent; in 1958 it rose 0.8 per cent; and in 1959 it rose 3.5 per cent. So in 1953-1959 period, we have two years of decline, one of negligible increase, one of moderate increase,

and two of record-breaking increase. Table I shows the gross national product in current and constant dollars for certain selected years:

TABLE I
GROSS NATIONAL PRODUCT IN CURRENT AND CONSTANT DOLLARS
1949, 1953 AND 1959

	1949	1953	1959	Percentage Change			Arithmetical Average Annual Rate	
				1949-1953	1953-1959	1949-1959	1949-1959	
				%	%	%	\$m	%
Current dollars.....	16,343	25,020	34,593	53.1	38.3	111.7	1,825	11.2
Constant dollars (1949).....	16,343	20,794	24,763	27.2	19.1	51.5	842	5.2

SOURCE: National Accounts, Income and Expenditure, 1926-1956, 1959, Tables 1 and 5, DBS.

In order to appreciate the impact of the increase in gross national product in constant dollars upon the average Canadian, it is necessary to make an allowance for the increase in population during the same period; if a country's physical output does not keep pace with the corresponding increase in population then the real income per capita may actually diminish or remain relatively stable.

Table II shows the variations from year to year in the real gross national product for 1949-1959 period:

TABLE II
REAL GROSS NATIONAL PRODUCT PER CAPITA, 1949-1959 (1949 DOLLARS)

Year	G.N.P. in Constant Dollars	Population	Per Capita	Index
	\$m	'000	\$	
1949.....	16,343	13,447	1,215	100.0
1950.....	17,471	13,712	1,274	104.9
1951.....	18,547	14,009	1,324	109.0
1952.....	20,027	14,459	1,385	114.0
1953.....	20,794	14,845	1,401	115.3
1954.....	20,186	15,287	1,320	108.6
1955.....	21,920	15,698	1,396	114.9
1956.....	23,811	16,081	1,481	121.9
1957.....	23,749	16,589	1,432	117.9
1958.....	23,933	17,048	1,404	115.6
1959.....	24,763	17,442	1,420	116.9

The per capita increase in gross national product in constant dollars during the ten years amounted to \$205 or 16.9 per cent. Thus the arithmetical average annual rate of increase in real output per person in Canada amounted to \$20.50 or 1.69 per cent. This increase took place during the period of 1949-1953 when the arithmetical average annual rate of increase per capita in gross national product in constant dollars amounted to \$46.50 or 3.82 per cent, while between the years 1953-1959, the figures were \$3.17 or 0.22 per cent respectively. It appears from the above table that real G.N.P. per capita increased regularly from 1950 to 1953, showing the fairly substantial increase of 4.9 per cent in 1950. Then, in the 1953-1959 period, the G.N.P. per

capita drops in 1954, rises in 1955, rises to a new peak in 1956, drops in 1957, drops again in 1958, and rises slightly again in 1959. So the 1953-1959 period covers three years when there were decreases, and three when there were increases, and in this case they are scattered throughout the period. The real G.N.P. per capita in 1959 was not very much above 1953, well below 1957, and very much below 1956. It appears then that, in past, the benefits of the economic prosperity of 1956 were substantially reduced in both 1957 and 1958, and were by no means restored in 1959. Finally, the performance of our economy in 1960 is not progressive.

It emerges from the above analysis that the gross national product in constant dollars per capita in 1959 was slightly above that of 1953. This general conclusion applying to the average Canadian must, however, be revised in the light of the unequal distribution of and growth in personal income as between different regions of Canada. One can, I believe, reasonably suggest that many Canadians in regions of less growth and, certainly, in labour surplus market areas which are characterized by high and persistent unemployment, and therefore, low income are actually experiencing no improvement in their real output per capita and presumably no real improvement in their standard of living.

The inequality of distribution of national income as between different regions of Canada may be examined with reference to personal income per capita, which is expressed in current dollars.

The personal income per capita for Canada as a whole has risen from \$940 in 1949 to \$1,235 in 1953 and to \$1,487 in 1959.¹ The differential between 1949 and 1959 amounted to \$547 or 58.2 per cent. The arithmetical average annual rate of increase in personal income of the average Canadian amounted to \$54.70 or 5.82 per cent. This increase occurred mainly before 1953. During the period 1949-1953, the annual arithmetical average increase in personal income per capita was \$73.75 or 7.8 per cent, while between the years 1953-1959 it was \$42.00 or 3.4 per cent respectively.

The following table clearly indicates the unequal distribution of personal income per person and the relative uneven changes as between various regions of Canada for the selected years:

TABLE III
PERSONAL INCOME PER PERSON, BY REGION, 1949, 1953 AND 1959

Region	Personal Income per Person			Percentage Change			Arithmetical Average Annual Rate of Increase 1949-1959	
	1949	1953	1959	1949-53	1953-59	1949-59	\$	%
	\$	\$	\$	%	%	%	\$	%
Atlantic Provinces.....	622	782	991	25.7	26.7	59.3	36.9	5.9
Quebec.....	739	1,047	1,268	32.7	21.1	60.7	47.9	6.1
Ontario.....	1,120	1,459	1,768	30.3	21.2	57.9	64.8	5.8
Prairie.....	975	1,287	1,470	32.0	14.2	50.8	49.5	5.1
Pacific.....	1,120	1,478*	1,729*	32.0	17.0	54.4	60.9	5.4

* Yukon and Northwest Territories excluded.

SOURCE: National Accounts, Income and Expenditure, 1926-1956, 1959, Table 28, Appendix, Table 1, DBS.

In 1959 Ontario had the highest personal income per capita, namely \$1,768, a figure which was above the national average level by \$281 or 18.9 per cent; then came the Pacific region, which had \$1,729 per head and was \$242 or 16.3

¹ National Accounts, Income and Expenditure, 1926-1956, 1959, Table 29, DBS.

per cent above the national average; next was the Prairie region with \$1,470 per head, at about the national average level; Quebec followed with \$1,268 and this figure was below the national average personal income per head by \$219 or 14.7 per cent; finally, the Atlantic Provinces showed only \$991, i.e. were \$496 or 33.4 per cent below the national average. It was the Prairie region which experienced the lowest annual arithmetical average percentage rate of increase in personal income per capita during the period of 1949-1959, namely, 5.1 per cent as compared with the national annual arithmetical average rate of increase of 6.8 per cent. More significant are, however, the annual arithmetical average rates as expressed in current dollars. It emerges that the Atlantic Provinces, in particular, as well as Quebec and the Prairie regions, did not participate equally with other regions of Canada in the economic progress of the last ten years. Their absolute arithmetical average annual increases amounted to \$36.90, \$47.90 and \$49.50 respectively as compared with the arithmetical average annual rate of increase in personal income per head of \$54.70 for the country as a whole. It is in the Atlantic Provinces and Quebec that most of the labour surplus market areas are located.

Production

In order to assess the relative importance of various industries and trades and their contributions to the material welfare of Canadian people, it is necessary to examine the industrial distribution of gross domestic product at factor cost and its main components and the relative changes over the last decade. Table IV shows the gross domestic product at factor cost, by industry, for two years, 1949 and 1959:

TABLE IV
GROSS DOMESTIC PRODUCT AT FACTOR COST, BY INDUSTRY 1949 AND 1959

Industries and Trades	1949		1959		Increase	
	\$m	% of Total	\$m	% of Total	\$m	%
Agriculture.....	1,600	10.7	1,685	5.5	85	5.3
Forestry.....	252	1.7	359	1.2	107	42.5
Fishing and trapping.....	80	0.5	98	0.3	18	22.5
Mining, quarrying and oil wells.....	547	3.7	1,299	4.2	752	137.5
Manufacturing.....	4,303	28.9	8,166	26.4	3,863	89.8
Construction.....	796	5.3	2,113	6.8	1,317	165.4
Transportation.....	1,019	6.8	2,148	7.0	1,129	110.8
Storage.....	37	0.2	85	0.3	48	129.7
Communication.....	222	1.5	655	2.1	433	195.0
Electric power, gas and water utilities..	341	2.3	1,005	3.3	664	194.7
Wholesale trade.....	717	4.8	1,508	4.9	791	110.3
Retail trade.....	1,449	9.8	2,824	9.1	1,375	94.9
Finance, insurance and real estate.....	1,144	7.7	2,874	9.3	1,730	151.2
Public administration and defence.....	740	5.0	2,265	7.3	1,525	206.1
Service.....	1,638	11.1	3,814	12.3	2,176	132.8
Total.....	14,885	100.0	30,898	100.0	16,013	107.6

SOURCE: National Accounts, Income and Expenditure, 1926-1956, 1959, Table 21, DBS.

In 1959, the industries and trades that have contributed to the gross domestic product at factor cost were in the following order of importance: manufacturing; service; finance, insurance and real estate; retail trade; public administration and defence; transportation; construction; agriculture; wholesale trade; mining, quarrying and oil wells; electric power, gas and water utilities; communication; forestry; fishing and trapping; and storage.

The industries and trades which have expanded relatively more than the total gross domestic product at factor cost between the years 1949 and 1959 include: public administration and defence; communication; electric power, gas and water utilities; construction; finance, insurance and real estate; mining, quarrying and oil wells; service; storage; transportation and wholesale trade. The industries which have declined in relative economic importance include: retail trade; manufacturing, which still accounts for approximately one-quarter of our gross domestic product; forestry; fishing and trapping; and agriculture.

The above analysis of the changing contribution of the various industries and trades to the gross domestic product has some bearing on the local economic development of the areas and regions where the industries are located. It also seems that it will not be easy for labour surplus market areas to create new manufacturing jobs if the Canadian manufacturing industry remains relatively of the same importance in the Canadian economic scene.

Employment

The indicated gains in gross national product and gross domestic product over the last decade were, of course, accompanied by an increase in total employment. This increase did not, however, keep pace with the growth of population and hence employment opportunities lag behind the fast-growing Canadian population. Moreover, because of technological advancement actual output of various industries has increased more rapidly than employment opportunities.

The population of working age (this is the estimated number of people over 14, except for the armed forces and inmates of institutions), which constitutes the potential working population of Canada, has grown from an annual average of 9,268,000 in 1949 to 11,562,000 in 1959. The civilian labour force increased by 1,173,000 over the same period, a growth of 23.2 per cent. Thus the arithmetical average annual rate of increase in the civilian labour force during the past ten years amounted to 117,000 or 2.3 per cent. In the same period, 1949-1959, the number of people employed* has grown from 4,913,000 to 5,856,000, i.e. by 943,000 or 19.2 per cent; thus the arithmetical average annual rate of increase during those ten years amounted to 94,000 or 1.9 per cent. The increase in total employment was made up of divergent trends in farm employment and non-farm employment. The former dropped by 385,000, while the latter rose by 1,326,000. It appears that our economy is simply not providing an employment outlet for the growing population of Canada. This disequilibrium is further aggravated by a larger number of women, particularly married women, entering the labour force.

There is enough evidence to suggest that over-all unemployment is becoming an increasingly serious problem in our economy. For the period 1949-1959 the average annual percentage of persons unemployed** to the labour force was 4.1 per cent, a figure which ranged from 2.4 in 1951 to 7.1 per cent in 1958 and 6.0 in 1959.

The over-all rate of unemployment in Canada has been influenced by some characteristic trends in the labour force, such as the continuing flow of agricultural workers into non-farm sectors of the economy, the steadily increasing rate of labour force participation among women, the inflow of formerly self-employed farmers or unpaid family workers into towns, the rapid increase in population in the post-war period. In addition, one must make an allowance for a higher rate of technological change, including automation, which will make more difficult the process of adjustment of the supply of labour to the changing demand for labour. These developments suggest that unemployment

* The present category "employed" is equivalent to the former "with jobs" less persons on temporary lay off up to 30 days.

** The present category "unemployed" is equivalent to the former "without jobs and seeking work" plus persons on temporary lay off up to 30 days.

rates may be expected to rise. Avoiding this is one of the most important economic tasks and challenges of the next decade.

The DBS indices of industrial employment show the different rates of growth as between provinces and industries. Table V indicates the changes in the industrial employment index (1949=100) during the period 1949 to 1959 as between the provinces.

TABLE V
INDUSTRIAL EMPLOYMENT INDEX, BY PROVINCES 1949=100

Provinces	1959
Alberta.....	155.0
Saskatchewan.....	130.0
Prince Edward Island.....	126.3
Newfoundland.....	125.8
Ontario.....	121.3
Quebec.....	113.5
British Columbia.....	115.1
Manitoba.....	112.2
New Brunswick.....	101.7
Nova Scotia.....	96.3

SOURCE: Canadian Statistical Review, September, 1960, Table 10, DBS.

It appears then that Nova Scotia showed an actual deficit in industrial employment, while New Brunswick's industrial employment remained almost at a standstill during the past ten years.

From 1949 to 1959, the industrial composite index of employment for the country as a whole rose by nearly 20.0 per cent. But not all industries shared equally in this employment increase within the non-farm sector as is evident from the following table:

TABLE VI
INDUSTRIAL EMPLOYMENT INDEX, BY INDUSTRY 1949=100

Industries	1959
Industrial composite.....	119.7
Forestry.....	78.9
Mining.....	123.4
Manufacturing.....	111.1
Construction.....	130.3
Transportation, storage and communication.....	114.3
Public utilities.....	138.7
Trade.....	135.3
Finance, insurance and real estate.....	139.3
Service.....	139.3

SOURCE: Canadian Statistical Review, September, 1960, Table 9, DBS.

The following industries increased less than the industrial composite: manufacturing; transportation, storage and communication; and forestry. The other industries, whose employment increased more, include: finance, insurance and real estate; public utilities; services; trade; construction and mining. The latter three industries show a considerable degree of seasonal employment.

The distribution of persons with jobs (all status groups) in 1949 and 1959, by industry, and the changes, absolute and relative are shown in the following table:

TABLE VII
PERSONS WITH JOBS, BY INDUSTRY, ALL STATUS GROUPS, 1949 AND 1959

Industries and Trades	1949		1959		Percentage Change 1949-1959
	'000	% of Total	'000	% of Total	%
Agriculture.....	1,079	21.8	693	11.8	-35.8
Forestry.....	70	1.4	95	1.6	35.7
Fishing and trapping.....	29	0.6	15	0.8	-48.3
Mining.....	86	1.7	90	1.5	4.7
Manufacturing.....	1,311	26.5	1,503	25.6	14.6
Construction.....	321	6.5	448	7.6	39.6
Transportation.....	367	7.4	447	7.6	21.8
Public utilities.....	45	0.9	75	1.3	66.7
Trade.....	652	13.2	947	16.1	45.2
Finance and insurance.....	144	2.9	216	3.7	50.0
Service.....	846	17.1	1,350	22.9	59.6
All industries.....	4,950	100.0	5,879	100.0	18.8

From the point of view of job-providers for the year 1959 the industries ranked in the following order: manufacturing; service; trade; agriculture; construction; transportation; finance and insurance; forestry; mining; public utilities and fishing. The industries where employment is actually declining include agriculture and fishing. Industries where employment increased less than total employment, between the years 1949 and 1959, include mining (coal) and manufacturing. Though the value of industrial production has increased very considerably (by nearly 90.0 per cent), employment in manufacturing has increased much less (by only 15.0 per cent) over the last decade. Moreover, the greatest relative increase in manufacturing employment was among non-production workers, engaged in administrative and supervisory tasks. It will be noted that the lowest employment growth is found in the primary and secondary industrial groups, while the highest growth is shown in the tertiary industries (public utilities, trade, finance and insurance, service). It is these latter industries which provide greater job opportunities for women.

The analysis of this section suggests several general conclusions:

(i) that despite tremendous resource development in Canada the real gross national product per capita has risen only slightly, particularly during the last three years as compared with that of 1953;

(ii) that there exists a considerable inequality in distribution of personal income per person as between different regions of Canada, and this is especially true of the Atlantic Provinces and Quebec;

(iii) that the industries which have declined in their economic importance include: agriculture, fishing and trapping and manufacturing;

(iv) that our population is growing faster than the job-opportunities are being created, and this tendency is reinforced by the growing inflow of younger people into the labour force and growing technological progress, including automation, that partly accounts for a maladjustment between the supply and demand for labour; and

(v) that some industries, like agriculture and fishing, show a declining employment, while others, like manufacturing, are failing to provide jobs corresponding to the over-all increase in employment.

These general conclusions must be kept in mind in analysing the problem of persistent and localized unemployment in some specific areas of our country.

B. SCOPE OF THE STUDY

In general, this study will attempt to throw some light on the factors that produce labour surplus market areas in Canada and to suggest why the local communities find it difficult to devise remedies against chronic and localized unemployment. A further purpose is to examine these findings and to analyse the economic problems facing the distressed areas with a view to suggesting the nature and scope of public economic policy for depressed areas.

The first part of this study is concerned with the economics of the depressed areas. An attempt is made to assess the cost of chronic unemployment and the economic and social implications of the depressed areas status. Then a review is made of the economic measures applicable to depressed areas at different levels of government, as well as those used by local development associations. An outline of the experience of other countries with this problem follows.

The second phase of this study is concerned with the identification of the labour surplus market areas in Canada. For this purpose the National Employment Service monthly registrations of unplaced applicants during the period 1953-1959 have been examined for 109 local labour market areas defined by the Department of Labour, as well as the Department of Labour's monthly classification of these areas during the same period referring only to the "substantial" and "moderate" labour surplus categories in this classification. On the basis of this examination 18 local labour market areas have been selected as labour surplus areas and the remainder have been classified as problem and normal labour market areas. Problem labour market areas include those areas whose registrations were above the national averages during the summer months but below the levels of labour surplus market areas, and as such do not require special economic policy. Normal labour market areas include those areas whose registrations were below the national averages during the summer months. This selection and classification involved the use of specific statistical criteria and additional information in order to define and locate chronic unemployment for different categories of Canadian labour market areas.

In the metropolitan area group, the following labour markets have been selected as labour surplus areas: Windsor-Leamington, Vancouver-New Westminster-Mission City and St. John's, Newfoundland. In the major industrial group the following labour market areas have been identified as labour surplus areas: Corner Brook, Shawinigan Falls, Lac St. Jean, Rouyn-Val d'Or, New Glasgow and Cornwall. In the major agricultural group only two local labour markets have been selected, namely, Thetford-Megantic-Ville St. Georges and Riviere du Loup. In the minor area group the following labour markets have been classified as labour surplus areas: St. Stephen, Campbellton, Gaspé, Newcastle, Rimouski, Bathurst and Montmagny. In a future selection of local labour surplus market areas somewhat different and, perhaps, simpler criteria are recommended.

An attempt is also made to analyse the relative changes in the regional distribution of registrations and unemployment over the years 1953-1959.

The next step in this inquiry is confined to a description of the main characteristics of the selected labour surplus market areas as well as of the unplaced applicants in these areas. The latter problem involved a study of the registrations of available unemployed workers with regard to occupational

group, sex, age, and duration of unemployment as indicated imperfectly by the "live file" statistics of the Unemployment Insurance Commission. This analysis was designed to determine the possible causes of the chronic unemployment in the selected depressed areas and to suggest some realistic remedial measures to ease the unemployment in the localities indicated.

The last part of this report is concerned with author's specific suggestions and recommendations in order to devise the necessary and appropriate policies to relieve and reinvigorate the labour surplus areas in this country. The suggestions offered are, of necessity, mainly of a general nature but nonetheless are the result of a careful analysis of the labour markets discussed here. Naturally, detailed development programs must be worked out at the local level.

It is hoped that this preliminary study will prove to be useful and, in a modest way, will contribute towards a better understanding of this vitally important problem of localized persistent unemployment and its solution.

C. N.E.S. REGISTRATIONS AND THEIR LIMITATIONS²

In this study the operating statistics of the "applications for work on file with National Employment Service offices" are used as a measure of unemployment. In every N.E.S. office, registrations on file are counted at the close of business on Thursday of each week. Aggregates of these figures are available for various areas and for Canada as a whole. A statistical reporting form (U.I.C. 757) shows these registrations by occupational groups for both male and female applicants.

Operational statistics of persons registering for employment through the N.E.S. offices provide only a partial indicator of the extent of unemployment because certain categories are excluded and others are included who really cannot be classified as unemployed. Excluded from registrations are workers known to have a job, but seeking to get a better one; also workers known to have registered at another local office (the registration is counted by the "home" office); persons available only for part-time employment; people registered in advance of jobs becoming available (e.g. students) and persons who are known to have fallen ill while on claim for insurance benefit.

Registrations include workers on temporary lay-off, if it affects 50 or more employees, after two weeks of idleness unless the workers have found alternative employment.

The registrations are kept up to date through contact with the applicants. Most applicants (80-90 per cent) are claiming unemployment insurance benefits and they have to be in contact with the N.E.S. office. Obviously changes in the law, regulations and practices relating to unemployment insurance coverage, expansion of provision for payment of benefits, etc., influence differently the number and characteristics of the applicants as between various regions, depending upon the extent to which workers are covered by unemployment insurance. A special factor which encourages more registrations is payment of "seasonal" benefits. Localities differ in the extent to which workers make use of the N.E.S. agencies. This is particularly true of non-claimants, who naturally have not the same incentive to use the N.E.S. office. Registration of non-claimants is influenced by the distance from the N.E.S. office, the practices of local employers in hiring through the N.E.S. office, and the hope of securing a job through the N.E.S. office.

² Comments in this Section are partly based on "Statistics of Unemployment in Canada", a Memorandum prepared by the DBS and the Economics and Research Branch Department of Labour, 1958, and on the "Report of the Committee on Unemployment Statistics", Ottawa, August, 1960.

The N.E.S. registrations cannot make a distinction between registered applicants who really want a job and others (seasonal workers) who register merely because a main requirement of receiving unemployment insurance benefit is that the recipient be available for employment.

For these and other reasons, unplaced applicant figures are not strictly comparable between regions and local labour market areas because if in a given area the employers' propensity to use the N.E.S. agency is high relative to other areas, the registrations will tend to be lower as applicants find more jobs quickly, and, on the other hand, if the workers' habit is to register more willingly than in another area, the registrations will tend to be higher. There is no way of knowing quantitatively these propensities.

When a claimant goes off unemployment insurance benefit he is removed from registration. This may happen because the N.E.S. office has found a job for him or he has found a job himself and has either notified the N.E.S. office or has not reported for benefit in two consecutive weeks. Non-claimants usually do not remain in the files one month after the last contact with the N.E.S. office. It is possible, however, that a worker may be kept on file for a time even though he has a job.

It appears then that some workers may be registered with the N.E.S. office although they are actually working and on the other hand, there are some workers who are unemployed but are not registered. Thus the N.E.S. registrations show a net total of applications which may not include all unemployed workers and yet may include others who are not unemployed in the usual sense either because they are working or because they are not really in the labour force. Persons who are not working but who want and need a job and do look actively for one are normally registered at the N.E.S. offices.

In this study, the ratio between unplaced applicants and total paid workers in a given local labour market area, is taken as a measure of "unemployment" among wage earners. It is implicitly assumed that the applicants are a part of the wage-earner group. There may be cases, however, when a farmer during winter months will register with the N.E.S. office although he is not really a wage-earner or paid worker; the same is true of fishermen. Consequently, the percentage ratios as between two different localities may measure different degrees of severity of unemployment. That is to say, a 10 per cent ratio of unplaced applicants to paid workers in a city probably represents a more serious unemployment problem than the same percentage in a place where the main activities include fishing and farming.

For all these reasons, the N.E.S. registrations compiled mainly for internal administrative purposes, serve only as a partial index of unemployment in the country or a region. It has been stated that "All the weaknesses of U.I.C. series in general apply to the local series, and inasmuch as the effects of some weaknesses may cancel out in the large but not in the small, the local statistics may be expected to require even more careful interpretation than the national series". Acknowledging this reservation, however, it is a fact that the U.I.C. series are the main available source of statistical data on local labour market areas, and for the purposes of this study, which is not concerned with the actual unemployment but rather with the relative changes in unemployment and relative comparisons as between different labour market areas, the N.E.S. statistics are useful for the analysis of local unemployment situations.

An analysis of a local labour market is essential because it is at this level that most movements take place from one job to another and from employment to unemployment and vice versa. It is also at this level that the supply and demand of labour are more perceptibly affected by changes in such factors as growth of population, education, shifts in demand, technological progress, etc. Such changes will be reflected in the N.E.S. statistics.

Any remedial measures against unemployment at a local level do require some information with respect to age, occupation, sex, duration of unemployment, etc., of the unemployed people, and the N.E.S. data provide some general information of this kind.

Again, the N.E.S. figures are important because it is sometimes necessary to have current local statistics of unemployment for the purposes of economic policy formation of the Federal Government with respect to tariffs, taxation, credit regulations, transportation, etc., which may affect some industries concentrated in particular regions or localities and, therefore, will influence local employment and unemployment.

It is regrettable, however, that there is no information available at the local labour market level on such questions as patterns of employment, migration between labour market areas, occupational mobility, etc., which is necessary for a more comprehensive understanding of a local market. The usual data on unemployment are dehumanized and statistics give a picture of abstract groups of unemployed. There is little information as to why they are unemployed, what prospects they face, their family ties, the duration and frequency of unemployment, and the family income.

The solution of the unemployment problem depends largely upon reliable, detailed and up-to-date information on the trends and situation of employment. Information is needed about available job opportunities to guide geographical and occupational labour mobility.

The statistics available do not make it possible to differentiate between the various kinds of unemployment, and this, needless to say, is essential in arriving at a solution. The records of vacancies reported to the N.E.S. offices do not provide a comprehensive picture of the actual demand for labour because many large firms do not, as a rule, rely upon the N.E.S. to supply their labour requirements especially when labour is plentiful. Besides, it is agreed that the large increases in employment have been in activities where the N.E.S. offices have relatively little influence in job placement, e.g., government jobs, construction, finance, insurance and real estate.

The above observations are particularly relevant to the labour surplus market areas, where it is essential to obtain as many facts as possible on the extent and nature of the localized unemployment. For this purpose a special direct sample survey is particularly useful to assess the full dimensions of manpower underutilization.

D. TYPES OF UNEMPLOYMENT

Any program of action against unemployment will have to be based on a recognition of the fact that there are different types of unemployment, and that each type calls for different kinds of remedial action. It is also important to determine the composition of unemployment before an attempt is made to set a minimum unemployment rate as, very likely, each type such as seasonal, structural, etc., has a different minimum practicable under given economic and geographic conditions.

The problem of unemployment is rather complex because it is caused by many, often interacting, forces and factors. A free enterprise system reflects the interaction of economic, institutional and personal factors, and, consequently, the causes of unemployment are necessarily interrelated. The level of unemployment that exists at any time is not simply a summation of effects of a number of causes acting independently but "it is a function of a number of factors balancing against one another" and "What we are confronted with,

therefore, is not a sum of separate causes of unemployment, each accountable for so much of it, but rather a system of interconnected jointly responsible for the whole of it".³

The economists customarily classify unemployment in terms of the different types as they are most commonly manifested in the economy. This is an arbitrary classification for it has grown up largely as a means of indicating that the various types of unemployment to some extent represent differing and specific causes. However, the various types of unemployment are not mutually exclusive and the types which economists recognize for conceptual clarification cannot be precisely measured as unemployment is caused by various factors working simultaneously.

The following major types of unemployment may be distinguished according to their principal causes:

(a) Seasonal unemployment arises in particular industries and trades, through seasonal variations in their activity brought about by climatic conditions or conventional factors, like fashions, styles, customs, consumers' buying habits, model changes, etc. It occurs annually within particular sectors of the economy, industry or region. The regular ups and downs of business activity and employment which occur each year can be distinguished from long-run trends and random fluctuations. Their confinement within a period of twelve months differentiates them from business cycles. Seasonal swings redistribute but do not alter the average annual level of employment.

(b) Frictional unemployment arises from a lack of correspondence between the demand for labour in particular jobs and the number of workers who are qualified and available for these jobs in a progressive economy. This is a temporary unemployment, due to a continual movement of workers from one job to another resulting from the opening and closing of job opportunities. Frictionally unemployed people lack mobility, and thus there is an unsatisfied demand for labour because the unemployed workers are not of the right sort or in the right place to meet that demand.

The main causes of frictional unemployment are: lack of information about job opportunities, lack of mobility of labour, ever-increasing specialization of work, new and improved machines or production processes, which are attributable to the advancement of arts and sciences or to improvements in the techniques of management. It is also the result of changing jobs as some part of the labour force is constantly "between jobs" and the process of changing jobs requires some passage of time. While the period of unemployment is relatively short in the individual case, the total number of workers involved at any given time may be quite large. This type of unemployment fluctuates directly with the level of employment and it is generally acknowledged that this kind of unemployment is unavoidable in a free market economy because in the absence of economic planning there is no integration of production and employment policies of individual firms and industries.

(c) Cyclical unemployment arises from deficiency in aggregate demand for the products and services of numerous industries rather than of a specific industry. It is the result of ups and downs of the whole economy. It is a general and relatively long-term unemployment which prevails during periods of economic depressions. It is usually suggested that the main factors responsible for cyclical unemployment include variations in the production of capital goods, waves of pessimism and optimism amongst businessmen and producers, changes in consumer credit, in foreign market conditions, and in fiscal and monetary policies, etc.

³ "Employment and Equilibrium" - A. C. Pigou, Second Edition, 1949, p. 2.

(d) Structural and long-term unemployment, which arises from a permanent decline in certain industries or geographic areas. It is the result of changes either in production techniques or in the structure of the total demand for particular goods and services. Structural unemployment of the technological kind is due to changes in production conditions which reduce the number of workers needed to produce the same amount of goods. It is often termed "technological unemployment". This term may also cover unemployment caused by improvements of a non-technological nature, e.g., shifts in plant location or changes in business organization. The other type of structural unemployment originates from changes in the structure of total demand, either because of the changes in consumers' preferences, tastes, a change in the nature of the products or because of a change in foreign demand for a given country's products. In practice, structural unemployment is usually a result of a combination of these various factors working together.

Structural unemployment in a sense is inevitable because of the nature of economic progress itself and because of the freedom of choice exercised by consumers. An industry introducing an improved method of production may prosper though it provides job opportunity to a smaller number of workers, and, at the same time, such a structural change involves a loss of employment and income in a particular locality. Because of specialized skills or geographical immobility, the individuals affected by structural changes are not reabsorbed in other employments. This has sometimes been referred to as a "hard core" of unemployment. If the economy were expanding, and the total demand for labour were growing, the overall structural unemployment need not be serious, as some displaced workers might soon find employment in the distributive side of economic operations. However, at the present time, several industries are experiencing structural changes simultaneously with the result that we have a number of areas with chronic unemployment.

Consequently, one effect of structural unemployment is a continuous and prolonged period of idleness (often in excess of a year) experienced, in particular, by older workers and by specific labour market areas. Structural unemployment of this nature is a reflection of the lack of new job openings. In such areas, new firms are not attracted, old ones do not expand and, in consequence, workers hold on to whatever temporary jobs they have despite low income, subsistence living conditions, and all the social and psychological ill-effects of prolonged unemployment. Social service benefits, including unemployment insurance, enable them to maintain a minimum standard of living and they simply cling to the declining industry or area. For this reason depressed areas have a slow death.

These types of unemployment were discussed at some length in order to stress the fact that different measures and policies are needed, depending on the type of unemployment.

E. FULL EMPLOYMENT AND DEPRESSED AREAS

From the point of view of an individual worker the main implication of a full employment policy is that "unemployment is reduced to short intervals of standing by, with the certainty that very soon one will be wanted in one's own job again or will be wanted in a new job that is within one's powers".⁴ Looking at it from the point of view of a society full employment means "... having always more vacant jobs than unemployed men and ... that the jobs are at fair wages, of such a kind, and so located that the unemployed men can reasonably be expected to take them".⁵ In theory the policy of full employment would seem to require approximately as many job opportunities as there

⁴ "Full Employment in a Free Society" - William H. Beveridge, 1944, p. 18.

⁵ *Ibid.*, p. 18.

are job seekers in each local labour market area, provided that the types of supply and demand of labour match each other. In practice, the policy of full employment should attempt to approach these ideal conditions.

It is admitted that even with full employment realized in practice there still will be some unemployment as there is a margin required to make change and progress possible and as a result of inevitable friction in a free enterprise economy. Lord Beveridge suggested that "3 per cent appears as a conservative, rather than an unduly hopeful, aim to set for the average unemployment rate".⁶ Another authority suggested that full employment "would be compatible with actual unemployment of 3 to 4 per cent of the labour force".⁷

In general, most governments in economically developed countries now have fairly well established concepts and policies to keep unemployment around this minimum level through overall economic measures, including monetary and fiscal policies, public works, assistance to agriculture and small business, tariffs, research, resource developments, housing, defence expenditure, social security measures and promotion of international trade. Some countries, like Great Britain and Sweden, have succeeded in reducing unemployment to a minimum level during the post-war period without undue inflation or slowing down economic growth.

While most governments have accepted the obligation to achieve a practical level of full employment, the majority of them do not wish this aim "to be expressed in any rigid formula embodying an obligation to keep unemployment below a clearly defined level".⁸

In reply to the resolution of the Economic and Social Council of the U.N.O. in 1950 to define the standard by which each government implies the meaning of full employment, the Government of Canada stated that the Canadian economy was too dependent on export markets to be able to determine a full employment standard. Moreover, in 1953, the Government pointed out that "the application of an arithmetical standard in Canada would be complicated by the fact that jurisdiction over many matters concerning labour is in the hands of provincial governments. At times the attainment of a specific target would require remedies which the central authority would not have sufficient power to put into effect. . ."⁹ This is rather a strange admission. In view of the gravity of unemployment to-day, surely, the complexities of inter-governmental financial and constitutional relations should not present insurmountable difficulties, particularly because the positive solution of this problem must, of necessity, concern all levels of government in Canada. The usual arguments advanced against rigid government commitments to keep unemployment below a certain level include: a fear that pursuance of full employment may result in undesirable inflationary pressure, an argument, however, which is less valid when the country experiences a depression; that the bargaining power of trade unions will strengthen and bring about pressure for still higher wages; and that inflationary pressure may adversely affect exports and increase imports, creating all the obvious difficulties in the balance of payments;¹⁰ and that it is difficult to determine a minimum level of unemployment which should be accepted as inevitable in a dynamic economy.

⁶ *Ibid.*, p. 128.

⁷ "Public Investment and Full Employment", International Labour Office, Studies and Reports, New Series, No. 3, 1946, p. 346.

⁸ "Employment and Unemployment: Government Policies Since 1950", International Labour Review, July, 1956, p. 2.

⁹ *Ibid.*, p. 3.

¹⁰ *Ibid.*, pp. 3-5.

In Canada, even during the Second World War, some thought was given with respect to the responsibility of the Federal Government towards unemployment. One of the recommendations of the Subcommittee on Publicly Financed Construction Projects was that "a carefully planned program of publicly financed projects must be developed as an integral part of Canadian reconstruction policy since, if a deep depression threatens to arise, prompt action would be necessary. The most significant contribution that such projects would make towards Canadian reconstruction is that they would provide additional employment opportunities. . ."¹¹

The Federal Government's views on public investment policy are to be found in two principal documents, namely, the Department of Reconstruction's White Paper on "Employment and Income, with Special Reference to the Initial Period of Reconstruction", April, 1945, and the "Proposals of the Government of Canada" to the Dominion-Provincial Conference on Reconstruction, 1945.

In the first document, among other features, there is a statement relevant to the problem of distressed areas, namely, that "... the Dominion (Government) will undertake its own deferred projects in those localities in which the decline of war contracts or other circumstances have made available labour, which can be employed on such projects and for which the locality gives promise of permanent employment."¹²

The Dominion Government's Proposals to the Dominion-Provincial Conference on Reconstruction, convened in August, 1945, stressed the importance of community planning as a basis for efficient public investment, and while community planning lies within the provincial sphere of jurisdiction, the Federal Government stated that it "is prepared to support in principle the establishment of a community planning institute for Canada, or some similar body, for the co-ordination of planning and action in this field on a continuing basis."¹³

The Government also proposed other methods such as taxation reform and maintenance of income to encourage private investment, it accepted responsibility for the basic survey of resources, research essential to national development, lending technical assistance to subsidiary governments, and provision of factual information, grants-in-aid, etc., to encourage economic development of the country through public investment in areas considered to present serious problems of unemployment.¹⁴

Implications of these proposals are clear enough and suggest the Federal Government's responsibility for needed action and aid to labour surplus areas in Canada.

The objective of full employment will not be attained so long as the depressed labour market areas are allowed to persist. An effective national full employment policy, by necessity, must include special provisions to deal with those areas which lag behind the national progress. These provisions must be separated from an overall national policy and be diverted specifically to the existing pockets of localized and chronic unemployment. The past decades have proven that our country can expand. However, while national production and employment may reach high levels, some areas and sectors can and do lag behind and pockets of high unemployment are likely to develop in the future

¹¹ Advisory Committee on Reconstruction: Final Report of the Subcommittee on Publicly Financed Construction Projects, Ottawa, 1943, p. 8, quoted in "Public Investment and Full Employment", op. cit., p. 235.

¹² "Employment and Income", White Paper, 1945, p. 15.

¹³ "Dominion-Provincial Conference on Reconstruction: Proposals of the Government of Canada", 1945, p. 14.

¹⁴ *Ibid.*, pp. 21 and 26.

as they have done in the past. It seems imperative therefore that if we are to secure a high level of employment in the country as a whole it is a necessary prerequisite to launch an attack against localized and chronic unemployment.

F. PERSISTENT AND LONG-TERM UNEMPLOYMENT

Prolonged and persistent unemployment may be defined as unemployment that lasts more than three months. Duration of unemployment for individual workers, as well as the number of workers idle for more than three months, may be understated when the count is taken at a survey time in that it provides a measure of the duration of unemployment of each individual worker's current period of unemployment. Any work, even of a casual nature, breaks the continuity of consecutive months of unemployment.

The extent of long-term unemployment may be indicated in the following ways: (a) by the proportion of all unemployed in each group (male, female and total), who have been out of work for more than three months to the total number of persons without jobs and seeking work, or (b) the total months of workers unemployed for more than three months as a percentage of total number of months of all persons without jobs and seeking work in each group.

Calculations of this nature were made for the calendar years 1955-1959, for the summer months (May-October) and for the winter months (November-April) separately for male and female and total combined. A calculation was also made of the average number of months per person looking for work in each group for a calendar year, including summer and winter months. The results of these calculations are to be found in Table VIII.

Long-term unemployment persisted during the prosperous years of 1956 and 1957 and it is accounted for by secular declines in certain occupations, industries and areas. It is generally suggested that persistent and long-term unemployment is experienced, in particular, by unskilled workers, older workers and workers engaged in such declining industries as coal mining and textiles.

It is evident from the above table that the incidence of persistent unemployment is higher among men than women, and also that men, looking for work for more than three months, have a longer average duration of unemployment both in winter and summer months. Duration of unemployment appears to be shorter in winter than in summer months and this is due to the existence of more short-term unemployment (seasonal) during the winter months. Duration of unemployment is longer during recession years and the number of persons unemployed for more than three months increases during bad years and accounts for almost one-third of the total number of persons without jobs and seeking work. Consequently, total months of unemployed for more than three months account for almost three-quarters of total months of unemployment of all job seekers.

TABLE VIII
 NUMBER AND DURATION OF UNEMPLOYMENT OF PERSONS WITHOUT JOBS AND SEEKING WORK
 CANADA 1955-59

		Annual Averages					Summer Months (May-October) Averages					Winter Months (November-April) Averages			
		1955	1956	1957	1958	1959	1955	1956	1957	1958	1959	1955-56	1956-57	1957-58	1958-59
Total number of persons without jobs and seeking work ('000).	M	201	157	226	355	306	129	94	157	260	208	224	242	434	426
	F	31	24	30	50	43	27	21	28	48	39	28	27	49	49
	T	232	181	256	405	349	156	115	185	308	247	252	269	483	475
Average number of months looking for work.	M	4.0	3.5	3.1	4.2	4.3	4.3	3.9	3.3	4.5	4.6	3.4	2.8	3.5	4.1
	F	3.2	2.7	2.6	3.6	3.6	2.9	2.5	2.5	3.7	3.4	3.2	2.6	3.2	3.9
	T	3.9	3.3	3.0	4.1	4.2	4.1	3.5	3.1	4.4	4.4	3.4	2.7	3.4	4.1
Total number of persons without jobs and looking for work for more than 3 months ('000).	M	66	41	52	132	112	45	27	40	107	80	60	53	145	146
	F	8	4	6	16	13	6	3	5	16	10	6	5	14	17
	T	74	45	58	148	125	51	30	45	123	90	66	58	158	173
Average number of months of unemployment of those looking for work for more than 3 months.	M	9.5	9.5	8.0	8.4	9.3	10.3	10.1	8.4	9.0	9.9	9.0	8.1	7.5	8.4
	F	8.3	8.6	7.6	7.9	8.5	7.9	9.2	7.3	8.2	8.7	8.4	7.7	7.5	8.1
	T	8.9	9.3	7.9	8.3	9.1	9.0	10.0	8.3	8.9	9.8	8.9	8.0	7.5	8.3
Total number of persons unemployed for more than 3 months as a percentage of total number of persons without jobs (%) and seeking work.	M	32.8	26.1	23.0	37.2	36.6	34.9	28.7	25.5	41.2	38.5	26.8	21.9	33.4	36.6
	F	25.8	16.7	20.0	32.0	30.2	22.2	14.3	17.9	33.3	25.6	21.4	18.5	28.6	34.7
	T	31.9	24.9	22.7	36.5	35.8	32.7	26.1	24.3	39.9	36.4	26.2	21.6	32.7	36.4
Total months of unemployed for more than 3 months as a percentage of total months of all job seekers (%)	M	71.9	64.9	58.7	73.0	74.2	77.6	71.5	65.0	78.8	78.4	62.7	50.8	62.6	71.2
	F	62.7	55.1	54.3	68.1	68.2	61.3	50.1	54.5	71.1	66.4	59.2	53.5	60.6	71.4
	T	67.7	63.7	58.2	72.4	73.5	69.4	69.1	63.7	77.9	76.9	62.4	51.0	62.4	71.2

Chapter II

ECONOMICS OF DEPRESSED AREAS

In this chapter, which is of general and theoretical nature and not specifically related to Canada's problem of labour surplus market areas, a brief review is made of the possible causes of localized persistent unemployment. This is followed by an analysis of the social and economic implications of the status of the depressed areas. A somewhat lengthy section is devoted to the description of foreign experience in dealing with the problem of localized unemployment, in particular in the United States and the United Kingdom. Finally, a review is made of possible policy approaches to the solution of the depressed areas and the role of the different levels of government; local redevelopment programs are also discussed.

A. THE ORIGIN OF LOCALIZED UNEMPLOYMENT

If something positive is to be done to eliminate persistent localized unemployment in the depressed areas it is essential to discover the causes of their distress and to find why they are unable to adjust themselves to changed economic conditions. Original causes of chronic unemployment must be looked for in the industrial structure of the depressed area. This requires a close and detailed examination of each individual depressed area. In this section of the study, the major causes of localized unemployment will be broadly sketched and an analysis of the selected depressed labour market areas in Canada will follow in the next chapter.

It is commonly agreed that the persistence of localized unemployment at a high level is usually the consequence of several factors although one specific factor may be of a particular importance in a given depressed area and this single factor may be responsible for high unemployment. In analyzing a particular distressed area one usually finds that there is a combination of direct and indirect, internal and external causes, which are difficult to separate in practice and which are mutually interacting. The following factors have most often been advanced as the principal causes of persistent and localized unemployment:

(1) In the first instance, technological changes, which are part of economic growth and which improve productivity, must be mentioned. As a by-product these changes may displace labour, which may not easily be absorbed into other industries in the same geographic area if the skills and training of the displaced workers are unsuitable. We have witnessed the effects of technological progress on employment in mining, manufacturing, office work and in other industries and trades. It is safe to say that with increasing automation, both in the production process and in office work, no labour market is really protected from displacement of labour by this highly dynamic element present in our economy.

(2) Another factor causing localized unemployment is migration and decline of an industry in a particular region or in the country as a whole. Some formerly prosperous industries such as textiles, leather, shipbuilding and ship repairing, shipping, railways, etc., have currently become "sick industries" and provide less employment. Then the tendency of decentralizing industry in order to bring plants nearer to sources of raw materials or to expanding new markets because of inevitable shifts in location of population, has left some areas in economic distress. If, at the same time, such

areas are unable to attract new industries and trades then naturally a severe unemployment condition will persist for a long time.

(3) Some areas have become depressed areas because of the depletion, exhaustion or obsolescence of natural resources such as coal, wood, minerals, uranium, etc., which provided employment and income in the past. Other areas have adversely been affected by shifts in demand, on the part of producers, for example, from coal to oil, or from oil to natural gas; and, on the part of consumers, from silk goods to synthetic fabrics.

(4) Localized unemployment may result from increased imports and decreased exports because of changes in tariff structure at home and abroad or because of a loss of competitive ability in internal and external markets by some industries, such as textile, rubber and leather, etc.

(5) Particular geographic regions and localities where predominantly seasonal industries and trades are located, such as fisheries, lumbering, logging, food processing, tourist trades, etc., are often exposed to protracted seasonal variations, which account for chronic unemployment in such regions and localities because there are not sufficient job opportunities in stable (non-seasonal) industries.

(6) Another factor of increasing importance is a decrease in military procurement expenditures, which affects primarily such industries as aircraft construction, shipbuilding, electronics and many others. Then, of course, shifts in the types of armaments imposed by changes in military technology may redirect military expenditures from one locality to another.

(7) The most frequently suggested cause of localized unemployment is a lack of industrial diversification and reliance of a local economy on one or a few industries, such as textiles, steel, car manufacturing or on sales to a particular market, especially a foreign market (newsprint and paper industry). A decline of the main industry or a loss of a principal market will inevitably result in persistent and high unemployment in a locality. Moreover, this latter fact will influence adversely other industrial and trade activities in the afflicted area.

(8) Changing population structure is another factor. In a distressed community many of the younger, better trained and educated people will move to other more attractive industrial areas; an example is the continuing shift from country to towns. Such mobility may be desirable but, at the same time, it tends to raise the average age level in the distressed community by leaving only the older workers. Eventually, even if new enterprises come into such areas the local workers may not find employment, either because of their age or because of a lack of skills and training required by the new industries.

(9) Deterioration of social capital and inadequate communal facilities and services is another factor to be considered. These public facilities will include roads, industrial park sites, schools, public utilities, transportation, etc. As an area becomes distressed and economic activities diminish, it usually follows that a major source of local taxes to finance and expand communal facilities and services gradually disappears. It may turn out to be a vicious circle, as with deterioration in public facilities and services new industries will be discouraged, and the decline of existing ones will be speeded up. Thus some areas become unsuitable as industrial locations simply because of environmental deterioration.

(10) The central government's economic policies in such fields as tariffs, highways, housing, resource development, power development, tanning and retraining schemes, organization of employment services, etc., may adversely affect local economies and thereby the level of employment.

This review of basic causes of persistent and localized unemployment indicates a diversity of factors. Generally speaking, the most essential causes

are shifts in consumption patterns and technological changes. This would suggest that originating factors may be outside the control of the local economies. In other words, the local economies may be unable to adjust themselves to changes imposed by dynamic elements present in the national economy. This has significant policy implications because "If the changes in the economy that appear to produce depressed areas, shifts in consumption patterns and technological advances, are deemed desirable, depressed industrial areas should properly be viewed as a part of the cost associated with them." Who is to bear this cost? "As things now stand, it is borne almost entirely by the members of the communities who are afflicted with chronic unemployment." "Considerations of equity indicate that a reapportionment of this cost among other sectors of the economy is necessary."¹

B. ECONOMIC AND SOCIAL IMPLICATIONS OF THE DEPRESSED AREA STATUS

The social and economic effects of a declining community are well summarized in the following statement:

"Where a large proportion of the labour force in a particular town or district is out of work for long periods, the human cost to the unemployed workers and their families in terms of loss of skill, work habits and morale is bound to be unusually heavy. Moreover, the community as a whole is affected. Local relief services are strained, tax rates may have to be increased, tax delinquency and bankruptcy rate among local shopkeepers and other firms may rise, and both public and private credit are likely to suffer. The effects may indeed spread far beyond the area concerned. Both aggregate demand and business confidence are likely to be more depressed by concentrated unemployment in a few areas than by the same total volume of unemployment distributed evenly throughout the economy. In the interest of the economy as a whole, therefore, as well as of those in the depressed areas, prompt remedial action is essential."²

Depressed areas from the economic point of view pose a problem of uneconomic use of resources and persistent unemployment creates an irretrievable waste of human resources. Of course, it can be argued that economic growth and progress and improved methods of production impose a price in the form of inevitable structural unemployment experienced by particular geographic areas, industries and groups of workers, in particular, the very young and older workers. The point is, however, that the advantages of economic progress are available to all the members of a society whereas its price is usually paid by the affected areas or particular sections of the labour force; this implies inequity in an economic sense. It is true that in most cases the individuals affected receive unemployment insurance benefit but "It seems that equity demands that the unemployed should not be reduced to the subsistence income available from unemployment assistance through no fault of their own".³ However, one of the most critical aspects of chronic unemployment in the depressed areas is its duration. Long-term unemployment tends to exhaust the individual worker's savings as well as his entitlement to unemployment benefits and as a consequence even more serious implications are generated. It is a fact that unemployment in the depressed areas is proportionately greater in amount during recessions and lasts longer than in economically normal areas of the country. Admittedly, we have progressed since

¹"Depressed Industrial Areas: A national Problem" - L. E. Gallaway, p. 75. Unpublished Ph.D. dissertation, University Microfilms, Inc., Ann Arbor, Michigan.

²"Action Against Unemployment", International Labour Office, Studies and Reports, New Series, No. 20, Geneva, 1950. p. 116.

³"Structural Unemployment and Government Policy" - S. Please, International Labour Review, Vol. LXXV, No. 2, February 1957.

the 1930's; we have extended social services, such as family allowances, hospital insurance, better pensions and other fringe benefits, which provide some shelter and defence against financial stringency because of unemployment. Nevertheless, to maintain a minimum income for those who are chronically unemployed implies a burden upon those who are employed, who must in part bear the national cost of unemployment.

Long-term unemployment in particular areas is objectionable also on human grounds. Chronic unemployment undermines the accepted principle of equality of opportunity of individuals and communities; it is demoralizing in the sense that it disrupts family life, breaks up homes, increases crime and juvenile delinquency, creates undesirable living conditions; increases the feeling of economic insecurity, generates low morale, tension, and general social dissatisfaction. It also deprives many people of an opportunity for constructive and normal participation in national life.

Depressed areas constitute a malignant social illness which is not only costly to individuals concerned, but to society as a whole. There is little doubt that the country as a whole loses because it is deprived of the potential goods and services that could be created by these idle economic resources, human and material; in the depressed areas there is a loss of personal income that their employment would ensure. Thus potential consumers because of a lack of purchasing power do not participate in the total effective demand to the extent desirable. As a result, the existence of depressed areas acts as a drag on general economic activity elsewhere because of the strong interaction of our economy.

In addition, there is a loss in depressed areas in terms of depreciation of private houses and in social capital, such as schools, churches, libraries, hospitals, roads, public utilities, etc., which are either under-utilized or deteriorate from lack of use.

The economic decay of depressed areas has often gone so far as to place real limitations to economic revival. Outside capital and enterprise are reluctant to enter an area where other industries have failed. The loss of tax revenue and the community's low credit rating often make it impossible to expand or even to maintain adequate public services and facilities. A declining community finds it difficult to attract new industries because the potential entrepreneurs are prompt to judge their potential success on the basis of the performance of existing industries and trades in a depressed area. Depressed areas may show a lack of population growth. Moreover, younger and skilled workers having better job opportunities elsewhere will tend to migrate. Entrepreneurial ability and experience gradually disappear. The result is that the depressed areas' status hampers such areas in their efforts to attract new industries and create new jobs. Moreover, as their unfortunate conditions continue, they tend to become less and less capable of taking the initiative in starting area redevelopment programs of their own. Having lost locational advantages and high credit rating, the depressed areas are least capable of raising the necessary capital for long-term development.

Another drawback of a depressed area status should also be mentioned. A high and persistent level of unemployment undermines organized labour's bargaining power and, consequently, this tends to exert pressure towards lower wages. The latter fact may attract into the area low capital-intensive industries or industries which are profitable only because of low wages. The natural result of this tendency is that such industries will only reinforce the low-income characteristic of the depressed areas. The capital-intensive industries may not move voluntarily into depressed areas because low labour cost is not a determining factor in their location policy. Other factors, such as transportation and communication facilities, proximity of markets and

natural resources, attractiveness of living conditions, etc., may play a more decisive part. It appears then that there is what has been called a negative "multiplier effect" in the depressed areas which perpetuates their distressed conditions. It is also generally agreed that the depressed areas with persistent and localized unemployment, which are usually earlier and harder hit by recessions, do not participate to the same extent as normal areas in economic recovery, always lagging behind the national rate of economic growth.

In some instances, the local civic, business and, perhaps, labour leaders and some residents of a depressed area may be reluctant to admit that depressed economic conditions prevail in their areas either because of a fear that enterprise and capital will be discouraged from coming in or because of a belief that ultimately conditions will improve. But, even in prosperity, the latter event may not take place because of the difficulty encountered by business in obtaining credit at a time when the monetary authorities are likely to pursue a policy of tight money. Thus it would appear that on both humanitarian and economic grounds, the redevelopment of depressed areas is essential to prevent the existence of "ghost communities" amidst relative plenty, and to allow balanced and steady economic progress throughout the nation as a whole. Clearly, the problem of depressed areas is a national, economic and political problem that should concern all levels of government in Canada.

One way to measure a part of the economic loss involved in the existence of depressed areas is to look at the cost of unemployment insurance. It will be suggested in the following chapter that if we could reduce the ratios of monthly registrations to paid workers in the labour surplus market areas in Canada to the national averages for each labour market group during the summer months, there would be a monthly reduction in registrations of 19,700, or 6.8 per cent of the average monthly total registrations during the summer months for the period 1953-1959. The coverage by the Unemployment Insurance Act for non-agricultural paid workers amounted, on the average, to about 85 per cent during the same period of 1953-1959 for Canada as a whole. Making allowance for this coverage factor and, in addition, assuming that, on the average, registrations include about 15 per cent of agricultural workers, it may be concluded that approximately 5 per cent would be the average monthly ratio during the summer months. The 1953-1959 monthly average unemployment insurance receipts amounted to \$24.31 m., 5 per cent of which amounts to \$1.22 m. per month. Thus, on the average, during the summer months (May-October) presumably \$7.32 m. was paid in unemployment insurance benefit. For the whole period, 1953-1959, over \$51.0 m. was paid for chronic and localized unemployment and this is rather a conservative figure. This saving of \$50 m. could have been used instead to finance some of the assistance programs designed especially for the labour surplus market areas.

C. FOREIGN EXPERIENCE

The problem of depressed areas and of specific economic policy for redevelopment of such areas has for some time been recognized in a number of countries, in particular in the United Kingdom, the United States and in the Scandinavian countries. It may, therefore, be profitable to review some aspects of their experience in dealing with localized unemployment and indicate the principal remedial measures used and assess their effectiveness.

United States

While the British full employment policy acknowledged the need to deal separately with the depressed areas, the United States' high employment policy until recently had no specific policy to assist such areas.

Depressed areas and localized unemployment were only considered as a special problem of the labour markets during the recession of 1949, when the U.S. Federal Government undertook some modest steps, apart from general fiscal and monetary policies, to aid local labour markets with their serious chronic unemployment. The Economic Expansion Act of 1949, Part V, dealt specifically with this problem. Upon the President's certification of an area or industry as depressed, the Secretary of Labor was to assign investigative personnel to examine the causes of the chronic unemployment and to recommend the necessary measures. The latter included the placing of additional government contracts in such certified areas or industries; financial assistance to private business in the form of small loans; and free vocational education or training, including maintenance allowances and financial assistance for transportation of workers and their households and families in relocating in other areas. This was a selective rather than an over-all assistance program. Similar measures were suggested in the Employment Assistance Act of 1950.

Under the Defence Manpower Policy No. 4 of the Office of Defence Mobilization, which came into being after the outbreak of the Korean War when more serious unemployment resulted from a reduction of civilian goods production, firms submitting tenders on government contracts that were located in areas with very substantial labour surplus were given priority in obtaining military and civilian contracts, provided, however, that their quoted prices were not higher as compared with offers of bidders from other areas. However, this measure was not particularly helpful because of such contracts "on a dollar basis, 85 per cent...are let on a non-competitive, negotiated basis. Further, the prime contractors can hardly be expected to give special attention to depressed areas when they seek sub-contractors. And, finally, many distressed communities simply do not have the industrial capacity needed to attract the defence dollar".⁴

In November 1954, the Federal Government initiated an assistance program designed to encourage new factories to locate in labour surplus areas by offering them accelerated tax write-off allowances, under the Office of Defence Mobilization tax amortization policy. This type of aid was given to firms establishing and expanding certain types of defence facilities in depressed areas. At first, the Office made a distinction between chronic and acute labour surplus areas, but this differentiation was dropped after a year. Thereafter, tax write-offs, as well as other federal policies, have been directed towards all labour surplus areas, including those with 6 per cent of the labour force unemployed even for a short-term reason.

Another scheme was introduced in 1954 under the Buy-American Act, which was originally introduced in 1933, to make labour surplus areas eligible for preferential treatment when competing with foreign business for federal contracts. This was to apply "in any situation in which the domestic supplier offering the lowest price for furnishing the desired materials undertakes to produce substantially all of such materials in areas of substantial unemployment...".⁵ This measure also was not considered particularly helpful because of certain implications arising from foreign trade policies and it really offered little relative to the total need of the depressed areas.

Labour surplus areas have also received priority in federal technical assistance programs, operated through the Community Employment Program of the Bureau of Employment Security and affiliated State agencies and through the Office of Area Development of the Department of Commerce. The latter Office was established in 1947 to work with State planning and development

⁴ "Needed: Local Leadership in Depressed Areas", William J. Byron, Harvard Business Review, July-August, 1960, Vol. 38, No. 4, p. 116.

⁵ Executive Order, December 17, 1954.

agencies in an advisory capacity. It provided information and some technical assistance to communities which were trying to attract new industries.

With the exception noted above, these special federal assistance programs did not distinguish between chronic and non-chronic surplus areas; assistance was available equally to all labour surplus areas irrespective of whether unemployment was of a short or long-term nature.

The Council of Economic Advisors, recognizing the existence of the problem of depressed areas, at first however, suggested that "a large part of adjustment of depressed areas to new economic conditions both can and should be carried out by the local citizens themselves", and they added that "The Federal Government can make its most effective contribution to their needs as well as those of others by steadfastly pursuing monetary, tax expenditure, management and general housekeeping policies that promise a high and stable level of employment in the Nation at large".⁶ However, during the presidential election, the problem of depressed areas became one of the political issues and the Council of Economic Advisors reversed itself and stated in the following year that the problem of depressed areas was "a matter of national as well as of a local concern".⁷

The Council recommended the following principles of policy:

- (a) the Federal Government should help needy communities so that they might help themselves;
- (b) it should expand and establish productive industries in order to create job opportunities;
- (c) federal assistance should be contingent upon the active participation of the communities concerned, which should provide part of any financial assistance for a specific project; and
- (d) no federal aid should be given if the proposed industrial project would create unemployment elsewhere.⁸

It was also proposed to establish a new agency, namely, the Area Assistance Administration in the Department of Commerce, which would provide technical assistance and capital improvement loans for projects that would improve the long-run economic outlook but for which financing could not be obtained on reasonable terms from private sources. These loans were to be granted to communities that had an unemployment rate of about 8 per cent or more during the greater part of the preceding two years.

In 1956, the President's local aid program was introduced in the Senate and also a special bill, urging more extensive federal assistance, sponsored by Senator Paul H. Douglas, but neither proposal passed the Congress. Recommendations for legislation to assist the chronic labour surplus areas have been made in each of the subsequent years.

It is said that the major weakness of the above proposals and remedies used was the lack of a co-ordinated and positive program designed to encourage the growth of new enterprises in depressed industrial areas.

In 1958, Senators Douglas and Payne introduced in the Senate an "Area Redevelopment Act", which, after having passed the Congress, was vetoed by the President. This bill recognized that the Federal Government was obligated under the terms of the Employment Act of 1946 to counteract local chronic unemployment as well as cyclical unemployment. It recommended establishment of a special Area Redevelopment Administration in the Housing and Home Financing Agency and proposed the following principal remedies:

- (a) technical assistance to be provided by the Federal Government to assess depressed areas' economic resources;

⁶ "Economic Report of the President", January 1955, p. 57.

⁷ "Economic Report of the President", January 1956, p. 61.

⁸ *Ibid.*, pp. 61-62.

(b) the federal Government should provide long-term loans at a low rate of interest to aid private industries and commercial enterprises to locate or expand in depressed areas with the proviso, however, that no financial assistance would be given when relocation of an enterprise would result in unemployment in its original location;

(c) the Federal Government should provide community facility loans and grants to improve such facilities as would encourage creation of long-term job opportunities;

(d) it should offer special vocational retraining aid to displaced workers and while they are being trained they should receive subsistence payments up to 13 weeks; and

(e) it should also provide additional measures to encourage the placement of government procurement contracts in depressed areas.

Early in 1959 several bills dealing with depressed areas were introduced in both Houses of Congress among which the more prominent were: Senator P. H. Douglas' bill and the Administration bill, sponsored in the Senate by Senator H. Dirksen and in the House of Representatives by Rep. C. E. Kilburn. Senator Douglas' bill again was vetoed by the President despite the fact that it passed both Houses of the Congress.

The Administration bill was more limited than that of Senator Douglas. It would provide no loans or grants to relieve chronic unemployment in rural districts and no appropriation for public facilities. Senator Douglas' bill would have covered both. The Administration bill would have handed over the loan program to the Department of Commerce, while Senator Douglas' bill would have created an Area Redevelopment Administration within the executive branch of the Federal Government. Senator Douglas' bill would have provided \$75.0 m. as plant loans to industrial areas per annum, but the Administration bill suggested only \$50.0 m.; Senator Douglas' bill recommended \$75.0 m. as plant loans to rural depressed areas, while the Administration bill provided nothing in this area. Moreover, the proportion of federal participation in the loans would have differed as between the two bills. The Administration bill would have limited the ceiling of the industrial plant loan fund to 35 per cent of total cost, while the Douglas' bill participation ceiling would have been 65 per cent. There were also smaller annual sums or none at all provided in the Administration bill for technical assistance, vocational training and retraining subsistence payments as compared with the Douglas' bill. The latter bill provided an annual total expenditure of \$251.0 m. as compared with \$53.0 m. recommended in the Administration bill.

*United Kingdom*⁹

Great Britain has achieved, in the post-war period, the closest approximation to practical full employment and, in successfully performing this task, it has had a special policy for dealing with chronic and localized unemployment; this was initiated in the early 1930's.

During the depression of the 1930's there were some industries whose welfare depended to a large degree upon export trade and which suffered

⁹ See also the following publications: (a) "Foreign Experience with Structural Unemployment and its Remedies" - W.H. Miernyk, "Studies in Unemployment", prepared for the Special Committee on Unemployment Problem, U.S. Senate, Washington, 1960; (b) "Experience with Development Areas in Great Britain" - Jean A. Flexner and Ann S. Ritter, *Monthly Labor Review*, May 1957, Vol. 80, No. 5, U.S. Department of Labor; (c) "British and American Approaches to Structural Unemployment" - William H. Miernyk, *Industrial and Labor Relations Review*, Vol. 12, No. 1, October 1958, pp. 3-19; and (d) "Local Unemployment and the 1958 Act" - A.J. Odber, *Scottish Journal of Political Economy*, Vol. VI, No. 3, November 1959, pp. 211-228.

more than others. Decreased activities in such industries as coal mining, ship-building, and iron and steel naturally affected adversely special localities.

The first legislation dealing with depressed areas—the Special Areas Development and Improvement Act—was passed in 1934 to “facilitate the economic development and social improvement” of four such areas. In each of these areas a Special Commissioner was appointed “to undertake the initiation, organization, prosecution and assistance of measures designated to facilitate the economic development and social improvement of the areas”. The Commissioners co-ordinated the economic and social programs of the national and local governments and private agencies and also had special funds at their disposal. Their activities ranged from aiding local public works designed for long-run economic and social improvement and settling unemployed on farms, to obtaining government civilian contracts, which after 1936, also applied to military procurements and munition plants in special areas. They also organized private, non-profit corporations to operate “trading estates” in the special areas. Such estates purchased land, erected and reconstructed commercial buildings, provided utilities such as roads, power supply, railroad sidings, etc., and rented premises to manufacturing firms.

These initial efforts to remedy localized unemployment in special areas were evidently not too successful and, therefore, in 1936, under the Special Areas Reconstruction Agreement Act, the Special Areas Reconstruction Association was formed to make loans up to £10,000 for a duration of five years, to firms which had “reasonable prospects of succeeding” in the depressed areas. The shares in the Association were subscribed by investment trusts, insurance companies, banks and industrial undertakings. The treasury agreed to guarantee one-quarter of any losses incurred by the Association and also to reimburse it for administrative expenses. The Commissioners were empowered to make limited contributions towards the rent and local taxes of the assisted firms and “to adjust income taxes of industrial undertakings for periods of up to five years”.

The Special Areas (Amendment) Act of 1937, enabled the Treasury to make direct loans to firms in the special areas and it could exempt wholly or partially the firms in such areas from the special national tax for defence. In addition, the Ministry of Labour manpower transference schemes helped young workers to train for and to find jobs in other parts of the country. The Government also paid for moving dependents of transferees and their households.

It is generally acknowledged, that by 1939 the situation in special areas had improved, mainly because of the impact of rearmament, although their unemployment rate still remained at 13 per cent, i.e., almost twice the national average. With World War II, employment opportunities were created by dispersing industries into special areas and unemployment decreased because of military conscription.

In 1940, the Royal Commission on the Distribution of the Industrial Population suggested that the existing distribution of industry was one of the causes of localized and chronic unemployment and it also declared that the problem of depressed areas was a national problem and, consequently, the realistic solution must be sought “along the lines of national inquiry and national guidance”.

In the post-war years the program of rehabilitation of the chronically depressed areas was combined with the national policy of industrial and population location although some positive pre-war legislative measures were kept also. In 1944, the U.K. Government issued a White Paper on Employment

Policy,¹⁰ in which the Government assumed a responsibility for full employment, and discussed the causes of large-scale chronic unemployment. The principal remedial measure suggested was industrial diversification of the depressed areas that were dependent on one or a few industries and, therefore, were especially vulnerable to unemployment. The distribution of industries, as a part of national economic policy, was to eliminate pockets of persistent unemployment. In other words, the Government's declared intention was to follow Lord Beveridge's proposition that it is better to bring jobs to workers rather than to compel them to seek employment elsewhere. Specifically, the White Paper stated that "where a large industrial population is involved, the Government is not prepared either to compel its transfer to another area or to leave it to prolonged unemployment and demoralization".¹¹ Consequently, the Government announced that it would use its power to direct new industries into depressed areas, and to provide retraining schemes for the unemployed in these areas in order to prepare them for jobs in new and expanding industries. However, a provision was also made for the improvement of geographic and occupational mobility of labour.

Most of these recommendations were included in the Distribution of Industry Act of 1945, which also incorporated some recommendations of the Royal Commission on the Distribution of the Industrial Population. This new legislative measure abolished the institution of Special Commissioners, and Board of Trade assumed special duties towards these special areas, which were renamed "development areas". The Board of Trade was empowered, after consultation with the local authorities concerned, to declare certain areas to be depressed areas if "there is likely to be a special danger of unemployment" in them.

The Board of Trade had the power to improve sites and to build factories on the development area, to acquire land for industrial sites or community facilities, if necessary by compulsory purchase, and to give financial assistance to local authorities or non-profit agencies for the above activities. After 1945, Government grants or loans were made available to communities for the provision of basic public services and facilities such as transportation, power, housing, sanitation, etc., which are necessary for the industrial development of an area. The Board could also make loans to non-profit industrial or trading-estate companies to provide industrial premises. The Treasury, under the same Act, was empowered to give annual grants or loans to enable industrial undertakings, established or planned, to pay interest on borrowed capital. On the other hand, subsidies on account of rent, local taxes and income tax were now dropped.

An amendment to the Special Areas Act of 1933 made in 1950 enabled the Board of Trade to contribute to the removal costs of firms going to special areas.

Under the Distribution of Industry Act of 1945, the Board of Trade had a responsibility for the national distribution and location of industries throughout the whole country. To accomplish this new task a special Location Office was established to collect and analyse information concerning the economic structure of a large number of localities with respect to possible industrial sites, the availability of labour, power, transportation, housing, etc., in order to facilitate national and planned location of industries.

The above function and authority of the Board of Trade was strengthened by the Town and Country Planning Act of 1947, which provided for co-ordina-

¹⁰ "Employment Policy", Cmd. 6527, H.M.S.O., 1944.

¹¹ "Employment Policy", A White Paper, 1944, quoted in W. H. Beveridge's "Full Employment in a Free Society", p. 266.

tion of the industrial planning activities of the Board of Trade with the control function vested in local planning authorities, which were under the direction of the Ministry of Town and Country Planning. This Act provided that any firm before it could build a factory above a certain size (10,000 square feet and over) had to obtain permission from the Board of Trade. The objective of this policy was to promote and accelerate the growth of development areas to prevent overcrowding in the already developed industrial areas. "This involved a planned redirection of earlier locational trends, and both positive and negative measures to ensure the distribution—especially the growth of new industry—would follow a pattern which would tend to bring jobs to workers rather than forcing workers to relocate in search of new employment".¹²

A special Development Areas Treasury Advisory Committee, representing labour, management, banking and public administration, was established to review requests for financial aid, provided that, in due course, the firm proved to be a successful and independent business venture.

By the middle of 1955, the Government discontinued financial assistance to factories in the development areas, except in very special cases and only after a special parliamentary inquiry has been made, on the grounds that restraints on investment were being imposed, that the principal industries upon which the development communities have depended had been revitalized, and that the industrial structure of the development areas had improved and become more diversified and, finally, that the unemployment situation had become so much less alarming that private construction programs would continue by themselves the rehabilitation program initiated by public authorities. Indeed, by the end of 1955, unemployment in the eight development areas had fallen to 1.9 per cent of the insured male labour force and 2.5 per cent of the female work force. These rates must be compared with national figures for that year of .9 per cent of the male and 1.1 per cent of the female labour force.¹³ In retrospect, however, it would seem that the discontinuance of special aid to depressed areas was premature.

In 1958, the Distribution of Industries (Industrial Finance) Act was passed. Its purpose was to shift from the previous official policy of "work to workers" and of building factories and letting them to firms, to a new policy of moving the labour from the development areas and of lending directly to businessmen. The policy of bringing industries to such areas, however, was not entirely abandoned. The new Act extended the previous power of the Treasury to make grants and loans to industrial undertakings, to a business that was not necessarily an industrial establishment, nor located in the development area nor complying with the proper distribution of industry, provided that the Board of Trade had some assurance that such an establishment would provide job opportunities "in any locality in which a high rate of unemployment exists and is likely to persist". It was decided also not to have a list of depressed areas so that the Board of Trade could be free in defining any area as a development area.

The Development Areas Treasury Advisory Committee is not allowed to approve loans to firms unless it is satisfied that the firms seeking loans have good prospects and could not obtain the capital from other private sources. There seems to be some contradiction in the latter two conditions. It stems from the fact that evidently no parliamentary act can state publicly that an element of risk exists in the disbursement of public money.

The Act of 1958 did not suggest any statistical criteria for identification of the development areas. In practice, however, the Board of Trade indicated

¹² "Foreign Experience with Structural Unemployment and its Remedies" - W. H. Miernyk, p. 415.

¹³ "Experience with Development Areas in Great Britain" - Jean A. Flexner and Ann S. Ritter, p. 16.

that a 4 per cent wholly unemployed annual average was used as a statistical test in selecting development areas. This practice is subject to the following critical commentary: "To a small extent this is an encouraging approach, for it appears to reflect an acceptance of the argument that distribution of industry policy is concerned with the problem of long-term unemployment, not with the troubles of the trade cycle. Even this step forward is a rather fumbling one, for the authorities seem to think that they can separate cycle from trend by the use of their measuring rod of 4 per cent wholly unemployed for a year".¹⁴

Despite all the measures taken, chronic and localized unemployment in the United Kingdom still exists, for in early 1959 the unemployment rate in the country as a whole was about 2 per cent while the rate for all development areas remained slightly above 4 per cent.¹⁵ Needless to say, this percentage would have been higher without the above-described efforts.

Thus, the British experience indicates that a concerted attack against the depressed areas promises a measure of success. Its primary approach has been that of bringing jobs to workers through controlling the location of industries. The special rehabilitation programs for the depressed areas have resulted in a higher labour force in these areas; the heavy dependence of these areas on a limited number of basic industries has been diminished through industrial diversification; and employment opportunities have increased and become more diversified and the older industrial areas have been revitalized.

Admittedly, it is more difficult to assess precisely the actual results of these rehabilitation efforts because of the general improvement in the British economy in the post-war period, particularly in the foreign trade area, and also because of the undoubted British success in realizing a high level of employment in the country as a whole.

The British experience also suggests that the pockets of localized unemployment even if dealt with successfully are likely to appear at another time in the same areas or elsewhere because of the dynamic elements present in an economy, characterized by constant shifts in demand, technological progress, changes in foreign trade, etc. It appears then that a policy against localized and chronic unemployment must be pursued on a continuous basis.

Other European Countries

The following is a brief summary of the policy measures against local unemployment taken in some other European countries. Perhaps the most interesting experience in dealing with depressed areas is that of the Scandinavian countries.

In Norway, there is a special development fund, which provides low-interest loans for modernization and expansion of industries in northern parts of the country. In addition, there are special tax privileges, the location of industries is controlled through a system of allocation of building licenses; and public works are so scheduled and designed as to absorb local unemployment. Finally, there are also regional development schemes. In Denmark, public works, particularly in construction, are used to absorb surplus labour. In Finland, a special fund has been established to assist small industries; to finance public works in localities with heavy unemployment and to provide loans for housing in some urban and rural districts.

In Sweden, the approach to the localized unemployment problem is in contrast to that pursued in the United Kingdom, as emphasis is put on bringing workers to the industries. A measure has been introduced to facilitate mobility

¹⁴ "Local Unemployment and the 1958 Act" - A. J. Odber, p. 216.

¹⁵ "Foreign Experience with Structural Unemployment and its Remedies - W. H. Miernyk, p. 415.

of labour. Geographical mobility is encouraged through a system of grants, which include a lump sum plus allowances for heads of families who leave their families behind. The allowances consist of the value of rent of the original home plus a remuneration for the wife and each child under 16. This provision is particularly helpful in the case of older workers with family responsibilities. To facilitate occupational mobility of labour there is a broad vocational training and retraining program. One interesting novelty in Sweden is the stock of Government-owned prefabricated houses which are movable and are made ready for use in labour-shortage areas to which labour is directed. Once private houses are available, the pre-fabricated houses are dismantled and stored for future use. Mobility of labour is facilitated through the operation of a nationwide placement service which shifts workers from declining to expanding industries. In 1944, the Government established a permanent Investment Council to co-ordinate voluntarily private investments and allocate them, if possible, on a geographical basis.

In Holland, the Government provides subsidies to local governments in depressed areas for investment in industrial sites and public facilities. Also subsidies are given to new industrial establishments in such areas.

In France, a special National Land Development Fund was set up to acquire land for industrial sites. Subsidies are provided for the establishment of new factories in depressed areas and to encourage movement of existing firms from over-concentrated areas to depressed areas. In depressed areas new plants or extensions of existing plants are exempted from certain local taxes and partially also from taxes on property transfers. An official permit is needed to build or extend industrial firms above a certain size and this is done with a view to directing industries into depressed areas. Finally, financial assistance and training schemes are provided to facilitate geographical and occupational mobility of labour.

D. THE ADJUSTMENT AND ECONOMIC POLICY PROBLEMS

A policy of high employment comprises general and selective measures. The first category is exemplified by monetary and fiscal policies which cannot as a general rule discriminate between various industries and different geographical areas of the country. The selective measures are exemplified, for example, by mortgage credit to influence activity in the construction industry or by depletion allowances for extractive industries or tariffs and quotas, etc. These selective measures are usually designed to assist particular industries; they are "industry-oriented" rather than "area-oriented". Of course, if a particular industry is concentrated in a specific region then such a distinction is not important. On the other hand, if an industry is dispersed in various parts of the country, the above distinction between industry- and area-oriented selective measures is vital.

The regional and labour market area differentials in unemployment in Canada, discussed in the previous chapter of this study, clearly indicate the need for selective area-oriented measures, which should become an integral part of the public economic policy against unemployment. The first step in developing such a policy calls for better information on the location, number, and main characteristics of the unemployed and the original causes of persistent and localized unemployment, etc. The second step is to examine the different approaches to the solution of localized unemployment. The purpose of this section is to review matters connected with the second step and to assess critically the limitations of the present main approaches to chronic local unemployment and to indicate and evaluate the possible selective measures that ought to be taken by different levels of government and by private area redevelopment associations.

It has properly been said that "There is far more wisdom in seeking ways to prevent economically distressed areas from coming into being than in concentrating solely on finding cures after community blight has set in".¹⁶ Having failed in this preventive policy, we are confronted with a number of "pockets" of unemployment and, as has been argued already, in a dynamic economy under the impact of shifts in demand and changing methods of production, localized and persistent unemployment is going to be a more permanent problem in our economy.

Each depressed area has its own specific set of economic problems and is characterized by different potentialities for economic growth. Since each area is unique it follows that perhaps there is no single standard method of finding a solution if only because the causes of chronic unemployment in each depressed area are different. This implies the necessity of having a variety of programs to deal with the particular conditions of an area.

Past experience suggests that regional wage differentials or job opportunities, or some combination of the two, in themselves will not accomplish satisfactorily a movement of the unemployed. The wage structure may not be responsive to economic changes nor secure adequate mobility of labour. It is a mistake to assume that the adjustment of the labour market in depressed areas will be made through regional wage differentials and subsequent mobility of labour. In fact out-migration from depressed areas is hampered because the remaining labour force unemployed is usually composed of older and less skilled workers and besides there may be a lack of job opportunities in adjacent areas.

If we recognize that severe localized unemployment should be viewed as a national problem and the responsibility of a central government, then it follows naturally that a broad approach and remedial action must be based on effective cooperation of all levels of government and private local initiative, the latter being essential in initiating a redevelopment program.

There are two principal methods of attacking localized unemployment and remedying unfavourable economic and social conditions in depressed areas, viz.:

(1) to transfer the unemployed workers to other areas where there are job opportunities, and

(2) to encourage and assist the establishment of new enterprises in the depressed areas in order to create job opportunities.

These methods open many theoretical possibilities but in practice there are definite economic limits to which industries can be brought in and, in the case of mobility of labour, younger and skilled workers will usually move on their own initiative. In some instances it may be necessary to combine along with some schemes to encourage out-migration an effective economic redevelopment program. In other cases the first method may be really the only one possible, when the area is considered hopeless for further development at a reasonable social cost through the central government's assistance. For example, depressed areas arising from the depletion or substitution of natural resources, as in the case of fuels, may have no prospects of economic development and therefore it will be necessary to provide extensive retraining in order to improve the employability of the unemployed and assist their movement into other areas. A careful study of the area's potentialities must be made before writing off such an area. This study should be made by an outside authority as probably no local community will ever admit voluntarily that its resources and location are unsuitable for further development. On the one hand, in communities where the prospects of economic revitalization are

¹⁶ "The Distressed Areas: A Growing National Problem", C.I.O. "Economic Outlook", Vol. XVI, No. 7-8 July-August 1955, p. 53.

good, and new industries and trades may be attracted into such an area with additional outside aid, the emphasis should be on retraining schemes to fit the unemployed for the jobs in newly established industries.

It is often suggested that remedial action should be undertaken during the prosperity period when the national unemployment level is lowest. Otherwise little can be done for the depressed areas when there is general unemployment throughout the whole country.

First Method—Transfer of Workers

In a labour market the adjustment of the supply of labour to current and prospective employment opportunities depends on the mobility of labour. In the depressed areas, characterized by high unemployment which may be due to a shortage of job opportunities in the area or due to occupational and geographic immobility of labour, there is usually a high proportion of very young and older workers among the unemployed. It is necessary therefore to examine the factors that contribute to immobility of labour. The list of factors usually includes:

- (a) advancing age;
- (b) selling a house in one place and buying another in another area sometimes means a financial sacrifice and this is particularly true when moving from a depressed area where real estate is subject to higher depreciation;
- (c) seniority rights and the residence requirements for public welfare will tend to discourage labour mobility; in addition, expansion of fringe benefits such as the industrial pension plans and welfare plans, including medical and hospital expenses partly paid by the employer, and the local differentials in such fringe benefits, will make labour a less mobile factor of production;
- (d) marital status is also an important factor; single people are more mobile as compared with married workers who must consider the cost of moving a family, severing connections with social groups, schools, churches, etc.; there is always a personal resistance to change of occupation and residence among all workers;
- (e) lack of information of job opportunities and working conditions in other occupations and areas;
- (f) restrictions on entry into some occupations;
- (g) differences in wages, working conditions and the cost of living, social and cultural environment, etc.

Most of these factors are present in all areas but more so in the depressed areas. In consequence, the duration of unemployment is longer and thus the mere number of unemployed is not an exact measure of the severity of the problem. If there is no other alternative, then the following measures may be employed to increase geographical and occupational mobility of labour:

- (a) it may be necessary to improve general education of the younger people and to provide training and retraining facilities for the unemployed whose skills became obsolescent; in depressed areas such training and retraining schemes may have the following three objectives in view; (i) to change the supply of labour from the point of view of skills in order to attract industries requiring such skills into the area; (ii) to improve employability prospects of the unemployed in the known job opportunities existing in the area; and (iii) to equip the unemployed with new skills required by expanding industries elsewhere. The marginal unemployed labour in depressed areas comprises younger and older workers. Consequently, it may be necessary to raise school leaving age, to subsidize expenses of higher education and to provide vocational guidance. Older workers who find re-employment difficult, and who

even if they find work, are forced to accept lower wages and types of work, require adequate counselling service, placement facilities, retraining and other aids. In all cases of training and retraining it might be necessary to make payments equivalent to their recent earnings, upon or without the condition that they would accept employment if necessary elsewhere.

(b) then to authorize the employment services to pay transportation expenses and other costs involved in moving the whole family into another locality;

(c) to extend and unify the welfare and pension plans provided by particular firms on a national basis to facilitate mobility of labour;

(d) it may be necessary to devise compensation for any loss incurred in selling a house and perhaps also efforts should be made to provide adequate housing in areas with expanding industries and job openings through municipal authorities and national housing agencies;

(e) to expand the national employment service in order to provide better information about job availability in expanding industries, localities and trades and better knowledge of the volume and character of the current and potential demand for labour both locally and nationally.

All these measures aim at an organized mobility of labour which implies "that if and when a change is necessary, men and women shall be willing to change their occupations and their places of work rather than cling to idleness".¹⁷

It has been argued that a massive movement of labour from the depressed areas is not an acceptable social policy. "Leaving home in pursuit of new occupations is often a tonic in individual cases but is a poison if taken in large quantities involving destruction of communities".¹⁸ On the one hand, out-migration on a large scale may hamper economic redevelopment of the depressed areas by depriving them of young and trained people and, on the other hand, an influx of a large number of workers into already congested industrial areas imposes a heavy burden on community facilities such as schools, hospitals, transportation means, etc., in such localities.

Second Method—Attracting Enterprise into Depressed Areas

In a private enterprise economy the decisions as to where, when and what production and investment will be made come mainly under the control of private business although various governmental authorities may influence the decisions in question: by tariffs, by tax policy, subsidies, etc. The various area redevelopment programs are specifically designed to influence the location and type of private business in the depressed areas. They do not endanger the power and responsibility of decision-making of numerous individual entrepreneurs. A strong case may be made for some degree of economic planning in the locational policy of industries and state control in steering enterprise into specific regions and areas. "It is better and less of an interference with individual lives to control businessmen in the location of their enterprises than to leave them uncontrolled and require work people to move their homes for the sake of employment. Control by the State of location of industry is the alternative both to the compulsory direction of labour and to the making of distressed areas".¹⁹

Private enterprise in locating its factory or business considers the following main factors: proximity of required raw materials, proximity of the product market, adequacy and cost of transportation facilities, sufficiency and price of power supply, adequacy of public facilities such as water, sewage, etc., for industrial needs, attractiveness of social and cultural environment

¹⁷ "Full Employment in a Free Society" - W. H. Beveridge, p. 32.

¹⁸ *Ibid.*, p. 25.

¹⁹ *Ibid.*, p. 32.

of a locality, etc. An area redevelopment program aiming at attracting new enterprise must attempt to provide and improve these locational requirements by industries. Each area must be examined separately and on a continuous basis. Obviously any program of this nature would require financial grants or loans at a low rate of interest to reduce the cost of the redevelopment program in the impoverished community in the depressed area.

It is also necessary to examine whether or not the prospective industry will provide the type of jobs that will fit the skills, age, sex, wage-rates, etc., of the unemployed in the area. Some depressed areas may need industries which will provide employment to some specific groups such as women, unskilled workers, older workers, etc. For this purpose a study is needed of the employment history of the depressed areas concerned, the categories and duration of unemployment, and its causes. In addition, a survey must be made of natural resources, forestry, water, power, minerals, etc., of present level of industrial activity and of the economic history of the areas.

To attract new firms into depressed areas will require in most cases building and expanding industrial sites, plants, houses, community services and improving environment.

It is also important to examine closely the seasonality aspect of the existing industries and trades. If an area experiences high unemployment because of protracted seasonality then it may be necessary to attract other seasonal industries with a distribution of seasonal variations throughout the year to even out the employment level during the year. On the other hand, areas without seasonal industries must avoid attracting industries of a seasonal character.

It is generally agreed that publicly financed redevelopment schemes should not relocate firms and industries from one area to another when such action may result in higher unemployment in the original locality. In an expanding economy this need not happen because new enterprise can be attracted into depressed areas without reducing industrial activity elsewhere.

There are some legitimate objections against a policy of steering enterprise into depressed areas. It is said that private enterprise, to remain competitive, will have to decide for itself its location with respect to all factors of production and market. The main disadvantage of a policy of directing industries into depressed areas is "that the firms which are most likely to be pushed into such places are the growing ones. These include new types of production on which our future prosperity will depend and which ought, therefore, to be sensibly located".²⁰ Presumably on a non-political basis, this observation has been made with reference to publicly planned location of industry in the United Kingdom.

Not all depressed areas can economically absorb new industries and, consequently, a policy of diverting the location of industries and firms may indeed improve the unemployment picture but at a cost not only of public assistance but also at a cost of lower economic efficiency of such industries and firms in the depressed areas.

It is also possible that only marginal firms and industries surviving at the expense of low wages will tend to move into depressed areas attracted by their low wages, tax concessions and other incentives, but as these are withdrawn they will move out of such areas and consequently will increase the original economic maladjustment of the area concerned.

Admitting the above objections it can be argued that from the point of view of the economy as a whole the added production, income and savings in unemployment compensation payments, could more than offset the increased production costs due to some locational dis-economies in the depressed areas.

²⁰ "Local Unemployment and the 1958 Act" - A. J. Odber, *op. cit.*, p. 217.

The Role of the Central Government

It has been suggested in this work that depressed areas are the result of dynamic factors, shifts in demand and in methods of production in our economy and that they constitute a price that is being paid for economic progress. It would seem, therefore, that the central government having the power to collect taxes on a national basis is the main agency which can re-apportion the cost of progress among different regions and segments of a national economy. Moreover, since local unemployment prevails during prosperity periods thus proving that local efforts are not sufficient, it is obvious that the central government has a special responsibility towards depressed areas.

Any action of the central government to alleviate the conditions in the depressed areas should be based upon local initiative, private and public, and should supplement but not supersede the local efforts. This would ensure that the policies adopted will match local needs. There is no single and simple remedy that will cure localized unemployment and, therefore, the program of aid offered by the central government must be extensive and varied and adjustable to local requirements.

A central government's program of selective area-oriented measures may include the following:

(a) It should establish a special executive agency within the central government, which should be responsible for diverting and co-ordinating all assistance programs coming from different levels of government and private organizations located in the depressed areas. The authority of the central government could be used to encourage the movement of enterprise to depressed areas with an assurance of long-term continued aid.

(b) The central government should provide research and technical assistance to assess depressed areas' natural resources, current and potential production, locational advantages, labour market situation, availability of communal facilities and services, etc. An area redevelopment program can only succeed after careful and detailed planning, which would determine the types of economic activity that would contribute to a healthy economic development. Technical assistance should be made available free of charge at the request of an area redevelopment association.

(c) The central government should give priority to the depressed areas in the allocation of public contracts, military and civilian.

(d) A central government agency should be responsible for giving grants or providing long-term, low-interest loans to small businesses or local redevelopment organizations for the purpose of construction and expansion of industrial sites, factories, public facilities, etc. In depressed areas private capital is short and, therefore, it may be necessary for the central government to guarantee loans made by private financial agencies in such areas. The central government's grants or loans should be conditional upon a special contribution to the redevelopment project having been definitely promised by junior governments and private organizations.

(e) To encourage movement of private enterprise into depressed areas a central government should make provision for rapid tax write-offs within its own tax area.

(f) To facilitate mobility of labour, training and retaining schemes should be extended to the depressed areas, transportation expenses, including family and household should be provided. These expenses should be reimbursed to the workers concerned by a central government and during the time of training the workers should receive, at least, unemployment insurance benefits. With respect to older workers in the depressed areas the central government could make special tax concessions to employers who hire them in order to offset any increase in costs of fringe benefits that rise with a worker's age.

(g) In the case of depressed areas whose economic distress is due to a decline in exports of their products, it might be worthwhile for the central government to offer long-term and low-interest credit to foreign customers of these products.

A central government's assistance program to depressed areas would naturally involve some additional spending, but this monetary cost would be offset by increased production and productivity, improved wages and incomes of the workers affected and a reduction in transfer payments, such as unemployment insurance benefits.

A central government's economic redevelopment program for the depressed areas has been criticized on the grounds that its assistance in the form of loans will seldom be a decisive factor in the location of the new and desirable plant in the depressed areas, that direct government loans to individuals or firms may lead to waste, corruption, etc., and that such a discrimination amounts to a violation of the competitive principles of a free enterprise system.²¹ It is also argued that a modest assistance plan may in time be extended, pressure may be used for liberalization of its provisions, broadening of the requirements with respect to eligibility, etc.

It is said also that outside aid may delay a realistic facing up to the underlying economic cause of distress by the local community and thus it will only perpetuate inefficient utilization of resources and manpower. And once the outside aid is discontinued the depressed areas will sink back into their former status.

Another objection advanced against the central government's intervention in the localized unemployment problem is that it could lead to subsidizing inefficient enterprises for the sake of providing job opportunities, that taxpayers' money would be used to put unemployed persons to work. Thus public money would be used to treat symptoms rather than cure the source of economic difficulty when a depressed area is unable to adjust itself to the demands of a growing economy.

Finally, it is said that a central government's program of this kind would have to be on a continuous basis thus adding to the national debt, and additional government expenditure during prosperity would contribute towards inflationary pressure, making the whole economy less stable.

Regional Cooperation in Area Redevelopment Programs

In view of concentration of depressed areas in specific regions of a country it may be necessary to evolve aid programs on a regional basis rather than follow a piecemeal approach by individual depressed areas. Moreover a regional approach would eliminate unnecessary duplication of effort and the inevitable competition among depressed areas in their attempts to attract new enterprise. In addition, of course, a program of economic development based on a regional approach would ensure a faster growth of the areas near the "pockets" of unemployment and provide an outlet for surplus labour from the depressed areas. Finally, localized unemployment may extend beyond the boundaries of a single labour market area, which in itself does not constitute an economic entity.

Therefore it may be necessary to establish a few regional economic development agencies corresponding to the administrative and constitutional divisions of the country which would serve as a liaison between the central government's special executive area redevelopment agency and individual depressed areas. These intermediate agencies would also gather all relevant

²¹ Statement of George P. F. Smith, on behalf of the National Association of Manufacturers, "Area Redevelopment Act", Hearing Before Sub-committee No. 3, of the Committee on Banking and Currency, House of Representatives, 86th Congress, First Session, March 1960, pp. 591-592.

facts and disseminate required information, cooperate in organizing community development organizations, and advise in the location policy of the industries and trades. The junior governments and their departments as well as regional research foundations, economic councils, etc., are more intimately acquainted with local conditions and requirements as well as with current economic developments in their regions than an agency of the central government would be.

Local Area Redevelopment Associations

Once the distressed economic conditions of an area are recognized by local community leaders, it is essential to search for a remedy from within rather than to rely on outside help alone. Moreover, if the leaders prepare a positive program then it may be easier to enlist outside assistance.

An instrument through which local efforts should be channelled is local area redevelopment associations in which municipalities, business, labour and other social groups should be represented. The local organizations may range from industrial development committees and economic councils, to local chambers of commerce and local civic and labour authorities.

The objectives of such an association may vary from one depressed area to another but generally speaking they include: attracting new industries and trades, diversification of local economy, expanding existing firms and industries, improvement of community facilities and services, transportation, providing industrial sites and factories, better housing, urban renewal, industrial parks, etc.

In order to realize some of these objectives the activities of a local area redevelopment association may take the following forms: promotional and advertising activity, personal contacts, establishment of relations with the financial institutions to obtain credit to finance construction of industrial sites and factories, or to renovate the existing ones, to purchase machines, to cover moving expenses of relocating firms, to engage in research and gather statistics, to study trends in the structure of the total labour force, etc.

The advantages of these activities can be summarized as follows: they provide better and lower cost locations for industry and thus make depressed areas more attractive to new enterprise; they may help financially small businesses by supplementing conventional sources of financing; by providing additional jobs, the redevelopment programs conserve and utilize both personal skills and private and social investments in the depressed area; they accelerate economic growth of the area and improve wages, rents and other forms of income.

Naturally there are numerous difficulties to be encountered by a local area redevelopment association. Local efforts may not be supported by the necessary interest and participation of the general public, local leaders or the local government. Such an association may suffer from inadequate funds and personnel. The competition among such associations reduces the chances of success of any individual association in attracting enterprise. And even if new industries are brought into the area they may be of a marginal kind or the local labour force may not match the job opportunities offered.

Local efforts are necessary in finding a positive solution to the difficulties facing the depressed areas but, as the experience in the U.S.A. and the United Kingdom indicates, they are not sufficient to eradicate "pockets" of unemployment even during prosperity. For a local area redevelopment program may influence to some degree the timing, location and size of private enterprise but the final decisions in this respect are made by individual entrepreneurs. Thus local efforts may compensate for some economic deficiencies of the depressed area but they cannot offset fundamental and serious economic difficulties that are often beyond correction.

Concluding Observations

The persistence of localized unemployment in a dynamic economy is a fairly recent recognized phenomenon and preventing it in the future may be difficult because it is a result of several general problems that face our economy. The effects of automation will make the process of adjustment difficult in particular industries and areas. The problem of older workers under the impact of technological changes and an ageing population will probably become more serious nationally and, in particular, in depressed areas. The economy may be failing to provide enough job opportunities for the rapidly growing labour force when there is a high inflow of young men and women. Labour mobility may be diminished because of the expansion of fringe and social welfare benefits. Consequently, our economy must be prepared to deal with this growing problem of depressed areas.

The above outlined assistance program for depressed areas is consistent with our present institutions and practices which have witnessed growing public aid to private industry and to individuals. Now is the time to redirect public concern to depressed areas, which have become a part of a national problem that requires a carefully planned and coordinated program at all levels of the government, if persistent local unemployment is to be solved.

Chapter III

IDENTIFICATION AND LOCATION OF LABOUR SURPLUS
MARKET AREAS

In this part of the study the discussion is centered around the statistical data available for the local labour market areas in Canada. An analysis is made of the N.E.S. monthly registration figures during the period 1953-1957, in order to identify and locate the local labour surplus market areas. Similar analysis is also made of the Department of Labour's classification of labour market areas for the same period. Selection of the labour surplus market areas requires a determination of specific statistical criteria, which will be indicated in this chapter. An attempt is also made to discuss regional changes in employment and unemployment during the years 1953-1957.

A. N.E.S. REGISTRATIONS AND PAID WORKERS, BY LOCAL LABOUR
MARKET AREAS, 1953-1959

The department of Labour (Federal) identifies 110 local labour market areas in Canada, which cover approximately 90 to 95 per cent of the total paid workers. A labour market is usually identified with a particular geographical area within which the supply and demand for labour are assumed to adjust to each other. This assumption implies that there is a territorial and occupational mobility of labour under the impact of dynamic elements present in the local economy. Officially, a labour market has been defined as "a geographical area in which there is a concentration of industry to which most of the workers living in the area commute daily".¹

The 110 labour markets in Canada are grouped into four different categories (metropolitan, major industrial, major agricultural and minor) on the basis of the size of the labour force in each and the proportion of the labour force engaged in agriculture. The Department of Labour adds, however that "this grouping is not meant to indicate the importance of an area to the national economy".²

The geographical boundaries of the labour market areas are not identical with those of the municipalities after which they are named, but they coincide rather with the district serviced by the particular local office or offices of the National Employment Service. The principal factor determining the geographical boundaries of the N.E.S. local office is the transportation and communication facility and ease with which the workers may be in contact with the N.E.S. office. In some instances two or more N.E.S. areas are amalgamated into one local labour market.

The labour markets which are composed of several N.E.S. local offices are as follows: Farnham-Granby includes Cowansville; Montreal includes Ste. Anne de Bellevue; Lac St. Jean includes Chicoutimi, Dolbeau, Jonquiere, Port Alfred, Roberval and Alma; Gaspé includes Causapsal, Chandler, Matane and New Richmond; Quebec North Shore includes La Malbaie, Forestville, Sept Iles and Baie Comeau; Sherbrooke includes Magog; Trois Rivières includes Louisville; Toronto includes Long Branch, Oakville, Weston and Newmarket; Sudbury includes Elliot Lake; Niagara Peninsula includes Welland, Niagara Falls, St. Catharines, Fort Erie and Port Colborne; Vancouver includes New Westminster

¹ Labour Gazette, September, 1959, p. 990.

² Ibid., p. 990.

and Mission City; Central Vancouver Island includes Courtenay, Duncan, Nanaimo and Port Alberni; and Okanagan Valley includes Kelowna, Penticton and Vernon.

The key to the grouping of local labour market areas into the four mentioned categories is shown below:

Metropolitan Areas: labour force 75,000 or more.

Major Industrial Areas: labour force 25,000 to 75,000, of which 60 per cent or more is engaged in non-agricultural activity.

Major Agricultural Areas: labour force 25,000 to 75,000, of which 40 per cent or more is engaged in agriculture.

Minor areas: labour force 10,000 to 25,000.

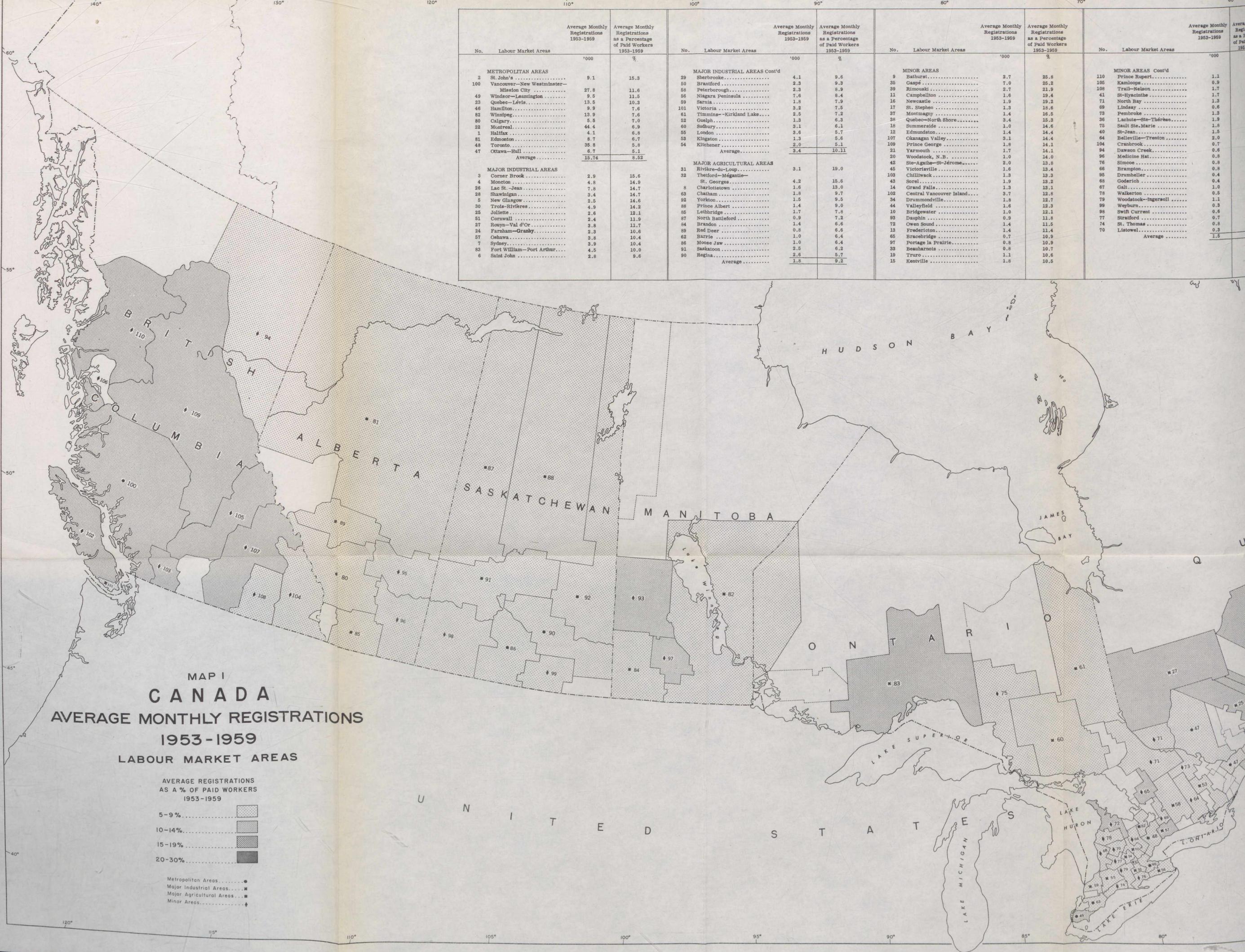
For each local labour market the Department of Labour makes an estimate of the number of paid workers. The 1951 Census provided the Department of Labour with the required geographic location of the paid workers. This information was then assembled on the basis of the boundaries used by the Unemployment Insurance Commission for defining specific N.E.S. local offices. From these 1951 paid worker figures for the local N.E.S. areas, the estimates of paid workers were built up for later years. Since 1951 serves as a benchmark for all subsequent calculation, allowance has to be made for any deviation in subsequent years from the actual number of paid workers in each local labour market area (not available until the 1961 Census) and the estimated figures used.

Local labour market area wage-earner estimates for the years 1952-1955 inclusive were arrived at by adjusting the figures according to year-to-year changes in the number of persons on the payroll as shown in the semi-annual hirings and separations survey. The procedure used in obtaining the estimates for a given year, say 1952, was as follows: the 1951 wage-earner figure for a given labour market area was reduced by the number of registrations on file at the local office at the date nearest the end of the hirings and separations survey period (end of May). This procedure provided a rough measure of the number of persons with jobs at that time. Then, by applying the rate of change in the number of persons on payroll from May 1951 to May 1952 a new estimate of the number of persons with jobs was calculated. This figure was increased by the number of registrations on file at the end of May 1952 to get an estimate of the total number of wage earners in the given local labour market area.

Local labour market area estimates of paid workers for 1956 were based on the 1956 Census of Population. It was simply assumed that the participation rates in 1956 would not be appreciably different from 1951 rates and therefore the 1951 proportions were applied to the 1956 population.

During the period 1956-1959, the estimates were derived through extrapolation. This new procedure has overcome certain weaknesses that were apparent in the earlier method. It is possible now to obtain figures for the current year which it was impossible to do using the hirings and separations survey. Also, there was evidence that the year-to-year changes in employees on the payroll tended to exaggerate the over-all change taking place. Besides, the number of firms reporting in any given area varied from year to year and there was no way of determining the effects of this discrepancy. All figures of paid workers pertain to the beginning of June.

From January 1953 to November 1954 the area ratings were based on 1952 paid worker figures. Estimates of paid workers for 1953 were not available until December 1954. These figures were used until October 1955, at which time they were superseded by 1954 figures, which, in turn, were used until October 1956 when more current data became available. From this date until



Average Monthly Registrations 1953-1959			Average Monthly Registrations as a Percentage of Paid Workers 1953-1959			Average Monthly Registrations 1953-1959			Average Monthly Registrations as a Percentage of Paid Workers 1953-1959			Average Monthly Registrations 1953-1959			Average Monthly Registrations as a Percentage of Paid Workers 1953-1959				
No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%
METROPOLITAN AREAS				MAJOR INDUSTRIAL AREAS Cont'd				MINOR AREAS				MINOR AREAS Cont'd							
2	St. John's	9.1	15.3	29	Sherbrooke	4.1	9.6	9	Bathurst	2.7	25.8	110	Prince Rupert	1.1	10.5				
100	Vancouver—New Westminster—Mission City	27.8	11.6	50	Brantford	2.3	9.3	35	Gaspé	7.0	25.2	105	Kamloops	0.9	9.6				
49	Windsor—Leamington	9.5	11.5	58	Peterborough	2.3	8.9	39	Rimouski	2.7	21.9	108	Trail—Nelson	1.7	9.4				
23	Quebec—Lévis	13.5	10.3	56	Niagara Peninsula	7.6	8.4	11	Campbellton	1.6	19.4	41	St-Hyacinthe	1.7	9.3				
46	Hamilton	9.9	7.6	59	Sarnia	1.8	7.9	16	Newcastle	1.9	19.2	71	North Bay	1.3	8.9				
82	Winnipeg	13.9	7.6	101	Victoria	3.2	7.5	17	St. Stephen	1.3	18.6	69	Lindsay	0.6	8.9				
20	Calgary	5.5	7.0	61	Timmins—Kirkland Lake	2.5	7.2	37	Montmagny	1.4	16.5	73	Pembroke	1.3	8.9				
22	Montreal	44.4	6.9	52	Guelph	1.3	6.3	38	Quebec—North Shore	3.4	15.3	36	Lachute—St-Thérèse	1.9	8.8				
1	Halifax	4.1	6.8	60	Summerside	3.1	6.1	18	Summerside	1.0	14.6	75	Sault Ste. Marie	1.8	8.6				
81	Edmonton	8.7	6.7	55	London	3.6	5.7	12	Edmundston	1.4	14.4	40	St-Jean	1.5	8.5				
48	Toronto	35.8	5.8	53	Kingston	1.3	5.6	107	Okanagan Valley	3.1	14.4	64	Belleville—Trenton	2.0	8.5				
47	Ottawa—Hull	8.1	5.1	54	Kitchener	2.0	5.1	109	Prince George	1.8	14.1	104	Crashbrook	0.7	8.5				
	Average	15.74	8.52		Average	3.4	10.11		Average	1.7	14.1		Average	0.6	7.8				
MAJOR INDUSTRIAL AREAS				MAJOR AGRICULTURAL AREAS				MINOR AREAS				MINOR AREAS Cont'd							
3	Corner Brook	2.9	15.6	31	Rivière-du-Loup	3.1	19.0	42	Ste-Agathe—St-Jérôme	2.0	13.8	76	Simcoe	0.8	7.8				
4	Moncton	4.8	14.9	32	St. Georges	4.2	15.6	45	Victoriaville	1.6	13.4	66	Brampton	0.8	8.3				
26	Lac St-Jean	7.8	14.7		St. Charles	1.6	13.0	103	Chilliwack	1.3	13.3	95	Drumheller	0.4	6.3				
28	Shawinigan	3.4	14.7	8	Charlottetown	1.6	13.0	43	Sorel	1.9	18.2	86	Goderich	0.4	6.3				
5	New Glasgow	2.5	14.6	63	Chatham	1.8	9.7	14	Grand Falls	1.3	15.1	67	Galt	1.0	6.2				
30	Trois-Rivières	4.9	14.2	92	Yerkton	1.5	9.5	102	Central Vancouver Island	3.7	12.8	78	Walkerton	0.5	6.0				
25	Joliette	2.6	12.1	88	Prince Albert	1.4	9.0	34	Drummondville	1.8	12.7	79	Woodstock—Ingersoll	1.1	6.0				
51	Cornwall	2.4	11.9	85	Lethbridge	1.7	7.8	44	Valleyfield	1.6	12.3	99	Weyburn	0.3	6.7				
27	Rouyn—Val d'Or	3.8	11.7	87	North Battleford	0.9	7.2	10	Bridgewater	1.0	12.1	98	Swift Current	0.6	5.6				
24	Farnham—Granby	2.3	10.6	84	Brandon	1.4	6.6	93	Dauphin	0.9	11.8	77	Stratford	0.7	5.5				
57	Oshawa	3.8	10.4	89	Red Deer	0.8	6.6	72	Owen Sound	1.4	11.5	74	St. Thomas	0.8	5.8				
7	Sydney	3.9	10.4	99	Moose Jaw	1.0	6.4	13	Fredericton	1.4	11.4	70	Listowel	0.3	5.2				
83	Fort William—Port Arthur	4.5	10.0	62	Barrie	1.0	6.4	65	Bracebridge	0.7	10.9		Average	1.5	11.41				
6	Saint John	2.8	9.6	86	Moose Jaw	1.0	6.4	97	Portage la Prairie	0.8	10.9								
				91	Saskatoon	2.5	6.2	33	Beauharnois	0.8	10.7								
				90	Regina	2.6	5.7	19	Truro	1.1	10.6								
					Average	1.8	9.2	15	Kentville	1.8	10.5								

MAP I
CANADA
 AVERAGE MONTHLY REGISTRATIONS
 1953-1959
 LABOUR MARKET AREAS

AVERAGE REGISTRATIONS
 AS A % OF PAID WORKERS
 1953-1959

5-9% [stippled pattern]

10-14% [cross-hatched pattern]

15-19% [diagonal lines pattern]

20-30% [solid black pattern]

Metropolitan Areas ●

Major Industrial Areas ■

Major Agricultural Areas ◆

Minor Areas ◆

Average Monthly Registrations 1953-1959		Average Monthly Registrations as a Percentage of Paid Workers 1953-1959		Average Monthly Registrations 1953-1959		Average Monthly Registrations as a Percentage of Paid Workers 1953-1959		Average Monthly Registrations 1953-1959		Average Monthly Registrations as a Percentage of Paid Workers 1953-1959	
Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.
METROPOLITAN AREAS											
St. John's	9.1	15.3	29	Sherbrooke	4.1	9.6	9	Bathurst	2.7	25.8	110
Vancouver-New Westminster-Mission City	27.8	11.6	50	Bramford	2.3	9.3	35	Glaspé	7.0	25.2	105
Windsor-Lesaminion	9.5	11.5	58	Peterborough	2.3	8.9	39	Rimouki	21.9	21.9	108
Quebec-Lévis	13.5	10.3	59	Niagara Peninsula	7.6	8.4	11	Campbellton	1.6	19.4	41
Hamilton	9.9	7.6	59	Sarnia	1.8	7.9	16	Newcastle	1.9	19.2	71
Winnipeg	13.9	7.6	101	Victoria	3.2	7.5	17	St. Stephen	1.3	18.6	69
Calgary	5.5	7.0	61	Timmins-Kirkland Lake	2.5	7.2	37	Montmagy	1.4	16.5	73
Montreal	44.4	6.9	52	Gaspe	1.3	6.3	38	Quebec-North Shore	3.4	15.3	36
Halifax	4.1	6.8	60	Sudbury	3.1	6.1	18	Quebec-North Shore	1.0	14.6	75
Edmonton	8.7	6.7	55	London	3.6	5.7	12	Edmundston	1.4	14.4	40
Toronto	35.8	5.8	53	Kingston	1.3	5.6	107	Okanagan Valley	3.1	14.4	64
Ottawa-Hull	6.7	5.1	54	Kitchener	2.0	5.1	109	Prince George	1.8	14.1	104
Average	15.74	8.52		Average	3.4	10.11		Yarmouth	1.7	14.1	84
MAJOR INDUSTRIAL AREAS											
Corner Brook	2.9	15.6	31	Rivière-du-Loup	3.1	19.0	45	Woodstock, N.B.	1.0	14.0	96
Moncton	4.8	14.9	32	Thetford-Mégantic-St. Georges	4.2	15.6	103	Ste-Agathe-St-Jerome	2.0	13.8	76
Lac St-Jean	7.8	14.7	8	Charlottetown	1.6	13.0	43	Victoriaville	1.6	13.4	66
Shawinigan	3.4	14.7	63	Chatham	1.8	9.7	14	Drumheller	1.3	13.3	95
New Glasgow	2.5	14.6	92	Yorkton	1.5	9.5	102	Sorel	1.9	13.2	88
Trois-Rivières	4.9	14.2	88	Prince Albert	1.4	9.0	14	Grand Falls	1.3	13.1	67
Joliette	2.6	12.1	85	Lethbridge	1.7	7.8	102	Central Vancouver Island	3.7	12.8	78
Cornwall	2.4	11.9	87	North Battleford	0.9	7.2	34	Drummondville	1.8	12.7	79
Rouyn-Val d'Or	3.8	11.7	84	Brandon	1.4	6.6	44	Valleyfield	1.6	12.3	99
Farnham-Granby	2.3	10.6	89	Red Deer	0.8	6.6	10	Bridgewater	1.0	12.1	98
Oshawa	3.8	10.4	86	Barrie	1.0	6.4	83	Dauphin	0.9	11.8	77
Sydney	3.9	10.4	86	Moose Jaw	1.0	6.4	72	Owen Sound	1.4	11.5	74
Fort William-Port Arthur	4.5	10.0	91	Saskatoon	2.5	6.2	13	Fredericton	1.4	11.4	75
Saint John	2.8	9.6	90	Regina	2.6	5.7	65	Bracebridge	0.7	10.9	70
				Average	1.8	9.2		Portage la Prairie	0.8	10.9	
								Beauharnois	0.8	10.7	
								Truro	1.1	10.6	
								Kentville	1.8	10.5	
								Average	1.5	11.41	

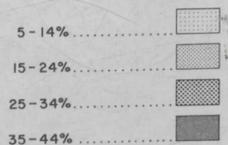


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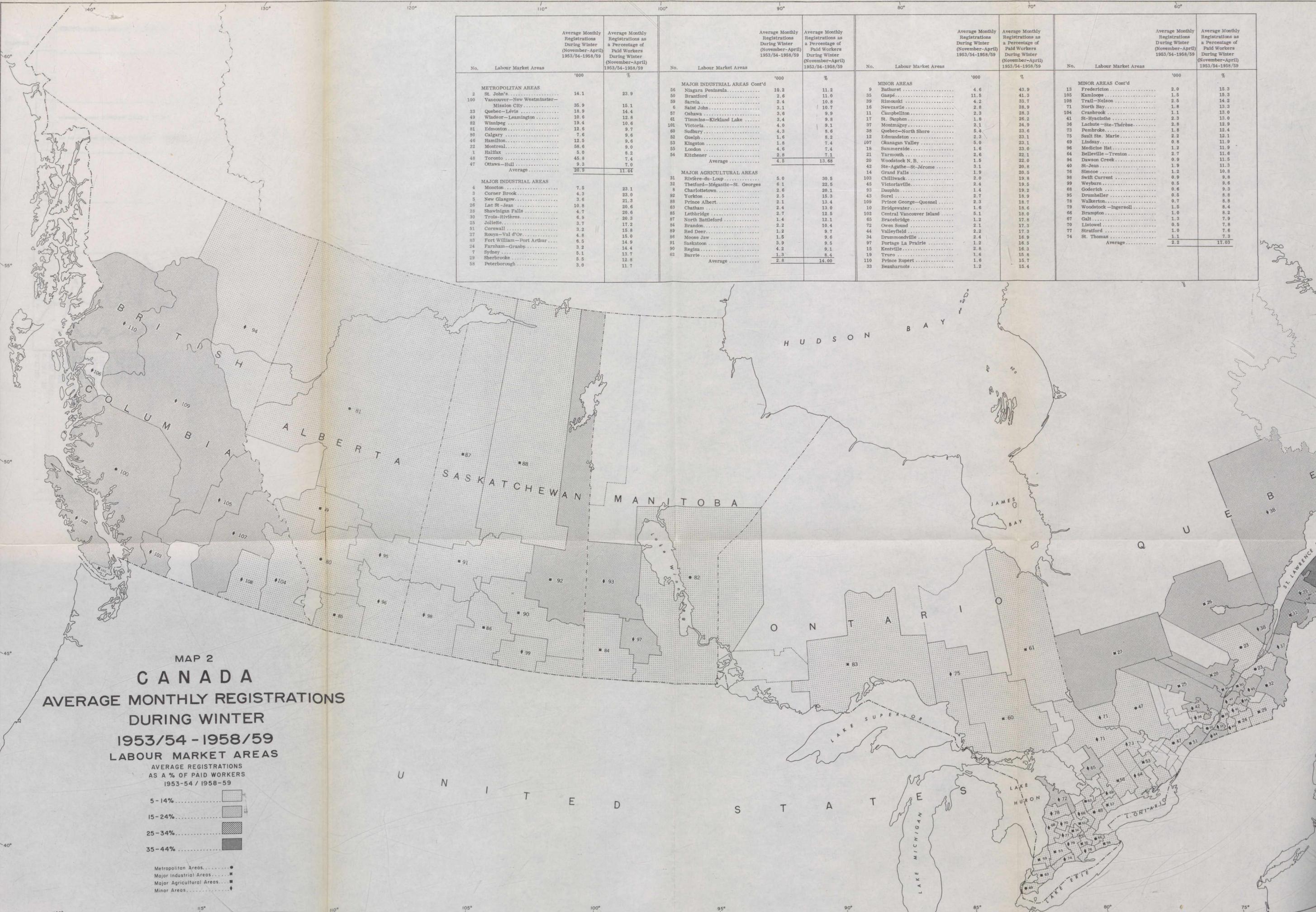
Average Monthly Registrations During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations as a Percentage of Paid Workers During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations as a Percentage of Paid Workers During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations as a Percentage of Paid Workers During Winter (November-April) 1953/54-1958/59	
No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%
METROPOLITAN AREAS				MAJOR INDUSTRIAL AREAS Cont'd				MINOR AREAS			
2	St. John's	14.1	23.9	56	Niagara Peninsula	10.2	11.2	9	Bathurst	4.6	43.9
100	Vancouver-New Westminster	35.9	15.1	59	Brantford	2.6	11.0	35	Gaspé	11.5	41.3
23	Quebec-Lévis	18.9	14.4	59	Sarnia	2.4	10.8	39	Rimouski	4.2	33.7
49	Windsor-Leamington	10.6	12.8	6	Saint John	3.1	10.7	16	Newcastle	2.8	28.9
82	Winnipeg	19.4	10.6	57	Oshawa	3.6	9.9	11	Campeillon	2.3	28.3
81	Edmonton	12.6	9.7	101	Victoria	3.4	9.8	17	St. Stephen	1.8	26.2
80	Calgary	7.6	9.6	52	Sudbury	4.0	9.1	37	Montmagny	2.1	24.9
49	Hamilton	12.9	9.6	60	Quebec-North Shore	4.3	8.6	38	Quebec	5.4	23.6
22	Montreal	58.6	9.0	52	Guelph	1.6	8.2	12	Edmundston	2.3	23.1
1	Halifax	5.0	8.2	53	Kingston	1.8	7.4	107	Okanagan Valley	5.0	23.1
48	Toronto	45.8	7.4	55	London	4.6	7.4	18	Summerside	1.6	23.0
47	Ottawa-Hull	9.3	7.0	54	Kitchener	2.8	7.1	21	Yarmouth	2.6	22.1
	Average	29.9	11.44		Average	4.5	13.68	20	Woodstock N.B.	1.5	22.0
MAJOR INDUSTRIAL AREAS				MAJOR AGRICULTURAL AREAS				MINOR AREAS Cont'd			
4	Moncton	7.5	23.1	31	Rivière-du-Loup	5.0	30.5	13	Fredericton	2.0	15.3
3	Corner Brook	4.3	23.0	32	Thetford-Mégantic-St. Georges	6.1	22.5	105	Kamloops	1.5	15.3
5	New Glasgow	3.6	21.3	8	Charlottetown	2.6	20.1	108	Trull-Nelson	2.5	14.2
26	Lac St-Jean	10.8	20.6	92	Yoriton	2.5	15.3	71	North Bay	1.8	13.3
28	Shawinigan Falls	4.7	20.6	88	Prince Albert	2.1	13.4	104	Cranbrook	1.1	13.0
30	Trois-Rivières	6.5	20.3	63	Chatham	2.4	13.0	41	St-Hyacinthe	2.3	13.0
25	Joliette	3.7	17.2	85	Lethbridge	2.7	12.5	36	Lachute-St-Thérèse	2.8	12.9
51	Cornwall	3.2	15.8	87	North Battleford	1.4	12.1	73	Pembroke	1.8	12.4
27	Rouyn-Val d'Or	4.8	15.0	84	Brandon	2.2	10.4	75	Sault Ste. Marie	2.2	12.1
65	Fort William-Port Arthur	6.5	14.9	89	Red Deer	1.2	9.7	69	Lindsay	0.8	11.9
24	Farnham-Granby	3.2	14.4	86	Moose Jaw	1.5	9.6	96	Medicine Hat	1.2	11.9
7	Sydney	5.1	13.7	91	Saskatoon	3.9	9.5	64	Bellefleur-Trenton	2.7	11.6
29	Sherbrooke	5.5	12.8	90	Regina	4.2	9.1	94	Dawson Creek	0.9	11.5
58	Peterborough	3.0	11.7	82	Barrie	1.3	8.4	40	St-Jean	3.1	11.3
					Average	2.8	14.00	14	Grand Falls	1.9	20.5
								103	Chilliwack	2.0	19.8
								45	Victoriaville	2.4	19.5
								93	Dauphin	1.4	19.2
								43	Sorel	2.7	18.9
								109	Prince George-Quenesel	2.3	18.7
								10	Bridgewater	1.6	18.6
								102	Central Vancouver Island	5.1	18.0
								65	Bracebridge	1.2	17.8
								67	Galt	1.3	17.3
								72	Owen Sound	2.1	17.3
								44	Valleyfield	2.2	17.3
								34	Drummondville	2.4	16.9
								97	Portage La Prairie	1.2	16.5
								15	Kentville	2.8	16.3
								19	Truro	1.6	15.8
								110	Prince Rupert	1.6	15.7
								33	Beauharnois	1.2	15.4

MAP 2
CANADA
AVERAGE MONTHLY REGISTRATIONS
DURING WINTER
1953/54 - 1958/59
LABOUR MARKET AREAS

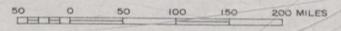
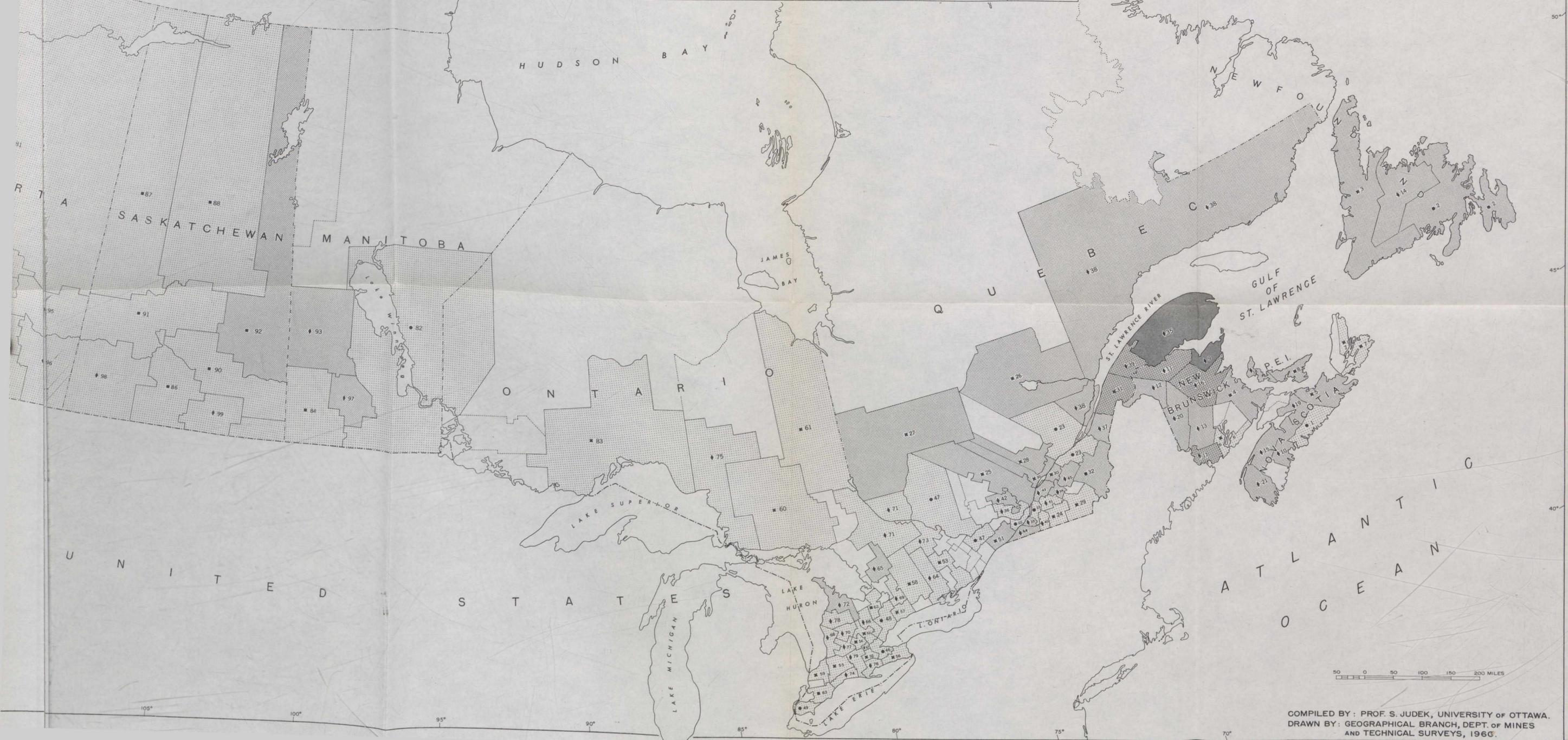
AVERAGE REGISTRATIONS
 AS A % OF PAID WORKERS
 1953-54 / 1958-59



Metropolitan Areas.....●
 Major Industrial Areas.....■
 Major Agricultural Areas.....■
 Minor Areas.....◆



Average Monthly Registrations During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations as a Percentage of Paid Workers During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations as a Percentage of Paid Workers During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations During Winter (November-April) 1953/54-1958/59		Average Monthly Registrations as a Percentage of Paid Workers During Winter (November-April) 1953/54-1958/59	
No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%
METROPOLITAN AREAS											
2	St. John's	14.1	23.9	56	Niagara Peninsula	10.2	11.2	9	Bathurst	4.6	43.9
100	Vancouver-New Westminster-Mission City	35.9	15.1	59	Brantford	2.6	11.0	35	Gaspé	11.5	41.3
23	Quebec-Lévis	18.9	14.4	6	Saint John	2.4	10.8	39	Rimouski	4.2	33.7
49	Windsor-Leamington	10.6	12.3	57	Oshawa	3.1	10.7	18	Newcastle	2.8	28.9
52	Winnipeg	19.4	10.6	61	Timmins-Kirkland Lake	3.4	9.8	11	Campbellton	2.3	28.3
81	Edmonton	12.6	9.7	101	Victoria	4.0	9.1	17	St. Stephen	1.8	26.2
90	Calgary	7.6	9.6	60	Sudbury	4.3	8.2	37	Montmagny	2.1	24.9
46	Hamilton	12.5	9.6	52	Guelph	1.6	8.6	38	Quebec-North Shore	5.4	23.6
22	Montreal	58.6	9.0	53	Kingston	1.8	7.4	12	Edmundston	2.3	23.1
1	Halifax	5.0	8.2	55	London	8.2	7.4	107	Okanagan Valley	5.0	5.0
48	Toronto	45.8	7.4	54	Kitchener	4.6	7.1	18	Summerside	1.6	23.0
47	Ottawa-Hull	9.3	7.0		Average	4.5	13.68	21	Yarmouth	2.6	22.1
	Average	20.9	11.44					20	Woodstock N.B.	1.5	22.0
MAJOR INDUSTRIAL AREAS											
4	Moncton	7.5	23.1	31	Rivière-du-Loup	5.0	30.5	42	Ste-Agathe-St-Jérôme	3.1	20.8
3	Corner Brook	4.3	23.0	32	Theford-Mégantic-St. Georges	2.6	22.5	34	Grand Falls	1.9	20.5
5	New Glasgow	3.6	21.3	8	Charlottetown	2.6	20.1	103	Chilliwack	2.0	19.8
26	Lac St-Jean	10.8	20.6	88	Yorkton	2.5	20.1	45	Victoriaville	2.4	19.5
28	Shawinigan Falls	4.7	20.6	62	Prince Albert	2.1	13.4	93	Dauphin	1.4	19.2
30	Trois-Rivières	6.9	20.3	85	Chatham	2.7	15.3	109	Sorel	2.7	18.9
25	Joliette	3.7	17.2	87	Lethbridge	2.4	13.0	10	Prince George-Quessnel	2.3	18.7
51	Cornwall	3.2	15.8	89	North Battleford	1.4	12.5	72	Bridgewater	1.5	18.6
27	Rosny-Val d'Or	4.8	15.0	94	Brandon	2.2	12.1	102	Central Vancouver Island	5.1	18.0
93	Fort William-Port Arthur	6.5	14.9	86	Red Deer	1.2	10.4	65	Bracebridge	2.2	17.8
24	Farnham-Granby	3.2	14.4	94	Moose Jaw	1.5	9.6	72	Owen Sound	1.2	17.3
7	Sydney	5.1	13.7	91	Saskatoon	3.9	9.5	44	Valleyfield	2.2	17.3
29	Sherbrooke	5.5	12.8	90	Regina	4.2	9.1	94	Drummondville	2.4	16.8
58	Peterborough	3.0	11.7	62	Barrie	1.3	8.4	97	Portage La Prairie	1.2	16.5
					Average	2.8	14.00	15	Kentville	2.8	16.3
								19	Truro	1.6	15.8
								110	Prince Rupert	1.6	15.7
								33	Beaumont	1.2	15.4
MAJOR INDUSTRIAL AREAS Cont'd											
13	Fredericton	2.0	16.3	50	Niagara Peninsula	10.2	11.2	9	Bathurst	4.6	43.9
105	Kamloops	1.5	15.3	59	Brantford	2.6	11.0	35	Gaspé	11.5	41.3
108	Trail-Nelson	2.5	14.2	6	Saint John	2.4	10.8	39	Rimouski	4.2	33.7
71	North Bay	1.8	13.3	57	Oshawa	3.1	10.7	18	Newcastle	2.8	28.9
104	Cranbrook	1.1	13.0	61	Timmins-Kirkland Lake	3.4	9.8	11	Campbellton	2.3	28.3
41	St-Hyacinthe	2.3	13.0	101	Victoria	4.0	9.1	17	St. Stephen	1.8	26.2
36	Lachute-St-Thérèse	2.8	12.9	60	Sudbury	4.3	8.2	37	Montmagny	2.1	24.9
73	Pembroke	1.8	12.4	52	Guelph	1.6	8.6	38	Quebec-North Shore	5.4	23.6
75	Sault Ste. Marie	2.2	12.1	53	Kingston	1.8	7.4	12	Edmundston	2.3	23.1
69	Lindsay	0.8	11.9	55	London	8.2	7.4	107	Okanagan Valley	5.0	5.0
96	Medicine Hat	1.2	11.9	54	Kitchener	4.6	7.1	18	Summerside	1.6	23.0
64	Belleville-Trenton	2.7	11.6		Average	4.5	13.68	21	Yarmouth	2.6	22.1
94	Dawson Creek	0.9	11.5					20	Woodstock N.B.	1.5	22.0
40	St-Jean	1.9	11.3					42	Ste-Agathe-St-Jérôme	3.1	20.8
76	Simcoe	1.2	10.8					34	Grand Falls	1.9	20.5
98	Swift Current	0.9	9.8					103	Chilliwack	2.0	19.8
99	Weyburn	0.5	9.6					45	Victoriaville	2.4	19.5
68	Goderich	0.6	9.3					93	Dauphin	1.4	19.2
95	Drumheller	0.5	8.8					109	Sorel	2.7	18.9
78	Walkerton	0.7	8.8					10	Prince George-Quessnel	2.3	18.7
79	Woodstock-Ingersoll	1.5	8.4					72	Bridgewater	1.5	18.6
66	Brampton	1.0	8.2					102	Central Vancouver Island	5.1	18.0
67	Galt	1.3	7.9					65	Bracebridge	2.2	17.8
70	Listowel	0.5	7.8					72	Owen Sound	1.2	17.3
77	Stratford	1.0	7.6					44	Valleyfield	2.2	17.3
74	St. Thomas	1.1	7.3					94	Drummondville	2.4	16.8
	Average	2.2	17.03					97	Portage La Prairie	1.2	16.5
								15	Kentville	2.8	16.3
								19	Truro	1.6	15.8
								110	Prince Rupert	1.6	15.7
								33	Beaumont	1.2	15.4

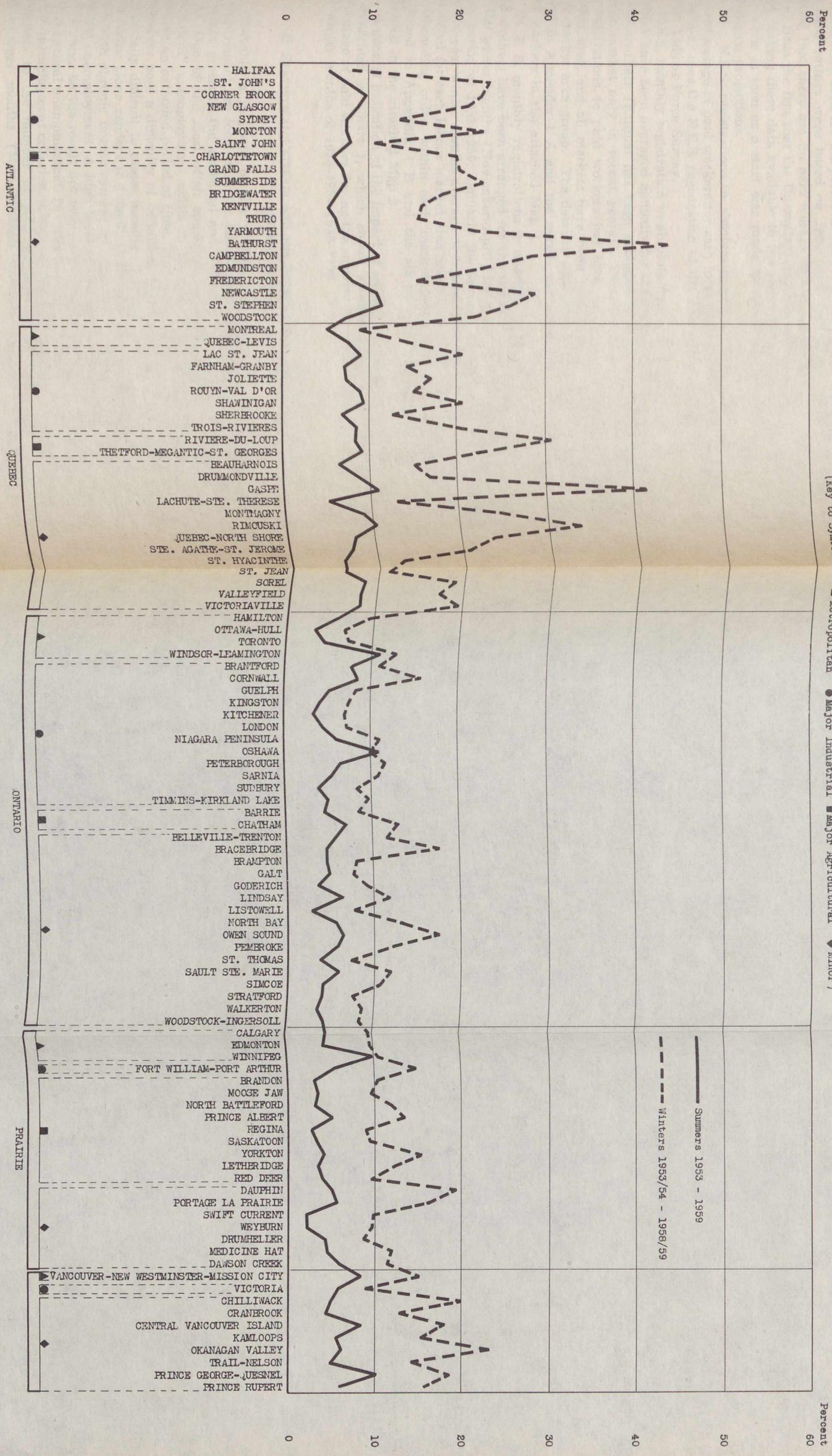


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 DRAWN BY: GEOGRAPHICAL BRANCH, DEPT. OF MINES
 AND TECHNICAL SURVEYS, 1960.

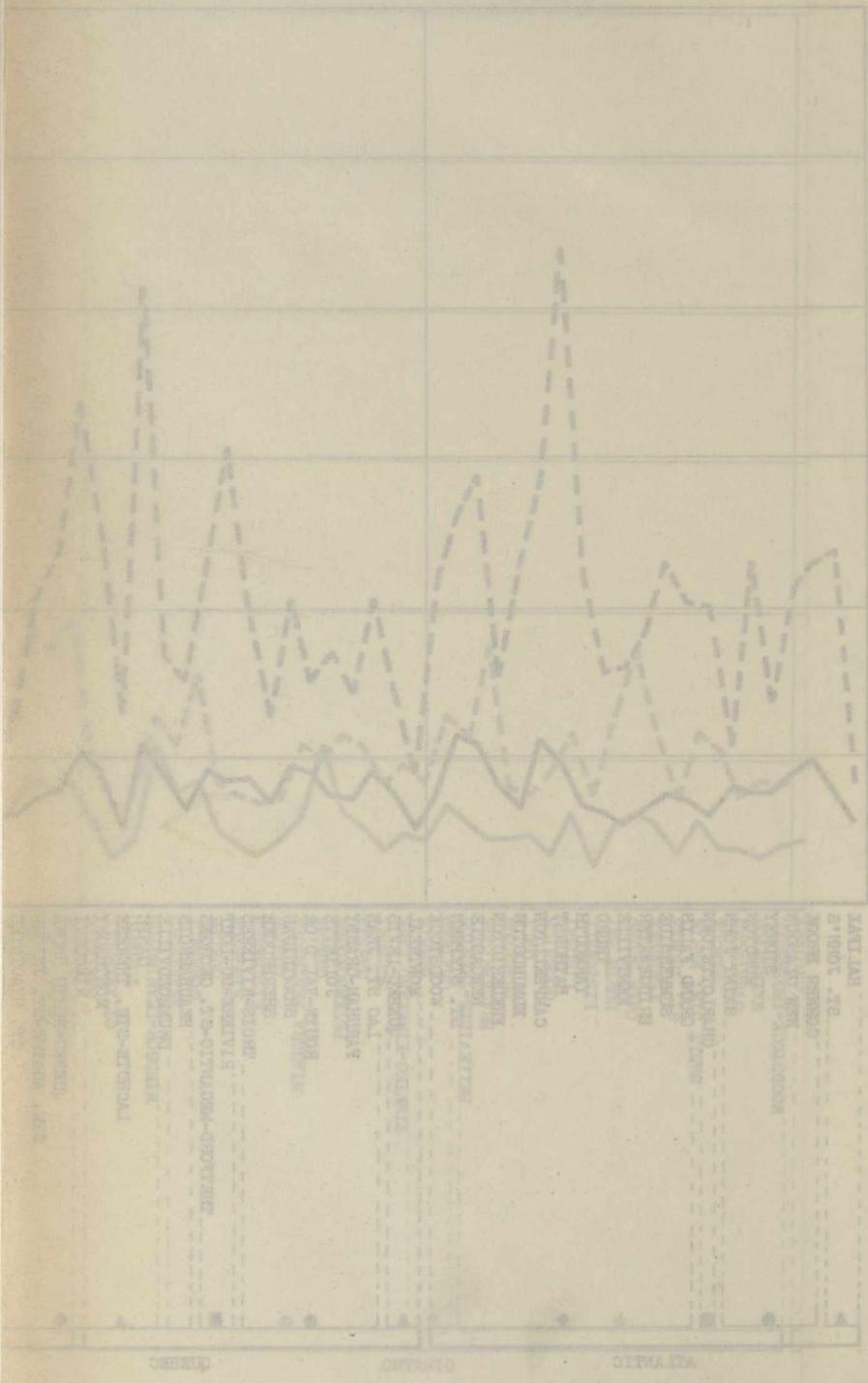
Chart 1

LABOUR MARKET AREAS - AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS SUMMERS (MAY-OCTOBER) 1953 - 1959 - WINTERS (NOVEMBER-APRIL) 1953/54 - 1958/59

(Key to Symbols - ▲ Metropolitan ● Major Industrial ■ Major Agricultural ◆ Minor)



1917
 (Rank) * (Percentage) * (Year) * (City)



Percent
 60
 50
 40
 30
 20
 10
 0

1917 1918 1919 1920 1921

June 1957 the area ratings were based on 1955 paid workers. Estimates for 1956 were used for the period June 1957 to September 1958, and estimates for 1958 were used for the period October 1958 to June 1959. From June 1959 the area ratings were based on 1959 paid worker estimates. It should be noticed that there are no paid worker figures for 1957. The reason for this stems from the fact that the Unemployment Insurance Commission, which had been making these data available to the Department of Labour, discontinued this work as soon as a start was made to revise the figures on the basis of population projections.

The N.E.S. registrations in absolute figures were expressed every month as a percentage of paid workers for each local labour market. The Department of Labour uses the N.E.S. registration of the Thursday nearest the date of the D.B.S. Labour Force Survey.

N.E.S. monthly registration in absolute figures and as a percentage of paid workers have been averaged annually for the period of 1953-1959 for 109 local labour markets (Kitimat has been excluded as it was formed as a separate labour market only in recent years). Then the seven-year annual average of registrations to paid workers has been calculated for each local labour market area, and all markets have been ranked in descending order within each market area group. The detailed statistical data of this nature is to be found in Appendix 1 A and the seven-year annual ratios of registration to paid workers in the attached Map 1.

N. E. S. monthly registrations in absolute figures and as a percentage of paid workers have been arranged for the summer months (May-October) and for the winter months (November-April) for each local labour market for the same period of 1953-1959; similarly the seven-year summer months average and six-year winter months average of registrations to paid workers have been calculated for each labour market area and all market areas have been ranked in descending order within each market group. These statistical data are contained in Appendix 1 B and the six-year winter months averages are indicated in the attached Map 2.

A general indication of the impact of seasonal variations upon registrations is illustrated in Chart 1, which shows average monthly registrations as a percentage of paid workers during the summer months of 1953-1959 and during the winter months of 1953-1954-1958-1959.

B. STATISTICAL CRITERIA AND THE SELECTION OF LABOUR SURPLUS MARKET AREAS

Probably a majority of the workers experiencing long-term persistent unemployment are located in the labour surplus market areas. It is not easy to define precisely the statistical and other criteria for the selection of such areas. One of the most often employed criterion is that "substantial" and "persistent" unemployment exists in an area when it exceeds the national level for an extended period of time. The terms "substantial" and "persistent" themselves pose a difficulty of definition. Localized unemployment in Canada is especially difficult to assess because of the presence of seasonal variations. This factor alone renders it difficult to identify and select the labour market areas with chronic unemployment as opposed to those suffering from severe seasonal unemployment. A high level of unemployment in a particular labour market may be the result not only of protracted seasonal unemployment but also of cyclical unemployment. In order to eliminate these obvious shortcomings in our unemployment criterion, it was decided to rely upon the ratio of unplaced applicants to the number of paid workers in a labour market area and use summer months (May-October) averages because during this period

unemployment due to seasonal variations is largely eliminated or quite low. The labour surplus market areas were identified only when they showed a significant proportion of the paid workers out of work over a period longer than the interval between one recession and another. In this study a period of seven years, 1953-1959, was examined.

It is impossible, even after making allowance for cyclical and seasonal unemployment, to estimate precisely the actual number of workers chronically unemployed at any given time as there is always a certain amount of frictional unemployment. However, the characteristic feature of labour surplus market areas is the fact that they show a high percentage of registrations to paid workers far above the national level during the summer months even during the prosperity phase of a business cycle. It has to be admitted that some portion of registrations during summer are students, who are not part of the paid workers group. However, this factor can be disregarded in defining the statistical criterion because it is present in all labour market areas and, therefore, it affects the national average ratios as well as local labour market ratios. The level of unemployment, it can be argued, may not fully reflect the extent of economic distress of the selected areas because there may be underutilization of labour in such areas, which is not reflected in the number of total unemployed. It is very likely that some individuals who remain outside the labour force would probably seek and accept work if the unemployment situation were less severe. The fact that women, who have a weaker attachment to the labour force than men, are employed in relatively small numbers in the Atlantic Provinces where jobs have been generally scarce, is a reflection of this condition. Admittedly also data on unemployment alone do not reflect the whole dimension of economic distress as there may be some underemployment (employment for less than a full working week) in labour surplus market areas.

In addition to the unemployment criterion other factors might be considered in the determination and selection of the depressed areas, such as the level of personal income per person, the level of production, etc. It is possible for a given area to show a high level of unemployment but for the level of wages and personal income to be relatively high. These qualitative factors are important in identifying and evaluating local labour market areas.

It might be useful to indicate here some of the quantitative criteria used or suggested in other countries for defining industrial depressed areas. In the United States, for example, the Senators Douglas-Payne Area Redevelopment Bill of 1958 and the House Banking Committee Bill defined distressed areas as areas in which there has been unemployment of 6 per cent or more in at least 18 of the immediately previous 24 months, or 9 per cent during at least 15 of the immediately previous 18 months, or 12 per cent during the immediately previous 12 months or 15 per cent during the immediately previous six months, provided that the principal causes of the unemployment are not temporary in nature. Generally the same criteria were suggested by Senator Paul H. Douglas in his later Bill of March 1959, which was amended and passed by the House of Representatives and the U. S. Senate but vetoed by the President on May 13, 1960.

The U. S. Administration's Bill, the Area Assistance Act of 1959, sponsored in the Senate by Senator Everett M. Dirksen and in the House of Representatives by Rep. Clarence E. Kilbourn, which has not as yet reached the voting stage, recommended the following criteria for defining a depressed industrial area:

- (1) the rate of unemployment, excluding unemployment due primarily to temporary or to seasonal factors, is currently 6 per cent and has averaged at 6 per cent for the qualifying time periods in paragraph (2) below and

- (2) the annual average rate of unemployment has been at least:
- (a) 50 per cent above the national average for four of the preceding five years; or
 - (b) 75 per cent above the national average for three of the preceding four years; or
 - (c) 100 per cent above the national average for two of the preceding three years; and

(3) non-agricultural employment in the area has declined or has shown a smaller increase than in the nation as a whole, during the preceding five calendar years. (However, no area will be excluded for not meeting this last requirement if the annual rate of unemployment in that area for three of the last four years exceeds 8 per cent.)

The U.S. Department of Labor officially classified as chronic labour surplus areas in July 1959, those which have had unemployment rates at least 50 per cent above the national average during four of the preceding five years.³

The statistical criteria to be used for identifying depressed areas have been questioned by some people in the United States. It is admitted that it is necessary to consider both the percentage and duration of unemployment but the wisdom of using any specific figure as a criterion, has been questioned. It has been said that "Any prolonged depression would enlarge, any prolonged prosperity reduce the number of redevelopment areas without necessarily changing the local causes of distress. Therefore, I would give most serious consideration to the proposal that an industrial redevelopment area be defined as an area which for a specified period of time had unemployment of more than a certain multiple (for example 1.5 times) of the national average".⁴ The continuation of assistance to a chronically depressed area is favoured, even if unemployment in a particular single year may fall below this standard.

A British economist referring to British experience with depressed areas remarked that "The mechanical approach has other drawbacks. It means that certain places are excluded which might be included. So far, the Board of Trade has ignored the argument that the number of unemployed in an area can be as fair a criterion as the percentage,"⁵ and when the policy of steering industries into depressed areas is followed then ". . . it is not unemployment percentage which determines whether a firm will get the workers it needs, but the numbers and types of unemployed".⁶ In the United Kingdom the Distribution of Industry (Industrial Finance) Act of 1958 does not specifically give a statistical criterion although later statements of the Board of Trade indicate that an area is considered as a depressed area if unemployment reaches the level of 4 per cent over the last twelve months.

In view of the above noted critical observations about the mandatory statistical criteria, which, if applied mechanically, would tend to put an agency responsible for the identification of depressed areas in a straitjacket and disregard the dynamic aspects of an economy, and would probably bring too many areas into the category of depressed areas during a recession, it is desirable, in addition to having and using such criteria, to use common sense and the other qualitative factors and information mentioned above.

This inquiry, which is concerned with the local labour market areas in Canada that are affected by persistent unemployment of a non-seasonal nature,

³ "Chronic Labor Surplus Areas - Experience and Outlook", Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., July, 1959.

⁴ A statement of Mr. H. Ch. Sonne, Chairman of the National Planning Association, "Area Redevelopment Act", Hearings before Sub-committee No. 3 of the Committee on Banking and Currency, House of Representatives, 86th Congress, First Session, March, 1959, p. 286.

⁵ "Local Unemployment and the 1958 Act" - A. J. Odber, Scottish Journal of Political Economy, Vol. VI, No. 3, Nov. 1959, p. 217.

⁶ *Ibid.*, p. 222.

comprises an analysis of such areas selected mainly, but not wholly, according to a quantitative set of criteria. In view of a lack of homogeneity in the industrial structure of the local labour market areas as between the four different categories of market groups, a different set of criteria is used for each labour market group. For the purpose of identification of labour surplus, problem and normal market areas the following statistical criteria were used in this study as based on average monthly registrations as a percentage of paid workers:

TABLE IX

STATISTICAL CRITERIA FOR THE CLASSIFICATION OF THE LABOUR MARKET AREAS, 1953-1959

RATIO: AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS

Labour Market Groups	Labour Surplus Market Areas			Problem Labour Market Areas	Normal Labour Market Areas
	Summer Months (May-October)	Calendar Year	Winter Months (November-April)	Summer Months (May-October)	Summer Months (May-October)
Metropolitan Areas.....	25% above the national seven-year average monthly ratio (i.e., 7.5 per cent and above)	Annual monthly ratio persistently above the national average monthly ratio for each year and in the last 3 years about 30% above the national rate	Ratio above the national six-year average monthly, and well above the national rate during the last 3 years	Above 6.0% and up to 7.5%	Below the national seven-year average monthly ratio (i.e., below 6.0%)
Major Industrial Areas..	30% above the national seven-year average monthly ratio (i.e., 9.0 per cent and above)	Annual monthly ratio persistently above the national monthly average ratio for each year	Ratio above the national six-year average monthly ratio	Above 7.0% and up to 9.0%	Below the national seven-year average monthly ratio (i.e., below 7.0%)
Major Agricultural Areas	50% above the national seven-year average monthly ratio (i.e., 7.4 per cent and above)	Annual monthly ratio persistently above the national monthly average ratio for each year	50% above the national six-year average monthly ratio	Above 4.9% and up to 7.4%	Below the national seven-year average monthly ratio (i.e., below 4.9%)
Minor Areas.....	50% above the national seven-year average monthly ratio (i.e., 8.7 per cent and above)	Annual monthly ratio persistently above the national average monthly ratio for each year	30% above the national six-year average monthly ratio	Above 5.8% and up to 8.7%	Below the national seven-year average monthly ratio (i.e., below 5.8%)

The principal criteria used for the selection of labour surplus market areas were the seven-year average monthly ratios of registration to paid workers during the summer months (May-October) and the similar ratios for calendar year and winter months were considered as subsidiary criteria only. Thus the impact of seasonal variations on the unemployment situation in the particular labour market areas has roughly been eliminated. In some instances, however, although the statistical criteria classified a labour market area as a labour surplus area, it was decided to consider it rather as a problem area because seasonal unemployment occurred in summer rather than in winter months. This was the case with Oshawa and Prince George-Quesnel labour market areas.

The following table shows the selected labour surplus market areas within each market group, the seven-year average monthly registrations and the percentage of registrations to paid workers during summer months and calendar years, as well as six-year average monthly registrations and the percentage of registrations to paid workers during winter months:

TABLE X

SELECTED LABOUR SURPLUS MARKET AREAS, 1953-1959

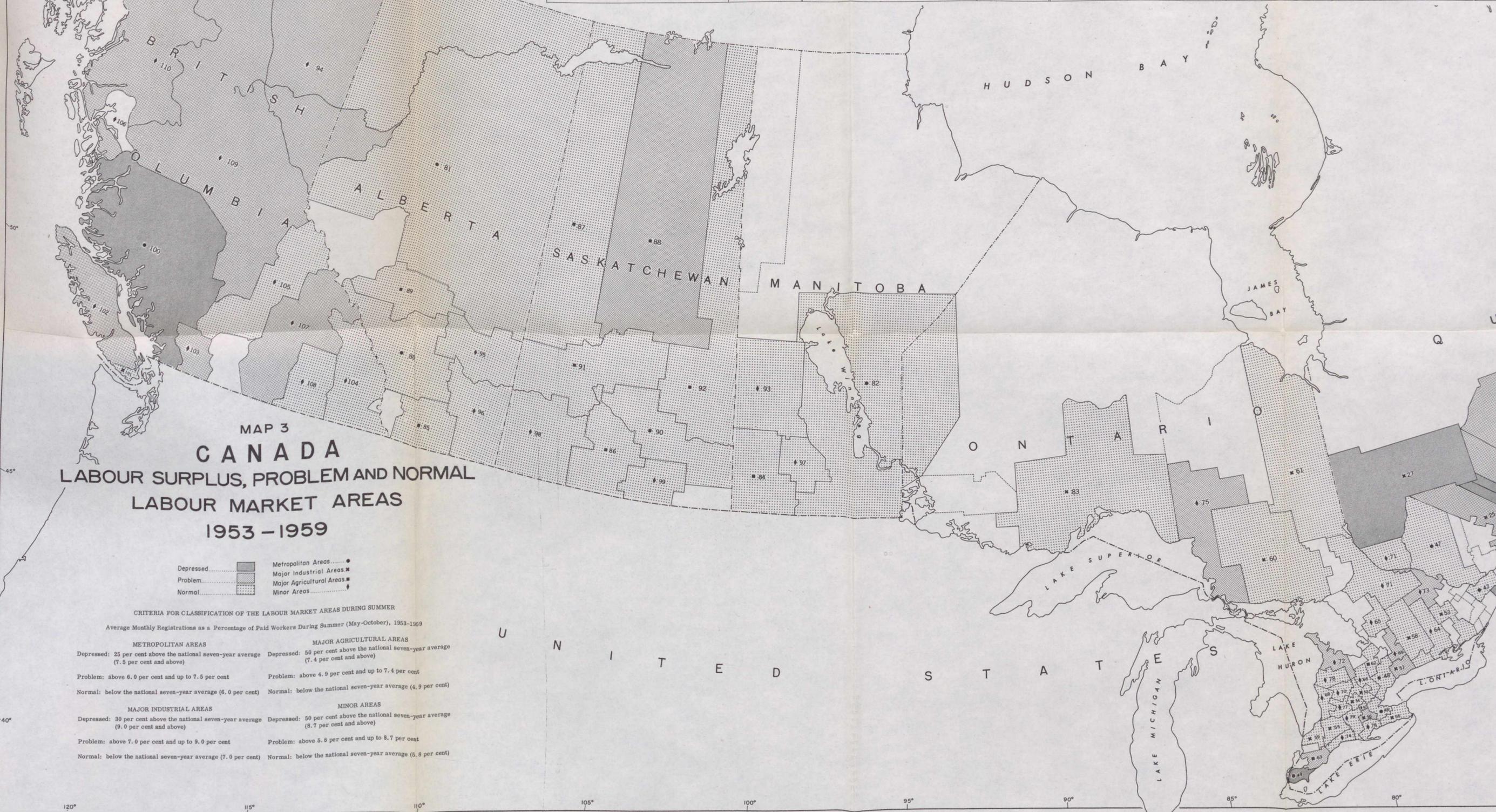
Types of Labour Market Areas	Summer Months (May-October)		Calendar Year		Winter Months (November-April)	
	Average Monthly Registrations, 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953-1959	Average Monthly Registrations, 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953-1959	Average Monthly Registrations, 1953/1954- 1958/59	Average Monthly Registrations as a Percentage of Paid Workers, 1953/54- 1958/59
	'000	%	'000	%	'000	%
Metropolitan Areas						
Windsor-Leamington.....	8.9	10.9	9.5	11.5	10.6	12.8
Vancouver— New Westminster— Mission City.....	20.3	8.4	27.8	11.6	35.9	15.1
St. John's.....	4.6	7.7	9.1	15.3	14.1	23.9
National Average.....		6.0		8.5		11.4
Major Industrial Areas						
Corner Brook.....	1.8	9.8	2.9	15.6	4.3	23.0
Shawinigan Falls.....	2.2	9.4	3.4	14.7	4.7	20.6
Lac St. Jean.....	4.9	9.1	7.8	14.7	10.8	20.6
Rouyn-Val d'Or.....	3.0	9.1	3.8	11.7	4.8	15.0
New Glasgow.....	1.6	9.0	2.5	14.6	3.6	21.3
Cornwall.....	1.7	8.6	2.4	11.9	3.2	15.8
National Average.....		7.0		10.1		13.7
Major Agricultural Areas						
Thetford-Megantic- St. Georges.....	2.5	9.3	4.2	15.6	6.1	22.5
Riviere du Loup.....	1.4	8%	0.1	19.0	5.0	5
National Average.....		4.9		9.2		14.0
Minor Areas						
St. Stephen.....	0.8	11.4	1.3	18.6	1.8	26.2
Campbellton.....	0.9	11.1	1.6	19.4	2.3	28.3
Gaspe.....	2.9	10.7	7.0	25.2	11.5	41.3
Newcastle.....	1.1	10.7	1.9	19.2	2.8	28.9
Rimouski.....	1.3	10.4	2.7	21.9	4.2	33.7
Bathurst.....	1.0	9.5	2.7	25.8	4.6	43.9
Montmagny.....	0.7	9.0	1.4	16.5	2.1	24.9
National Average.....		5.8		11.4		17.0

Table XI shows the so-called problem labour market areas, whose registrations were above the national averages during the summer months, but below the levels of labour surplus market areas, and the seven-year average monthly registrations and the percentage of registrations to paid workers in summer months and calendar years, as well as the six-year average monthly registrations and the percentage of registrations to paid workers during winter months:

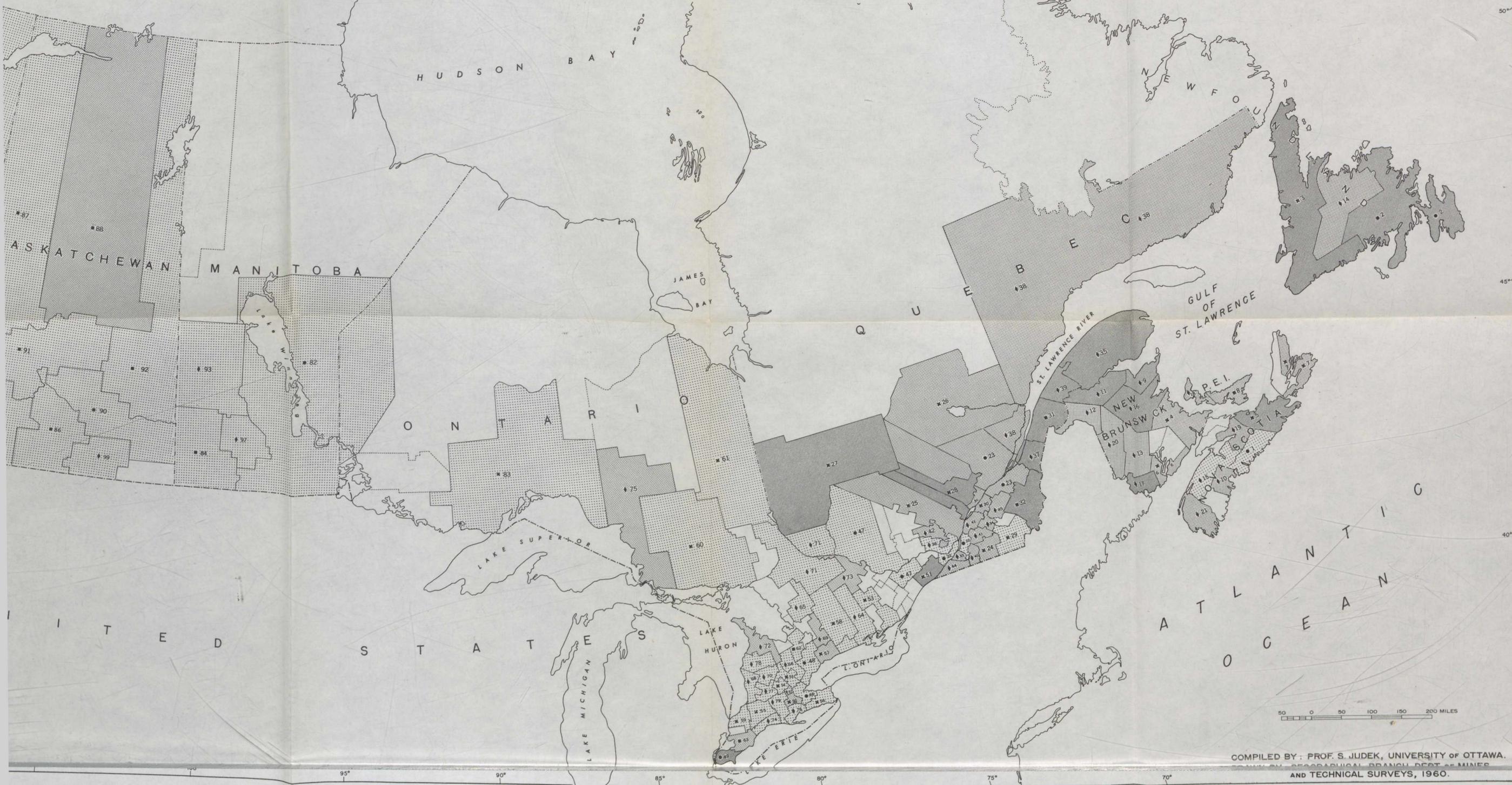
TABLE XI
PROBLEM LABOUR MARKET AREAS, 1953-1959

Types of Labour Market Areas	Summer Months (May-October)		Calendar Year		Winter Months (November-April)	
	Average Monthly Registrations, 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953-1959	Average Monthly Registrations, 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers, 1953-1959	Average Monthly Registrations, 1953/1954-1958/59	Average Monthly Registrations as a Percentage of Paid Workers, 1953/54-1958/59
	'000	%	'000	%	'000	%
Metropolitan Areas						
Quebec-Levis.....	8.7	6.7	13.5	10.3	18.9	14.4
Major Industrial Areas						
Oshawa.....	3.9	10.8	3.8	10.4	3.6	9.9
Saint John.....	2.6	8.9	2.8	9.6	3.1	10.7
Trois Rivières.....	3.0	8.5	4.9	14.2	6.9	20.3
Brantford.....	1.9	7.9	2.3	9.3	2.6	11.0
Sydney.....	2.8	7.6	3.9	10.4	5.1	13.7
Moncton.....	2.4	7.5	4.8	14.9	7.5	23.1
Joliette.....	1.6	7.4	2.6	12.1	3.7	17.2
Farnham-Granby.....	1.6	7.2	2.3	10.6	3.2	14.4
Major Agricultural Areas						
Chatham.....	1.3	7.1	1.8	9.7	2.4	13.0
Charlottetown.....	0.8	7.0	1.6	13.0	2.6	20.1
Prince Albert.....	0.8	5.1	1.4	9.0	2.1	13.4
Minor Areas						
Prince George-Quesnel....	1.3	10.2	1.8	14.1	2.3	18.7
Drummondville.....	1.3	8.8	1.8	12.7	2.4	16.9
Sorel.....	1.2	8.6	1.9	13.2	2.7	18.9
Central Vancouver Island	2.5	8.4	3.7	12.8	5.1	18.0
Valleyfield.....	1.1	8.3	1.6	12.3	2.2	17.3
Victoriaville.....	1.0	8.3	1.6	13.4	2.4	19.5
Fredericton.....	1.0	8.1	1.4	11.4	2.0	15.3
Quebec North Shore.....	1.7	7.8	3.4	15.3	5.4	23.6
Summerside.....	0.5	7.4	1.0	14.6	1.6	23.0
Woodstock.....	0.5	7.4	1.0	14.0	1.5	22.0
Ste. Agathe-St. Jerome..	1.1	7.3	2.0	13.8	3.1	20.8
Chilliwack.....	0.7	7.1	1.3	13.3	2.0	19.8
Grand Falls.....	0.7	7.0	1.3	13.1	1.9	20.5
Beauharnois.....	0.5	6.7	0.8	10.7	1.2	15.4
Yarmouth.....	0.8	6.7	1.7	14.1	2.6	22.1
Edmundston.....	0.7	6.6	1.4	14.4	2.3	23.1
Lindsay.....	0.5	6.5	0.6	8.9	0.8	11.9
Owen Sound.....	0.8	6.5	1.4	11.5	2.1	17.3
Bridgewater.....	0.5	6.3	1.0	12.1	1.6	18.6
Okanagan Valley.....	1.4	6.2	3.1	14.4	5.0	23.1
St. Jean.....	1.1	6.2	1.5	8.6	1.9	11.3
Truro.....	0.6	6.2	1.1	10.6	1.6	15.8
St. Hyacinthe.....	1.1	6.1	1.7	9.4	2.3	13.0
Prince Rupert.....	0.6	6.0	1.1	10.5	1.6	15.7
Sault Ste. Marie.....	1.2	6.0	1.8	8.7	2.2	12.1
Dawson Creek.....	0.4	5.9	0.6	8.3	0.9	11.5
Pembroke.....	0.9	5.9	1.3	8.9	1.8	12.4

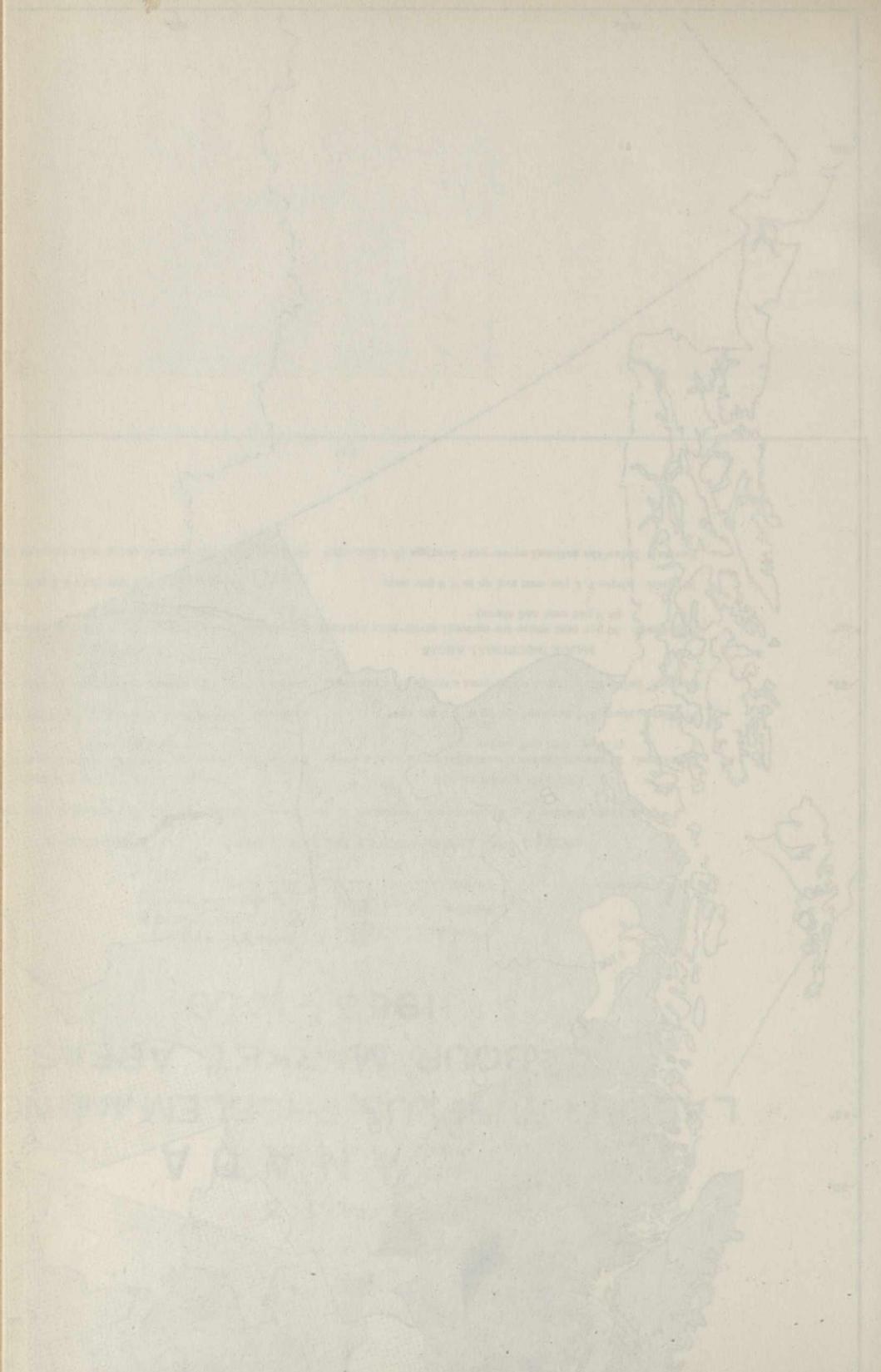
Average Monthly Registrations During Summer (May-October) 1953-1959		Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959		Average Monthly Registrations During Summer (May-October) 1953-1959		Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959		Average Monthly Registrations During Summer (May-October) 1953-1959		Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959	
No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%	No.	Labour Market Areas	'000	%
METROPOLITAN AREAS				MAJOR INDUSTRIAL AREAS Cont'd				MINOR AREAS			
49	Windsor-Leamington	8.9	10.9	29	Sherbrooke	3.9	6.9	17	St. Stephen	0.8	11.4
100	Vancouver-New Westminster-Mission City	20.3	8.4	58	Peterborough	1.7	6.6	11	Campbellton	0.9	11.1
2	St. John's	4.6	7.7	56	Niagara Peninsula	6.5	6.1	35	Gaspé	2.9	10.7
23	Quebec-Lévis	8.7	6.7	101	Victoria	2.6	5.9	16	Newcastle	1.1	10.7
46	Hamilton	7.8	5.9	83	Fort William-Port Arthur	2.5	5.6	39	Rimouski	1.3	10.4
1	Halifax	3.4	5.6	59	Sarnia	1.3	5.5	109	Prince George-Quessnel	1.3	10.2
23	Montreal	32.6	5.0	52	Quesnel	1.0	5.1	9	Bathurst	1.0	9.5
82	Winnipeg	9.0	4.9	61	Timmins-Kirkland Lake	1.7	4.9	37	Montmagny	0.7	9.0
80	Calgary	3.7	4.7	55	London	2.8	4.4	34	Drummondville	1.3	8.8
48	Toronto	27.9	4.5	53	Kingston	1.0	4.1	43	Sorel	1.2	8.6
81	Edmonton	5.4	4.3	60	Sudbury	2.0	3.9	102	Central Vancouver Island	2.5	8.4
47	Ottawa-Hull	4.4	3.3	54	Kitchener	1.4	3.5	44	Valleyfield	1.1	8.3
	Average	11.4	6.0		Average	2.4	7.0	45	Victoriaville	1.0	8.3
MAJOR INDUSTRIAL AREAS				MAJOR AGRICULTURAL AREAS				MINOR AREAS Cont'd			
57	Oshawa	3.9	10.8	32	Theftord-Mégantic-St. Georges	2.5	9.3	13	Fredericton	1.0	8.1
3	Corner Brook	1.8	9.8	31	Rivière-du-Loup	1.4	8.5	38	Quebec-North Shore	1.7	7.8
23	Shawinigan	2.2	9.4	63	Chatham	1.3	7.1	18	Summerside	0.5	7.4
26	Lac St.-Jean	4.9	9.1	8	Charlottetown	0.8	6.0	20	Woodstock N. B.	0.5	7.4
27	Rouyn-Val d'Or	3.0	9.1	88	Prince Albert	0.8	5.1	42	Ste-Agathe-St-Jérôme	1.1	7.3
5	New Glasgow	1.6	9.0	62	Barrie	0.7	4.6	103	Chilliwack	0.7	7.1
6	Saint John	2.6	8.9	92	Yorkton	0.7	4.3	14	Grand Falls	0.7	7.0
51	Cornwall	1.7	8.6	89	Red Deer	0.5	4.0	33	Beauharnois	0.5	6.7
30	Trois-Rivières	3.0	8.5	92	Lethbridge	0.8	3.5	21	Yarmouth	0.8	6.7
50	Bramford	1.9	7.9	86	Moose Jaw	0.5	3.4	12	Edmundston	0.7	6.6
7	Sydney	2.8	7.6	91	Saskatoon	1.3	3.3	69	Lindsay	0.5	6.5
4	Moncton	2.4	7.5	84	Brandon	0.7	3.2	72	Owen Sound	0.8	6.5
25	Joliette	1.6	7.4	87	North Battleford	0.4	3.1	107	Okanagan Valley	1.4	6.2
24	Farnham-Granby	1.6	7.2	90	Regina	1.3	2.8	40	St-Jean	1.1	6.2
					Average	1.0	4.9	19	Truro	0.6	6.2
								41	St-Hyacinthe	1.1	6.1
								110	Prince Rupert	0.6	6.0



No.	Labour Market Areas	Average Monthly Registrations During Summer (May-October) 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959	No.	Labour Market Areas	Average Monthly Registrations During Summer (May-October) 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959	No.	Labour Market Areas	Average Monthly Registrations During Summer (May-October) 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959	No.	Labour Market Areas	Average Monthly Registrations During Summer (May-October) 1953-1959	Average Monthly Registrations as a Percentage of Paid Workers During Summer (May-October) 1953-1959
METROPOLITAN AREAS				MAJOR INDUSTRIAL AREAS Cont'd				MINOR AREAS				MINOR AREAS Cont'd			
49	Windsor-Leamington	8.9	10.9	29	Sherbrooke	3.0	6.9	17	St. Stephen	0.8	11.4	75	Sault Ste. Marie	1.2	6.0
100	Vancouver-New Westminster-Mission City	20.3	8.4	58	Peterborough	1.7	6.6	11	Campbellton	0.9	11.1	94	Dawson Creek	0.4	5.9
2	St. John's	4.6	7.7	56	Niagara Peninsula	5.5	6.1	35	Gaspé	2.9	10.7	73	Pembroke	0.9	5.9
46	Quebec-Lévis	8.7	6.7	101	Victoria	2.6	5.9	16	Newcastle	1.1	10.7	84	Belleville-Trenton	1.3	5.7
48	Hamilton	7.8	5.9	83	Fort William-Port Arthur	2.5	5.6	39	Rimouski	1.3	10.4	71	North Bay	0.3	5.7
1	Halifax	3.4	5.6	59	Sarnia	1.3	5.5	109	Prince George-Quessnel	1.3	10.2	87	Portage La Prairie	0.4	5.7
22	Montreal	32.6	5.0	62	Goelph	1.0	5.1	9	Bathurst	1.0	9.5	105	Kamloops	0.6	5.6
82	Winnipeg	9.0	4.9	61	Timmins-Kirkland Lake	1.7	4.9	37	Montmagny	0.7	9.0	15	Kentville	0.9	5.4
80	Calgary	3.7	4.7	55	London	2.8	4.4	34	Drummondville	1.3	8.8	93	Dauphin	0.4	5.2
45	Toronto	27.9	4.5	53	Kingston	1.0	4.1	43	Sorel	1.2	8.6	36	Lachute-St-Thérèse	1.2	5.2
81	Edmonton	5.4	4.3	60	Subsary	1.4	3.5	102	Central Vancouver Island	2.5	8.4	108	Trail-Nelson	0.9	5.1
47	Ottawa-Hull	4.4	3.3	54	Kitchener	1.4	3.5	44	Valleyfield	1.1	8.3	87	Galt	0.8	4.9
	Average	11.4	6.0		Average	2.4	7.0	45	Victoriaville	1.0	8.3	65	Bracebridge	0.3	4.7
MAJOR INDUSTRIAL AREAS				MAJOR AGRICULTURAL AREAS				MINOR AREAS				MINOR AREAS			
57	Oshawa	3.9	10.3	32	Thetford-Mégantic-St. Georges	2.5	9.3	18	Summerside	0.5	7.4	96	Medicine Hat	0.5	4.5
3	Corner Brook	1.8	9.8	31	Rivière-du-Loop	1.4	8.5	20	Woodstock N.B.	0.5	7.4	95	Drumheller	0.3	4.3
28	Shawinigan	2.2	9.4	63	Chatham	1.3	7.1	42	Ste-Agathe-St-Jérôme	1.1	7.3	79	Woodstock-Ingersoll	0.8	4.2
27	Rouyn-Val d'Or	3.0	9.1	8	Charlottetown	0.8	6.0	103	Chilliwack	0.7	7.1	76	Simcoe	0.5	4.1
5	New Glasgow	1.6	9.0	88	Prince Albert	0.8	5.1	14	Grand Falls	0.7	7.0	77	Stratford	0.5	4.0
6	Saint John	2.6	8.9	62	Barrie	0.7	4.6	33	Beauharnois	0.5	6.7	74	St. Thomas	0.6	3.8
51	Cornwall	1.7	8.6	92	Yorkton	0.7	4.3	21	Yarmouth	0.8	6.7	68	Goderich	0.3	3.6
30	Trois-Rivières	3.0	8.5	89	Red Deer	0.5	4.0	12	Edmonton	0.7	6.6	78	Walkerton	0.3	3.5
50	Brantford	1.9	7.9	85	Lethbridge	0.8	3.5	69	Lindsay	0.5	6.5	70	Listowel	0.1	2.8
7	Sydney	2.8	7.6	86	Moose Jaw	0.5	3.4	72	Owen Sound	0.5	6.5	98	Weyburn	0.1	2.2
4	Moncton	2.4	7.5	91	Saskatoon	1.3	3.3	10	Bridgewater	0.5	6.5	99	Swift Current	0.2	2.1
25	Joliette	1.6	7.4	84	Brandon	0.7	3.2	107	Okanagan Valley	1.4	6.2		Average	1.4	5.8
24	Farnham-Granby	1.6	7.2	87	North Battleford	0.4	3.1	40	St-Jean	1.1	6.2				
				80	Regina	1.3	2.8	19	Truro	0.6	6.2				
					Average	1.0	4.9	41	St-Hyacinthe	1.1	6.1				
								110	Prince Rupert	0.6	6.0				



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Table XII gives a list of normal labour market areas and the attached map shows the location of labour surplus, problem and normal market areas.

TABLE XII
LIST OF NORMAL LABOUR MARKET AREAS, 1953-1959

<i>Metropolitan Areas</i>	
Hamilton	Calgary
Halifax	Toronto
Montreal	Edmonton
Winnipeg	Ottawa-Hull
<i>Major Industrial Areas</i>	
Sherbrooke	Guelph
Peterborough	Timmins-Kirkland Lake
Niagara Peninsula	London
Victoria	Kingston
Fort William-Port Arthur	Sudbury
Sarnia	Kitchener
<i>Major Agricultural Areas</i>	
Barrie	Saskatoon
Yorkton	Brandon
Red Deer	North Battleford
Lethbridge	Regina
Moose Jaw	
<i>Minor Areas</i>	
Belleville-Trenton	Medicine Hat
North Bay	Drumheller
Portage-la-Prairie	Woodstock-Ingersoll
Kamloops	Simcoe
Kentville	Stratford
Dauphin	St. Thomas
Lachute-Ste-Thérèse	Goderich
Trail-Nelson	Walkerton
Galt	Listowel
Bracebridge	Weyburn
Brampton	Swift Current
Cranbrook	

C. DEPARTMENT OF LABOUR'S CLASSIFICATION OF LABOUR MARKET AREAS, 1953-1959

The Department of Labour's classification of the labour market areas for the period 1953-1959 has been examined from monthly information published in Labour Gazette. Local labour market area's registrations are expressed as a percentage of the estimated number of paid workers in a given area. The ratios of all labour markets are then grouped on the basis of statistical criteria and other supplementary information, into four classifying categories to indicate a shortage, balance or substantial and moderate surplus of labour in relation to available job opportunities. This system of classification has been described as "an analytical device whose purpose is to give a clear and brief picture of local labour market conditions based on an appraisal of the situation in each area".⁷ More specifically, the purposes of this classification are as follows: to provide better understanding of current variations in local employment conditions within each region and between regions as well as within each local labour market area; to outline the changing pattern of economic and employment activities of the country as a whole and of local labour markets; to assess the factors causing the shortage or surplus of labour at a local labour market level and to examine these factors in order to determine whether they are of a permanent or temporary nature; and to indicate

⁷ The Labour Gazette, September, 1959, p. 990.

the impact of seasonal variations upon employment and unemployment in the local labour market areas and the whole regions of the country. It should be pointed out, however, that such a classification is only of a general character because of the indicated shortcomings of the N.E.S. registration figures and, therefore, it is rather difficult to assess exactly the relationship between the supply and demand of labour in a particular labour market. To some extent this deficiency is overcome because of the use of qualitative information in final decisions concerning the rating and grouping of the labour market areas.

The statistical criteria on which this classification system is based are shown in the following table:

TABLE XIII
RATIO RATINGS FOR LABOUR MARKET AREAS CLASSIFICATION N.E.S.
REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS

	Category of the Labour Market Area			
	Metropolitan	Major Industrial	Major Agricultural	Minor
	%	%	%	%
1-Substantial Labour Surplus.....	10.0 plus	12.0 plus	14.0 plus	14.0 plus
2-Moderate Labour Surplus.....	6.0 - 9.9	6.0 - 11.9	7.0 - 13.9	7.0 - 13.9
3-Balanced Labour Supply.....	2.5 - 5.9	2.5 - 5.9	2.0 - 6.9	2.0 - 6.9
4-Labour Shortage.....	0.0 - 2.4	0.0 - 2.4	0.0 - 1.9	0.0 - 1.9

The substantial labour surplus category applies to a labour market in which current or immediate prospective labour supply exceeds demand in almost all of the major occupations. The moderate labour surplus classification applies to labour market areas in which current or immediately prospective labour supply exceeds demand in about half of the major occupations. The balanced labour supply classification applies to areas in which current or immediately prospective labour demand and supply are approximately in balance for most of the major occupations. Finally, the labour shortage category includes labour market areas in which current or immediately prospective labour demand exceeds supply in most of the major occupations.

In classifying the local labour market areas the Department of Labour does not rely entirely on the statistical criteria but takes into account additional information on labour market conditions, which is obtained from various sources, such as the monthly reports of the local N.E.S. offices, special reports of field representatives of the Federal Department of Labour in Ontario and Quebec, statistical reports of the D.B.S., supplementary information of different Departments of the Federal Government and of provincial and municipal authorities.

A statistical analysis of the Department of Labour's monthly classification of the 109 local labour market areas for the period of 1953-1959 with respect to the first two classification groups—substantial and moderate labour surplus—is to be found in Appendix 2A and 2B. This analysis has been made for the distribution of monthly substantial and moderate labour surplus of the 109 labour market areas during the calendar year, summer months (May-October) and winter months (November-April) for each market group (metropolitan, major industrial, major agricultural and minor areas) and the local labour market areas have been ranked within each market group.

The following table shows the distribution of the monthly substantial and moderate labour surplus classification of the Department of Labour for the selected labour surplus market areas for the years 1953 through 1959:

Table XIV

LABOUR SURPLUS MARKET AREAS

Distribution of Monthly Substantial and Moderate Labour Surplus Classification of the Department of Labour, 1953-1959

Type of Labour Market Areas	Summer Months (May-October)						Calendar Years						Winter Months (November-April)					
	Total Months of Labour Surplus	Total Months of Substantial Labour Surplus as a Percentage of Total Summer Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a Percentage of Total Summer Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a Percentage of Total Summer Months	Total Months of Labour Surplus	Total Months of Substantial Labour Surplus as a Percentage of Total Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a Percentage of Total Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a Percentage of Total Months	Total Months of Labour Surplus	Total Months of Substantial Labour Surplus as a Percentage of Total Winter Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a Percentage of Total Winter Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a Percentage of Total Winter Months
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
Metropolitan Areas																		
Windsor-Leamington.....	20	47.6	14	33.3	34	80.9	43	51.2	29	34.5	72	85.7	21	58.4	13	36.1	34	94.5
Vancouver-New Westminster-Mission City.....	2	4.8	29	69.0	31	73.8	30	35.7	43	51.2	73	86.0	24	66.7	12	33.3	36	100.0
St. John's.....	5	11.9	16	38.1	21	50.0	42	50.0	21	25.0	63	75.0	32	88.9	4	11.1	36	100.0
Major Industrial Areas																		
Corner Brook.....	9	21.4	18	42.8	27	64.2	43	51.2	26	31.0	69	82.2	30	83.3	6	16.7	36	100.0
Shawinigan Falls.....	5	11.9	33	78.6	38	90.5	43	51.2	37	44.0	80	95.2	33	91.7	3	8.3	36	100.0
Lac St. Jean.....	4	9.5	28	66.7	32	76.2	37	44.0	36	42.9	73	86.9	28	77.8	7	19.4	35	97.2
Rouyn-Val d'Or.....	8	19.1	24	57.1	32	76.2	33	39.3	40	47.6	73	86.9	21	58.3	14	38.9	35	97.2
New Glasgow.....	5	11.9	29	69.0	34	80.9	43	51.2	33	39.3	76	90.5	33	91.7	3	8.3	36	100.0
Cornwall.....	5	11.9	29	69.0	34	80.9	36	42.9	40	47.6	76	90.5	28	77.8	8	22.2	36	100.0
Major Agricultural Areas																		
Thetford-Megantic-St. Georges.....	3	7.1	21	50.0	24	57.1	33	39.3	32	38.1	65	77.4	26	72.2	9	25.0	35	97.2
Riviere du Loup.....	7	16.7	7	16.7	14	33.4	42	50.0	12	14.3	54	64.3	30	83.4	4	11.1	34	94.5
Minor Areas																		
St. Stephen.....	8	19.1	23	54.7	31	73.8	48	57.1	25	29.8	73	86.9	34	94.5	2	5.5	36	100.0
Campbellton.....	8	19.1	20	47.6	28	66.7	42	50.0	28	33.3	70	83.3	30	83.3	6	16.7	36	100.0
Gaspé.....	8	19.1	20	47.6	28	66.7	45	53.6	24	28.6	69	82.2	32	88.9	3	8.3	35	97.2
Newcastle.....	3	7.1	33	78.6	36	85.7	41	48.8	37	44.0	78	92.8	33	91.7	3	8.3	36	100.0
Rimouski.....	8	19.1	18	42.8	26	61.9	45	53.6	22	26.2	67	79.8	32	88.9	3	8.3	35	97.2
Bathurst.....	5	11.9	17	40.5	22	52.4	43	51.2	21	25.0	64	76.2	33	91.7	3	8.3	36	100.0
Montmagny.....	5	11.9	15	35.7	20	47.6	40	47.6	22	26.2	62	73.8	30	83.3	6	16.7	36	100.0

SOURCE: "The Labour Gazette", Department of Labour, 1953-1959.

The frequency with which the above labour market areas had been classified as having substantial and moderate labour surplus cannot be explained solely by recession unemployment and the general decline of economic activities although, of course, such frequency tends to rise during recession years as compared with relatively prosperous years. It also appears that the recession impacts on unemployment last longer in such areas. The pockets of substantial and moderate labour surplus exist also while the country as a whole is enjoying prosperity and when employment and economic activity are expanding in most of the other regions and labour market areas.

In the metropolitan areas group, only St. John's has had one half of the 42 months during the summer months of 1953-1959 classified as periods of substantial and moderate labour surplus. Moreover, St. John's has had all the winter months during the same period classified as substantial and moderate labour surplus and nearly 90 per cent of the winter time characterized as substantial labour surplus. The other two metropolitan areas—Windsor-Leamington and Vancouver-New Westminster-Mission City—classified as labour surplus market areas have shown about three-quarters of the summer months as having substantial and moderate labour surplus and the Vancouver labour market area is subject to extreme winter unemployment.

In the major industrial group almost all the selected labour surplus market areas have had three-quarters of the summer months classified as having substantial and moderate labour surplus and practically all of them have had substantial and moderate labour surplus during the entire winter period.

For obvious reasons the major agricultural labour market areas have shown a relatively low frequency of substantial and moderate labour surplus during the summer months but the two selected labour surplus market areas have shown a high frequency of labour surplus during the winter months.

Among the minor labour surplus market areas all of them were in substantial and moderate labour surplus for about half to three-quarters of the summer months and practically all of them experienced substantial and moderate labour surplus during all the winter months.

The above analysis of the distribution of monthly substantial and moderate labour surplus areas according to the classification of the Department of Labour during the years under consideration supports the previous findings as to the seriousness of unemployment in the selected labour surplus market areas. This is an official admission on the part of the Government that there are such labour surplus market areas in Canada. There is no evidence, however, that any remedial action has been taken by the Government to follow up its own recognition of the existence of persistent and localized unemployment. In fact, there is no evidence available to the writer of this study that, apart from the classification procedure regularly carried out by the Department of Labour, there has been any study, or attempt to formulate a specific economy policy to deal with chronic and localized unemployment in this country.

D. POTENTIAL REDUCTION IN N.E.S. REGISTRATIONS IF CHRONIC LOCALIZED UNEMPLOYMENT WERE ELIMINATED

This Section of the study is of a more speculative nature as it is difficult, if not impossible, to separate chronic unemployment from other types of unemployment and because of the various reservations that must be kept in mind with respect to the N.E.S. registration figures. Moreover, as was pointed out earlier, a portion of registrations during the summer months consists of some students who cannot be considered as paid workers. Similarly, women register in greater numbers than seek work. A calculation was made, however, to estimate the potential reduction in the number of unplaced applicants during

the summer months, each year, for the period 1953-1959, if the ratios of registrations to paid workers in the labour surplus and problem labour market areas were reduced to the national levels for each market group.

Table XV indicates the potential reduction in the N.E.S. monthly registrations in the labour surplus market areas during the summer months for the period 1953-1959:

TABLE XV
POTENTIAL MONTHLY REDUCTION IN N.E.S. REGISTRATIONS IN LABOUR SURPLUS MARKETS DURING SUMMER MONTHS, 1953-59

Type of Labour Market Areas	Average Actual Monthly Registrations 1953-59	Average Registrations as % of Paid Workers 1953-59	National Average Registrations as % of Paid Workers	Potential Monthly Average Registrations Reduced to National Average Registrations as % of Paid Workers	Potential Reduction per Month
	'000	%	%	'000	'000
Metropolitan Areas					
Windsor-Leamington.....	8.9	10.9	6.0	4.9	4.0
Vancouver-New Westminster-Mission City.....	20.3	8.4	.....	14.5	5.8
St. John's.....	4.6	7.7	.....	3.9	0.7
Total.....					10.5
Major Industrial Areas					
Corner Brook.....	1.8	9.8	7.0	1.3	0.5
Shawinigan.....	2.2	9.4	.....	1.6	0.6
Lac St. Jean.....	4.9	9.1	.....	3.8	1.1
Rouyn-Val d'Or.....	3.0	9.1	.....	2.3	0.7
New Glasgow.....	1.6	9.0	.....	1.2	0.4
Cornwall.....	1.7	8.6	.....	1.4	0.3
Total.....					3.6
Major Agricultural Areas					
Thetford-Megantic-St. George.....	2.5	9.3	4.9	1.3	1.2
Riviere du Loup.....	1.4	8.5	.....	0.8	0.6
Total.....					1.8
Minor Areas					
St. Stephen.....	0.8	11.4	5.8	0.4	0.4
Campbellton.....	0.9	11.1	.....	0.5	0.4
Gaspe.....	2.9	10.7	.....	1.6	1.3
Newcastle.....	1.1	10.7	.....	0.6	0.5
Rimouski.....	1.3	10.4	.....	0.7	0.6
Bathurst.....	1.0	9.5	.....	0.6	0.4
Montmagny.....	0.7	9.0	.....	0.5	0.2
Total.....					3.8
Grand Total.....					19.7

Table XVI shows potential reduction in the N.E.S. monthly registrations in the problem labour market areas during the summer months for the period 1953-1959:

TABLE XVI
POTENTIAL MONTHLY REDUCTION IN N.E.S. REGISTRATIONS
IN PROBLEM LABOUR MARKET AREAS DURING
SUMMER MONTHS, 1953-59

Type of Labour Market Areas	Average Actual Monthly Registrations 1953-59	Average Registrations as % of Paid Workers 1953-59	National Average Registrations as % of Paid Workers	Potential Monthly Average Registrations Reduced to National Average Registrations as % of Paid Workers	Potential Reduction per Month
	'000	%	%	'000	'000
Metropolitan Areas					
Quebec-Levis.....	8.7	6.7	6.0	7.8	0.9
Total.....					0.9
Major Industrial Areas					
Oshawa.....	3.9	10.8	7.0	2.5	1.4
Saint John.....	2.6	8.9		2.0	0.6
Trois Rivieres.....	3.0	8.5		2.5	0.5
Brantford.....	1.9	7.9		1.7	0.2
Sydney.....	2.8	7.6		2.6	0.2
Moncton.....	2.4	7.5		2.2	0.2
Joliette.....	1.6	7.4		1.5	0.1
Farnham-Granby.....	1.6	7.2		1.5	0.1
Total.....					3.3
Major Agricultural Areas					
Chatham.....	1.3	7.1	4.9	0.9	0.4
Charlottetown.....	0.8	6.0		0.7	0.1
Prince Albert.....	0.8	5.1		0.7	0.1
Total.....					0.6
Minor Areas					
Prince George-Quesnel.....	1.3	10.2	5.8	0.7	0.6
Drummondville.....	1.3	8.8		0.9	0.4
Sorel.....	1.2	8.6		0.8	0.4
Central Vancouver Island.....	2.5	8.4		1.7	0.8
Valleyfield.....	1.1	8.3		0.8	0.3
Victoriaville.....	1.0	8.3		0.7	0.3
Fredericton.....	1.0	8.1		0.7	0.3
Quebec-North Shore.....	1.7	7.8		1.3	0.4
Summerside.....	0.5	7.4		0.4	0.1
Woodstock.....	0.5	7.4		0.4	0.1
Ste. Agathe-St. Jerome.....	1.1	7.3		0.9	0.2
Chilliwack.....	0.7	7.1		0.6	0.1
Grand Falls.....	0.7	7.0		0.6	0.1
Beauharnois.....	0.5	6.7		0.4	0.1
Yarmouth.....	0.8	6.7		0.7	0.1
Edmundston.....	0.7	6.6		0.6	0.1
Lindsay.....	0.5	6.5		0.4	0.1
Owen Sound.....	0.8	6.5		0.7	0.1
Bridgewater.....	0.5	6.3		0.4	0.1
Okanagan Valley.....	1.4	6.2		1.3	0.1
St. Jean.....	1.1	6.2		1.0	0.1
Truro.....	0.6	6.2		0.5	0.1
St. Hyacinthe.....	1.1	6.1		1.0	0.1
Prince Rupert.....	0.6	6.0		0.5	0.1
Sault Ste. Marie.....	1.2	6.0		1.2	0.1
Dawson Creek.....	0.4	5.9		0.3	0.1
Pembroke.....	0.9	5.9		0.8	0.1
Total.....					5.5
Grand Total.....					10.3

The following table shows the total actual average monthly registrations during summer months for the period 1953-1959, by market group, and the potential total reduction per month, during summer periods also by market group, and it indicates these reductions expressed as a percentage of total actual average monthly registrations:

TABLE XVII

POTENTIAL MONTHLY REDUCTIONS IN N.E.S. REGISTRATIONS IN LABOUR SURPLUS AND PROBLEM MARKET AREAS DURING SUMMER MONTHS, 1953-1959

Labour Market Group	Total Actual Average Monthly Registrations	Potential Reduction in Labour Surplus Market Areas	Potential Reductions as a Percentage of Actual Registrations	Potential Reduction in Problem Labour Market Areas	Potential Reduction as a Percentage of Actual Registrations
	'000	'000	%	'000	%
Metropolitan Areas.....	136.7	10.5	7.7	0.9	0.7
Major Industrial Areas.....	61.5	3.6	5.9	3.3	5.4
Major Agricultural Areas.....	13.7	1.8	13.1	0.6	4.4
Minor Areas.....	77.5	3.8	4.9	5.5	7.1
Total.....	289.4	19.7	6.8	10.3	3.6

These potential reductions and their percentages to actual total average monthly registrations are not large. However, it should be kept in mind that the national monthly average ratios of registrations to paid workers are relatively high and inflated by the very existence of the labour surplus and problem labour market areas. It was decided, however, to use them as a basis of calculation because of the difficulty in determining any other arbitrary national ratios for each market group separately.

E. REGIONAL AND LABOUR MARKET GROUP CHANGES IN PAID WORKERS AND N.E.S. REGISTRATIONS, 1953-1959

Since the ratings of labour market areas for the year 1953 were based on the estimated paid workers of 1952, the relative changes in paid workers, by regions, have been calculated for the period 1952-1953. Table XVIII indicates the absolute and relative changes in estimated paid workers of the five regions for the period mentioned:

TABLE XVIII

ABSOLUTE AND RELATIVE CHANGES IN PAID WORKERS, BY REGION 1952-1959

Regions	1952	1959	Absolute Change	Relative Change
	'000	'000	'000	%
Atlantic.....	370.4	440.3	69.9	18.9
Quebec.....	1,165.3	1,399.4	234.1	20.1
Ontario.....	1,497.9	1,838.8	341.9	22.8
Prairie.....	642.4	767.2	124.8	19.4
Pacific.....	363.7	482.5	118.8	32.3
Canada.....	4,039.7	4,929.2	889.5	22.0

The Atlantic provinces, the Prairies and Quebec showed a relative change in the paid workers during the 1952-1959 years, which were below the national level. Ontario showed just about the same rate as the national rate and the Pacific region showed the highest relative increase in paid workers estimates, almost a one-third increase in the eight-year period.

The regional and labour market group changes in registration as between the two periods, 1953-1956 and 1957-1958, have been affected by changes in the Unemployment Insurance Act in the latter period. The following table shows the extent of coverage for the years 1953 to 1959 inclusive, which coverage is indicated by the ratio of insured workers, at book renewal each year, to estimated annual average of paid workers with jobs in non-agriculture sectors of the economy, by region:

TABLE XIX
EXTENT OF COVERAGE BY UNEMPLOYMENT INSURANCE ACT, BY REGION 1953-1959
Percentage Ratio of Insured Population to Estimated Paid Workers with Jobs in Non-Agriculture

Regions	1953	1954	1955	1956	1957	1958	1959
Atlantic.....	73.0	74.5	70.1	84.7	80.2	88.3	89.7
Quebec.....	80.0	82.6	78.3	85.1	81.5	89.8	87.1
Ontario.....	85.0	85.3	83.1	86.5	87.5	92.7	89.8
Prairie.....	82.6	88.1	85.1	88.6	87.8	88.1	83.2
Pacific.....	78.3	84.3	80.9	90.2	89.2	88.6	87.5
Canada.....	81.5	83.8	80.6	86.6	85.4	90.5	87.8

The estimated annual averages of paid workers with jobs include workers actually working and also those temporarily laid off. It emerges from the above table that the coverage has increased quite substantially in the Atlantic provinces and Quebec from 1956 onwards when the Unemployment Insurance Act was extended to cover loggers and fishermen. This factor must be borne in mind in analysing the changes in registrations, on a regional basis, between 1953-1956 and 1957-1959.

Table XX shows the average monthly registrations as a percentage of paid workers for the two periods, 1953-1956 and 1957-1959, and the differences in ratios and also the relative change, by region, between the two periods. Chart 2 illustrates graphically these differences in ratios of monthly registrations to paid workers during the same two periods for all local labour market areas arranged regionally.

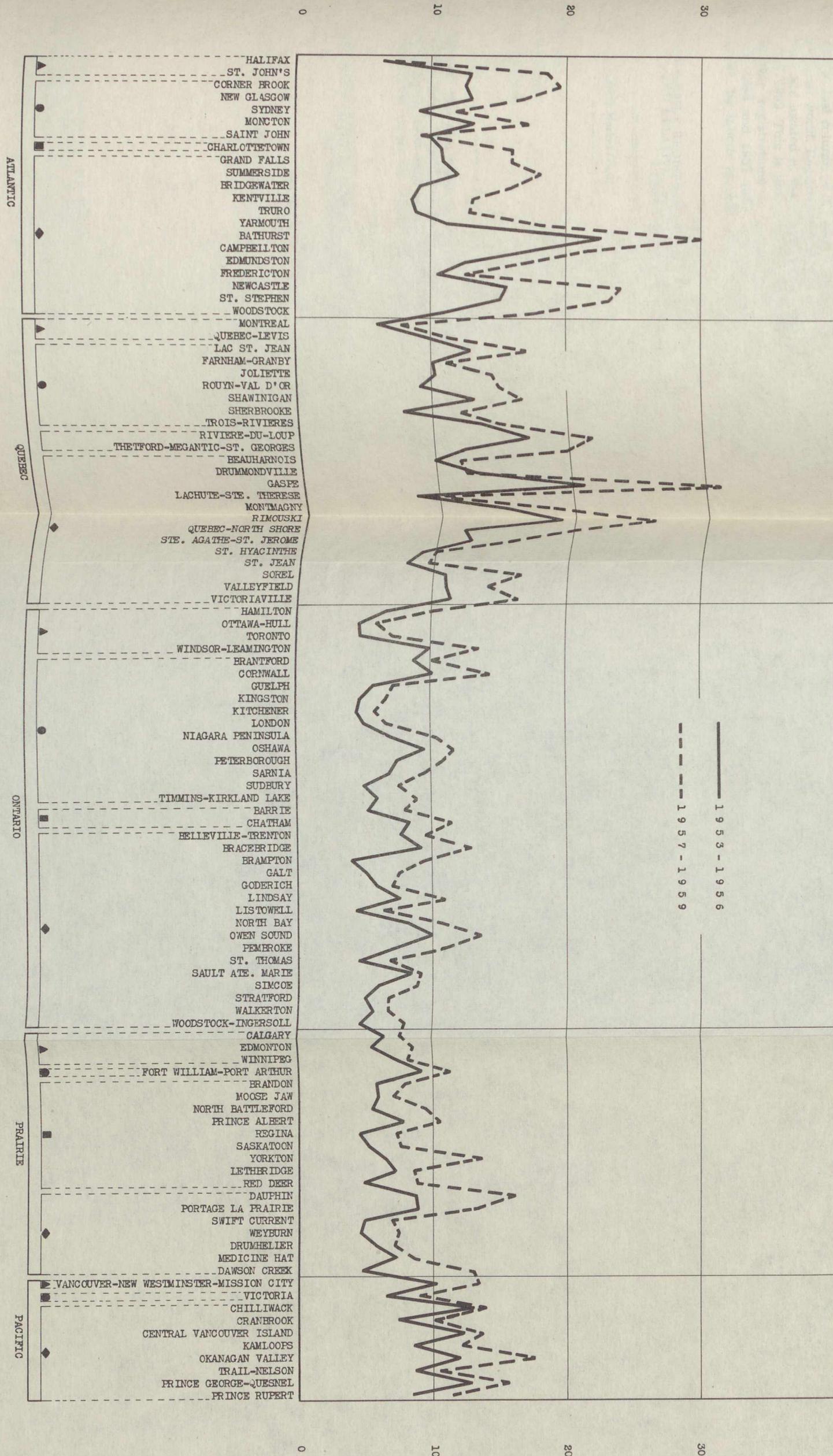
TABLE XX
AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS
AND RELATIVE CHANGES, 1953-1956 AND 1957-1959, BY REGION

Regions	1953-1956	1957-1959	Change	Percentage Change
Atlantic.....	12.1	17.0	4.9	40.5
Quebec.....	11.8	15.5	3.7	31.4
Ontario.....	6.6	9.1	2.5	37.9
Prairie.....	6.3	9.4	3.1	49.2
Pacific.....	10.0	12.7	2.7	27.0

Chart 2
LABOUR MARKET AREAS - AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS, 1953 - 1956 AND 1957 - 1959

Per Cent

Per Cent



It emerges from the above table that the Atlantic provinces and Quebec have had the highest average monthly ratios of registrations to paid workers in both periods examined. It also appears that the two regions experienced the greater change in terms of absolute change in the ratios. In relative terms, as shown by the last column of the above table, it was the Prairie and Atlantic regions that fared worst. Registrations, particularly in major agricultural areas, most of which are located in the Prairie region, increased sharply in the latter period of 1957-1959. This is indicated in the following table, which shows the average monthly registrations as a percentage of paid workers for the two periods, 1953-1956 and 1957-1959, and the differences in ratios and also the relative change, by labour market groups, between the two periods:

TABLE XXI
AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS
AND RELATIVE CHANGES, 1953-1956 AND 1957-1959, BY
LABOUR MARKET GROUP

Labour Market Group	1953-1956	1957-1959	Change	Percentage Change
Metropolitan Areas.....	7.5	9.9	2.4	$\frac{\%}{32.0}$
Major Industrial Areas.....	8.9	11.7	2.8	31.5
Major Agricultural Areas.....	7.7	11.2	3.5	45.5
Minor Areas.....	9.8	13.6	3.8	38.8

An analysis was also made of absolute and relative changes in ratios of monthly registrations to paid workers during the summer and winter months for the two periods, 1953-1956 and 1957-1959, by regions and labour market groups. Table XXII shows the above analysis, by region:

TABLE XXII
AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS AND
RELATIVE CHANGES DURING SUMMER AND WINTER MONTHS,
1953-1956 AND 1957-1959, BY REGION

Region	Summer Months				Winter Months			
	1953-1956	1957-1959	Change	Percentage Change	1953/54-1955/56	1956/57-1958/59	Change	Percentage Change
Atlantic.....	6.6	9.6	+3.0	$\frac{\%}{45.5}$	18.6	24.0	+5.4	$\frac{\%}{29.0}$
Quebec.....	6.7	9.5	+2.8	41.8	17.6	21.2	+3.6	20.5
Ontario.....	4.5	6.6	+2.1	46.7	9.4	11.2	+1.8	19.1
Prairie.....	3.3	5.2	+1.9	57.6	10.2	13.2	+3.0	29.4
Pacific.....	5.6	8.2	+2.6	46.4	14.8	17.5	+2.7	18.2

The Atlantic provinces and Quebec showed the highest average monthly registrations as a percentage of paid workers in both periods, 1953-1956 and 1957-1959, both during summer and winter months. During summer as well as winter months the Prairie region showed the highest relative change between the two periods. This is due to the fact that the major agricultural areas,

which are mainly located in the Prairie region, showed the largest relative increase in the average monthly registrations as a percentage of paid workers both in summer and winter months. This is indicated in the following table:

TABLE XXIII
AVERAGE MONTHLY REGISTRATIONS AS A PERCENTAGE OF PAID WORKERS AND
RELATIVE CHANGES DURING SUMMER AND WINTER MONTHS, 1953-1956 AND
1957-1959, BY LABOUR MARKET GROUP

Labour Market Group	Summer Months				Winter Months			
	1953-1956	1957-1959	Change	Percent- age Change	1953/54- 1955/56	1956/57- 1958/59	Change	Percent- age Change
Metropolitan Areas.....	5.2	7.0	+ 1.8	% 34.6	10.4	12.5	+ 2.1	% 20.2
Major Industrial Areas....	6.1	8.3	+ 2.2	36.1	12.5	14.8	+ 2.3	18.4
Major Agricultural Areas...	3.9	6.1	+ 2.2	56.4	12.2	15.8	+ 3.6	29.5
Minor Areas.....	4.9	7.1	+ 2.2	44.9	15.1	18.9	+ 3.8	25.2

F. SUGGESTED STATISTICAL CRITERIA FOR THE CURRENT SELECTION OF LABOUR SURPLUS MARKET AREAS

Despite the obvious shortcomings of the N.E.S. registrations as a measure of unemployment and the indicated disadvantages of having rigid statistical criteria for the identification of the labour surplus market areas, it seems advisable to have some mandatory working criteria which will necessitate immediate action in aiding such areas. Since chronic and localized unemployment is particularly evident during the summer months (May-October) and because seasonal unemployment requires a different policy approach, it is recommended here that we confine the use of ratios of monthly registrations to paid workers to the summer periods only. A distinction should also be made for the different economic and industrial structure of the four different labour market groups. It is, therefore, suggested that the following criteria for the selection and declaration of labour surplus market areas be applied where the ratios of unplaced applicants at the N.E.S. offices to the paid workers exceed the national ratios:

(1) in the case of metropolitan areas 25 per cent above the national average ratio (i.e. 6 per cent) during the last two of the immediately preceding three summers;

(2) in the case of major industrial areas 25 per cent above the national average ratio (i.e. 7 per cent) during the last two of the immediately preceding three summers;

(3) in the case of major agricultural areas 50 per cent above the national average ratio (i.e. 5 per cent) during the last two of the immediately preceding three summers;

(4) in the case of minor areas 30 per cent above the national average ratio (i.e. 6 per cent) during the last two of the immediately preceding three summers.

The suggested national average ratios, which are based on the past seven-years experience which included two recessions, would impose an obligation of remedial action in the local labour market areas with high persistent unemployment regardless of the course of a business cycle.

In addition, consideration should be given to the absolute actual number of the N.E.S. unplaced applicants and also to qualitative factors, such as potential job opportunities in the near future in the local labour market area, relative wage rates, personal income per capita, the level of production, mobility of labour, job opportunities near the given labour market area, etc.

Chapter IV

MAIN CHARACTERISTICS OF THE SELECTED LABOUR SURPLUS
MARKET AREAS

A. INTRODUCTION

For each of the selected labour surplus market areas this study describes briefly the geographical location of the area, its economic background and industrial pattern, and the amount and nature of unemployment during the summer and winter months over the period 1953-1959. It also analyses the age distribution of unplaced applicants for the period 1955-1959 and the duration of unemployment of the individuals affected in the labour surplus market areas. And, finally, it attempts to discover the causes underlying the persistent unemployment in those areas.

The information concerning geographical location, economic activities, main industries, etc., of the labour surplus market areas has been obtained from the Unemployment Insurance Commission's directory containing descriptions of the local N.E.S. office areas.

The data concerning unplaced applicants, by occupation and sex, for the years 1953, 1955 and 1957-1959, were taken from the monthly report "Demand and Supply", which is a consolidation of the form of U.I.C. 757. The occupations were classified according to the "Directory of Occupational Titles". For the purposes of this study, the hundred occupational classifications were divided as between skilled, semi-skilled and unskilled groups and reduced to about 20-25 occupational categories. An analysis of the labour surplus available, by occupation and sex, was made for each labour surplus market area for the summer months (May-October) and winter months (November-April). Five-year monthly averages were calculated for each of the above periods and the absolute figures of unplaced applicants, by occupation and sex, were expressed as percentages of the total number of registrations. The detailed calculations for the winter months are to be found in the Appendices.

Quarterly data with respect to age distribution of unplaced applicants, both males and females, of each labour surplus market area have been obtained from the unpublished files of the Unemployment Insurance Commission. The analysis of age distribution covers the years 1955-1959.

The duration of claimants having an unemployment register in the "live file" with the local N.E.S. office has been taken in this study as a measure of the duration of unemployment. For each of the labour surplus market areas monthly average durations, measured in weeks, of all claimants and of Claimants of thirteen weeks and over have been calculated for the summer and winter months. This analysis covers the period 1955-1959 and is made for both males and females. The detailed calculations for the winter months are to be found in the Appendices.

It may be in order to make some observations about the composition of the month-end count of the claimant group and what it indicates. Duration on the unemployment register indicates the cumulative number of weeks during which a claimant has reported to the local N.E.S. office to prove unemployment during the current period on claim. Consequently, a count of all claimants (regular and seasonal) having an unemployment register in the "live file" at the close of business on the last working day of the month may be considered as a rough measure of recorded unemployment among insured

persons at a point of time. The Unemployment Insurance Act covers approximately 85 to 90 per cent of all paid workers engaged in non-agricultural activities in Canada.

The claimant group consists mainly of people currently drawing unemployment benefit but there are also fringe sub-groups, which it is important to identify. Perhaps the largest of them is the one which comprises those whose claims are in process of being established. These would be concentrated mainly in the duration bracket of "two weeks or less" though some would be in the longer time categories.

Another fringe sub-group consists of those who failed to fulfill the contribution requirements and, therefore, failed to establish benefit rights. However, a document used to the record worker's claim and benefit would have been prepared at the time he made his claim and immediately placed in the active file where it would remain until the individual concerned failed to report.

Still another fringe sub-group consists of persons disqualified from the receipt of benefits. These persons are encouraged to report during the disqualification period, particularly if there is a possibility of an appeal. Some of these workers may have been on benefit and actually drawing money during the current spell of unemployment, but for others the term of disqualification may have been dated from the commencement of the benefit period. The sub-group not yet receiving unemployment insurance benefit doubtless will include a number of workers whose credits have been established but who are serving the waiting period.

When a claimant establishes a benefit period, his total entitlement is calculated on the basis of his insured employment record over the last two years (or, if he had a previous benefit period within those two years, then it would date from the commencement of that benefit period, or a year, whichever is the longer period). Thus it can be said that a claimant's established duration is a function of his previous insurable employment. This is not precise enough, however, for the duration on claim. Two important additional factors must be taken into consideration, viz., employment opportunities and the claimant's occupation, skill and versatility. In general, the greater the employment opportunities and the more capable a worker is of doing different types of jobs, the less rapidly will he exhaust his established claims; that is, assuming he is interested in working steadily.

It is important to appreciate that during the seasonal benefit period the number of persons exhausting one benefit period and seeking to re-establish another immediately is absolutely and relatively high. It should be understood also that during the seasonal benefit period a claimant's potential duration on claim varies. For instance, a claimant may have been on benefit for 52 weeks ending just at the commencement of the seasonal benefit; he would then automatically qualify for an extension under seasonal benefit, with an additional potential period of 25 weeks. The function of the seasonal benefits is not identical with that of regular unemployment insurance benefits.

B. METROPOLITAN AREAS: *Windsor-Leamington, Vancouver-New Westminster, Mission City, St. John's*

1. *Economic Description*

In this section a brief description is given of each of the selected metropolitan labour surplus market areas. It includes information with respect to geographical location of an area, size of its population and labour force, major industries and principal occupations in the area and its transportation facilities.

WINDSOR-LEAMINGTON

This labour market area consists of two local N.E.S. office areas, namely, Windsor and Leamington. It is situated in the south-westerly section of Ontario. To the west, it is bordered by the State of Michigan, to the north by Lake St. Clair, to the south by Lake Erie, and to the east by the Chatham labour market area. The area includes the following main localities: Windsor, Riverside, Leamington, Amherstburg, Tecumseh and Kingsville. The combined population of the whole area amounted to about 250,000 in 1956, of which nearly 99,000 or 40 per cent were in the labour force.

The main occupations in the Leamington area include food processing, tobacco processing and packing, fishing and fish processing and agriculture. In the Windsor area the principal occupations are as follows: automobile industry, foundries, forging, structural steel, and pharmaceutical.

The economy of Windsor is built on the automobile industry, which employs some 20,000 workers in the automobile plants and some 10,000 in associated plants. In addition, there are more than 200 other manufacturing plants in the city of Windsor. Vegetable canning and food processing also provide a considerable volume of employment during the summer, especially in Tecumseh, Harrow and Essex. The tourist industry is becoming more important. The important industries in Leamington are: food manufacturing and processing, tobacco processing and manufacture of wood products. Many men also find employment in the packing, processing and stemming of the tobacco crop. Commercial fishing is carried on along the Lake Erie shore. The tourist industry is very active in summer months.

Seasonality of employment in Windsor is mostly influenced by the introduction of new automobile models. Other industrial jobs are more stable. Seasonality of employment in Leamington is mostly attributed to the canning and processing industry.

Both the CPR and the CNR make connections with the major U.S. railroads at Windsor. There are airports in both Windsor and Leamington. Windsor is on the route of all ships sailing the Great Lakes and is an important international port, and it has a strong industrial background. It has a 1,250,000 bushel capacity in its grain elevators. Leamington is a Canadian port of entry.

VANCOUVER-NEW WESTMINSTER-MISSION CITY

Vancouver labour market area comprises three local N.E.S. office areas, namely, Vancouver, New Westminster and Mission City. The area is bounded on the west by the Pacific Ocean, on the south by the U.S., on the east by the Chilliwack and Kamloops labour market areas, and on the north, by the Prince George and Prince Rupert areas; Vancouver Island is included. The combined population of the Vancouver labour market area was about 750,000 in 1956, of which over 250,000 or 38 per cent were in the labour force.

The main occupations in the Vancouver area are: fish packing and processing, grain storage, logging, lumber manufacturing, pulp and paper manufacturing, shipbuilding, steel fabrication, sugar refining and tin containers manufacturing. In the New Westminster area the principal occupations include wood products, paper products, food products, petroleum products and transportation. In the Mission City area the main occupations are: agriculture, logging, sawmilling, shingle manufacturing, and brick and tile manufacturing.

In the Vancouver area, logging, fishing, mining, pulp and paper manufacturing and cattle raising are carried on at points varying in distance from a few to 300 miles from Vancouver City. Pulp and paper manufacturing is located at Powell River, Ocean Falls and Port Alice, and woodfibre manufacturing at Howe Sound. Gold mining centres are to be found in the Howe Sound and Bridge River areas. Fishing and farming are concentrated on Sea Island and

Lulu Island. In the northern section of the Vancouver area the main activities include cattle raising and grain growing. In the New Westminster area, lumber manufacturing is the major industry (Fraser Mills), and in the Fraser Valley it is farming. Logging and fruit processing are also important. Mission City is mainly the lumbering and logging centre, while Abbotsford is mainly agricultural. Mixed farming and dairy farming and fruit growing predominate in this area.

Most of the industries located in the Vancouver area are subject to considerable seasonal variations owing to climatic and other conditions. Thus there is a regular winter unemployment problem in Vancouver city. Employment in New Westminster is also mainly of a seasonal nature. The same is true of Mission City.

Vancouver is the terminal point of the CNR and CPR. Railway connections exist with the Great Northern Railway and all points in the U.S. Vancouver is of course a great salt water port. All major airlines maintain service to and from Vancouver.

ST. JOHN'S

St. John's labour market area is situated in the southeastern section of Newfoundland. It also includes the settlements along the coastline of Labrador, Goose Bay and vicinity. The city of St. John's is the main industrial centre of the province. This metropolitan labour market area had a population of nearly 280,000 in 1956, of which over 77,000 or 28 per cent were in the labour force.

The main occupations in this labour market area are: forestry, mining, fish processing and shipbuilding and ship repairing. There are about 20 fish processing plants along the coast. Mineral deposits consist of iron ore extracted in the eastern section in Bell Island and fluorspar mined in the southern section at St. Lawrence. Forestry is an important industry, especially in the Bonavista district. Agriculture is not important in this area as the soil is of poor quality and the growing season is too short. Besides St. John's other industrial centres in this labour market area are: Brigus, Bay Roberts and Harbour Grace.

Mining, manufacturing and trade are relatively stable throughout the year, but fishing, fish processing, logging, agriculture and construction are subject to wide seasonal variations. Many coastal fishing localities have no other job opportunities. Hence economic activity is mainly concentrated in the summer months.

The main CNR line operates along the east coast of the Island. No rail transportation is available in the southern section of this area. The CNR provides freight and passenger coastal steamer service for those northeast and southwest points that cannot be served by railroads or highway transportation. Air services exist between St. John's and some other points within the province, and the mainland to the U.S.; connections with overseas airways are available at Gander.

2. *Labour Surplus Available, by Occupational Groups and Sex, 1953-1959*

During the years 1953-1959 the annual average of monthly registrations in the Windsor-Leamington labour market area amounted to 9,500 workers or 11.5 per cent of paid workers. The corresponding figures for the Vancouver and St. John's labour market areas were 27,800 workers or 11.6 per cent and 9,100 or 15.3 per cent respectively.

Table XXIVA shows five-year averages of monthly registrations, by occupation and sex, for the selected three metropolitan labour surplus market areas, during the summer months (May-October) of 1953, 1955 and 1957-1959:

TABLE XXIVA

WINDSOR-LEAMINGTON- VANCOUVER-NEW WESTMINSTER-MISSION CITY, ST. JOHN'S
Five-Year Average of Monthly Registrations, by Occupation and Sex, During Summer Months (May-October), 1953, 1955 and 1957-1959

Occupation Groups	Windsor-Leamington						Vancouver-New Westminster-Mission City						St. John's					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	121	1.9	26	1.3	147	1.7	734	4.8	182	2.6	916	4.1	67	1.5	7	1.2	74	1.5
Clerical and Kindred.....	234	3.7	658	31.8	892	10.6	905	6.0	2,880	41.0	3,785	17.1	221	5.0	207	35.1	428	8.6
Sales and Kindred.....	109	1.7	222	10.7	331	3.9	3,95	2.6	927	13.2	1,322	6.0	46	1.1	147	24.8	193	3.9
Service.....	574	9.0	283	13.7	857	10.1	1,797	11.9	1,398	19.8	3,195	14.4	250	5.7	93	15.7	343	6.9
Agriculture, Fishery and Forestry.....	71	1.1	20	1.0	91	1.1	175	1.2	21	9.3	196	0.9	172	3.9	3	0.5	175	3.5
Seamen.....							331	2.2			331	1.5		21	0.5		21	0.4
Food and Tobacco Products.....	24	0.4	64	3.1	88	1.0	83	0.5	43	0.6	126	0.6	10	0.2	2	0.3	12	0.2
Textiles.....	18	0.3	122	5.8	140	1.7	46	0.3	290	4.0	336	1.5	4	0.1	28	4.7	32	0.6
Lumbering and Lumber Products.....	38	0.6	11	0.5	49	0.6	664	4.4	19	0.3	683	3.1	373	8.5			373	7.5
Pulp, Paper, Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	22	0.3	5	0.2	27	0.3	111	0.7	50	0.7	161	0.7	10	0.2	5	0.8	15	0.3
Stone, Clay and Glass Products.....	18	0.3	5	0.2	23	0.3	12	0.1	2		14	0.1	1				1	
Metalworking.....	985	15.4	115	5.6	1,100	13.0	964	6.4	18	0.3	982	4.4	67	1.4			67	1.3
Electrical.....	44	0.7	37	1.8	81	0.9	229	1.5	15	244	0.2	1.1	20	0.5	1	0.2	21	0.4
Manufacture of Transportation Equipment.....	353	5.5	14	0.7	367	4.3	20	0.1			20	0.1	1				1	
Manufacturing.....	54	0.8	33	1.6	3		39	0.3	8	0.1	47	0.2	4	0.1			4	0.1
Mining.....	3				3		108	0.7			108	0.5	139	3.2			139	2.8
Construction.....	251	3.9			251	3.0	1,652	10.9			1,652	7.5	653	14.9			653	13.2
Transportation (except seamen).....	282	4.4	3	0.1	285	3.4	804	5.3	19	0.3	823	3.7	407	9.3			407	8.2
Communication and Public Utility.....	5	0.1			5	0.1	55	0.4	1		56	0.3	17	0.4			17	0.3
Trade and Service.....	57	0.9	25	1.2	82	1.0	195	1.3	102	1.5	297	1.3	22	0.5	13	2.2	35	0.7
Miscellaneous.....	375	6.0	24	1.2	399	4.8	1,565	10.3	74	1.1	1,639	7.4	250	6.0	3	0.5	262	5.4
Total Skilled and Semi-Skilled.....	3,638	57.0	1,667	80.5	5,305	62.8	10,884	71.9	6,049	86.0	16,933	76.4	2,764	63.1	509	86.0	3,273	65.8
Food and Tobacco Products.....	81	1.3	201	9.6	282	3.3	152	1.0	329	4.7	481	2.2	73	1.7	29	4.9	102	2.1
Metalworking.....	158	2.4	22	1.1	180	2.1	180	1.2	19	0.3	199	0.9						
Transportation Equipment Mfg.....	1,751	27.4	31	1.5	1,782	21.1												
Construction.....	380	6.0			380	6.0	1,690	11.2			1,690	7.6	1,078	24.6			1,078	21.7
Lumber and Lumber Products.....							685	4.5	49	0.7	734	3.3	145	3.3			145	2.9
Mining.....													64	1.5			64	1.3
Transportation, Communication and Public Utilities.....							124	0.8			124	0.5	34	0.8			34	0.7
Longshoremen.....													70	1.6			70	1.4
Pulp, Paper and Paper Goods.....							83	0.5	49	0.7	132	0.6						
Other Unskilled.....	372	5.8	151	7.3	523	6.2	1,344	8.9	536	7.6	1,880	8.5	151	3.4	54	9.1	205	4.1
Total Unskilled.....	2,742	43.0	405	19.5	3,147	37.2	4,258	28.1	982	14.0	5,240	23.6	1,615	36.9	83	14.0	1,698	34.2
Grand Total, Skilled, Semi-Skilled and Unskilled.....	6,380	100.0	2,072	100.0	8,452	100.0	15,142	100.0	7,031	100.0	22,173	100.0	4,379	100.0	592	100.0	4,971	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....			24.5						31.7						11.9			

The five-year average of female monthly registrations during the summer months constituted 24.5 per cent of total monthly registrations in the Windsor-Leamington labour market area and 31.7 per cent and 11.9 per cent in Vancouver and St. John's respectively. The low percentage of female registrations in St. John's is probably due to the lack of job opportunities in the secondary industries in Newfoundland. In general, the proportion of women in total monthly registrations tended to be higher in the periods of high level unemployment during the years 1958 and 1959.

Skilled and semi-skilled occupational groups accounted for 62.8 per cent of total monthly registrations in Windsor-Leamington, 76.4 per cent in Vancouver-New Westminster-Mission City and 65.8 per cent in St. John's. In all three metropolitan labour surplus market areas the proportions of unskilled male labour registered to total male registrations were much higher than in the case of female registrations. In the Windsor-Leamington labour market area unskilled occupational groups amongst men accounted for 43.0 per cent of the total monthly male registrations. The corresponding figures for Vancouver and St. John's were 28.1 per cent and 36.9 per cent respectively. Unskilled occupational groups amongst women accounted for 19.5 per cent of the total monthly female registrations in Windsor-Leamington, 14.0 per cent in Vancouver-New Westminster-Mission City and also 14.0 per cent in St. John's.

Amongst men, the highest concentration of unemployment in the Windsor-Leamington labour market area was recorded in the following occupational groups: transportation equipment manufacturing—2,104 workers or 32.9 per cent of the summer total monthly male registrations, metalworking—1,143 or 17.9 per cent, construction—631 or 9.9 per cent, service—574 or 9.0 per cent, transportation—282 or 4.4 per cent and clerical, etc.—234 or 3.7 per cent. In the Vancouver labour market areas the corresponding occupational groups were as follows: construction—3,552 persons or 22.1 per cent of the total monthly average of male registrations, service—1,797 or 11.9 per cent, lumbering and lumber products—1,349 or 9.9 per cent, metalworking—1,144 or 7.6 per cent, transportation—1,135 or 7.5 per cent and clerical, etc.—905 or 6.0 per cent. In the St. John's labour market area the highest concentration of registrations amongst men has taken place in the following occupational groups: construction—1,731 or 39.5 per cent, lumbering and lumber products—518 or 11.8 per cent, transportation—428 or 9.8 per cent, service—250 or 5.7 per cent and clerical, etc.—221 or 5.0 per cent.

It emerges from this survey that chronic unemployment amongst men during the summer months is primarily in such occupational groups as construction, transportation, metal working, and service and clerical and the like. It should be noted also that a large proportion of unskilled male workers were registered in the construction occupational group.

Amongst female registrations in the Windsor-Leamington labour market area during the summer months unemployment has occurred in the following occupational groups: clerical, etc.—31.8 per cent of the total monthly female registrations, service—13.7 per cent, sales, etc.—10.7 per cent, food and tobacco products—9.7 per cent, metalworking—6.7 per cent and textiles—5.8 per cent. In the Vancouver labour market area the order of occupational groups with highest female registrations was as follows: clerical, etc.—41.0 per cent, service—19.8 per cent, sales, etc.—13.2 per cent, food and tobacco products—5.3 per cent and textiles—4.0 per cent. The order of occupational groups with the heaviest concentration of female registrations during summer months was almost identical in St. John's, namely, clerical, etc. accounted for 35.1 per cent of the total monthly female registrations, sales, etc.—24.8 per cent, service—15.7 per cent, food and tobacco products—5.2, and textiles—4.7 per cent.

Thus it appears from the above analysis that the principal occupational groups in which female registrations tend to concentrate include clerical, etc., service, sales, etc., food and tobacco products and textiles. These occupational groups correspond to tertiary industries and trades.

The five-year average of monthly registrations during the winter months (November-April) of 1952-53, 1955-56 and 1956-57-1958-59 in the Windsor-Leamington labour market area was 10,165 persons (2,516 female registrations or 24.8 per cent of the total monthly registrations). Thus winter registrations were higher by 1,713 persons as compared with a five-year average of summer monthly registrations. Winter months registrations have increased in the following occupational groups: construction, service, food and tobacco products, and transportation. Winter average monthly registrations in the Vancouver labour market area amounted to 35,491 persons (8,563 women or 24.1 per cent of the total monthly registrations). Winter registrations in this area were higher by 13,218 persons as compared with summer average monthly registrations. Increases in winter registrations were shown by the following occupational groups: construction, lumber and lumber products, food and tobacco products, transportation, metalworking, service, and sales, etc. In St. John's labour market area winter average monthly registrations were 14,231 persons (843 women or 5.9 per cent of the total monthly registrations). Thus winter registrations have increased by 9,260 as compared with average summer month registrations. Increases in winter registrations were recorded in such industrial groups as construction, lumber and lumber products, transportation, fishery, service, sales, etc., and clerical, etc.

A detailed summary of the five-year average of winter months registrations of Windsor-Leamington, Vancouver-New Westminster-Mission City and St. John's during the winters of 1952-53, 1955-56 and 1956-57-1958-59 is given in Appendix 3A.

3. *Age Distribution of Unplaced Applicants, 1955-1959*

The following table shows the quarterly average age distribution of unplaced male and female applicant during the summer months (second and third quarters) of 1955-1959 for the three selected metropolitan labour surplus market areas:

TABLE XXIV
 WINDSOR-LEAMINGTON, VANCOUVER-NEW WESTMINSTER-MISSION CITY, ST. JOHN'S
 Five-Year Average Quarterly Age Distribution of Unplaced Applicants, Second and Third Quarters, 1955-1959

Age Group	Quarters	Windsor-Leamington				Vancouver-New Westminister-Mission City				St. John's			
		Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total
Under 20.....	II	408	6.5	349	13.0	1,374	6.1	804	8.9	1,215	8.3	261	28.6
	III	815	11.3	433	18.5	1,186	8.9	1,207	18.0	299	9.3	140	25.9
20-44.....	II	3,583	56.9	1,810	67.3	19,091	53.9	5,871	65.2	9,228	62.8	556	60.8
	III	3,915	54.4	1,521	65.0	7,195	53.9	3,982	59.3	2,124	65.7	343	63.5
45-64.....	II	1,547	24.6	463	17.2	6,457	28.8	2,132	23.7	3,821	26.0	91	10.0
	III	1,918	26.7	338	14.5	3,583	26.9	1,386	20.7	672	20.8	52	9.6
65 and over.....	II	769	12.0	69	2.5	2,517	11.2	196	2.2	419	2.9	6	0.6
	III	541	7.5	47	2.0	1,371	10.3	135	2.0	136	4.2	5	1.0
Average Quarterly.....	II	6,298		2,691		22,440		9,003		14,683		914	
	III	7,189		2,339		13,335		6,710		3,231		540	

The above analytical table shows that approximately one-quarter of male unplaced applicants in Windsor-Leamington, Vancouver-New Westminster-Mission City and St. John's were in the age group 45-64. It is this particular age group of workers who find re-employment most difficult. This proportion reveals a need for more extensive retraining facilities for the "older" workers in all three metropolitan areas discussed. The proportions of women of the same age group to totals of female unplaced applicants appear to be lower in all labour markets considered here. In the Windsor-Leamington labour market area this proportion was one-sixth, in the Vancouver area it was one-fifth and in the St. John's area it was lowest, only one-tenth. Taking absolute figures into consideration perhaps there is also a need for retraining facilities for women in the Vancouver area. In practically all metropolitan labour surplus market areas approximately one-tenth of male unplaced applicants were in the age group below 20. The size of absolute figures of this particular young group of workers establishes a definite need for training facilities for the new entrants into the labour force. In all labour market areas here considered the percentages of female unplaced applicants of the age group below 20 were higher than those of male unplaced applicants of the same age group. This percentage was particularly high in the St. John's labour market area. This suggests greater difficulties encountered by young women in finding jobs. In view of the growing participation rate of women there would also appear to be a definite necessity to provide training facilities for younger women.

A detailed statistical summary of the age distribution of unplaced applicants during the years 1955-1959 for the three metropolitan labour surplus market areas will be found in Appendix 3B.

4. Duration of Unemployment, 1955-1959

Table XXIVC presents a summary of the duration of claimants having an unemployment register in the "live file" during the summer months of 1955-1959 for the three selected metropolitan labour surplus market areas:

TABLE XXIVC
WINDSOR-LEAMINGTON, VANCOUVER-NEW WESTMINSTER-MISSION CITY,
ST. JOHN'S

Duration of Claimants Having an Unemployment Register in the "Live File",
Summer Months (May-October), Five-Year Averages, 1955-1959

Monthly Averages		Windsor- Leamington	Vancouver-New Westminster- Mission City	St. John's
Number of all claimants.....	M	6,276	10,708	3,511
	F	1,666	4,928	428
Duration in weeks of all claimants.....	M	11.2	9.7	11.4
	F	13.9	11.3	13.4
Number of claimants of 13 weeks and over.....	M	2,147	3,352	1,600
	F	830	1,923	222
Duration in weeks of claimants of 13 weeks and over.....	M	23.1	22.9	22.4
	F	23.6	22.5	23.0
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	70.7	69.3	73.2
	F	79.4	72.7	79.2

The above table shows that monthly average durations in weeks of all claimants, male and female, who have had an unemployment register in the

"live file" during the summer months were approximately the same in all three metropolitan labour surplus markets although they were slightly lower both for men and women in the Vancouver labour market area. In Windsor-Leamington and Vancouver-New Westminster-Mission City approximately one-third of men and also one-third of women have had an unemployment register in the "live file" for 13 weeks and over. In the St. John's labour market area the proportions were somewhat higher being one-half for each sex. These proportions indicate the hard core of the unemployed who experience long-term persistent unemployment. The monthly average duration of male and female claimants of 13 weeks and over was approximately 23 weeks. A five-year average of total weeks per month, of male claimants, of 13 weeks and over constituted 70.7 per cent of monthly average of total weeks of all male claimants in the Windsor-Leamington labour market area, and the corresponding figures for the Vancouver and St. John's areas were 69.3 per cent and 73.2 per cent respectively. These percentages in the case of female claimants were somewhat higher being 79.4 per cent in Windsor-Leamington, 72.7 per cent in Vancouver-New Westminster-Mission City and 79.2 per cent in St. John's. A summary of the duration of claimants having an unemployment register in the "live file" during the winter months (November-April) for the years 1955-1959 is given in Appendix 3C.

C. MAJOR INDUSTRIAL AREAS: *Corner Brook, New Glasgow, Shawinigan, Lac St. Jean, Rouyn-Val d'Or, and Cornwall*

The first two of the major industrial labour surplus market areas, Corner Brook and New Glasgow, are located in the Atlantic Provinces. Shawinigan, Lac St. Jean and Rouyn-Val d'Or are situated in Quebec, and Cornwall in Ontario. An economic description of each labour market area is given in this section, and this is followed by an analysis of the labour surplus available from the point of view of occupations and sex. Finally, age distribution of unplaced applicants and duration of unemployment in the above areas are discussed.

1. *Economic Description*

CORNER BROOK

This local labour market area comprises the whole western section of Newfoundland. To the west flows the gulf of St. Lawrence. In 1956 the population of this area amounted to 90,000, of which 25,000 or 28.0 per cent were in the labour force. The principal occupations are: pulp and paper manufacturing, shipping, quarrying, fish processing, wallboard and cement manufacturing.

Lumbering and logging operations are carried on to supply paper mills at Corner Brook, and a certain amount of the wood cut is also exported to the U.K. Commercial fishing is important on the west coast. Mixed farming is followed for the most part, with some farmers specializing in dairy, poultry and potato production. The tourist industry is gradually assuming greater importance. Almost all employment, except that in pulp and paper manufacturing, is of seasonal nature.

The CNR operates in this area, between Port aux Basques and St. John's. There is no railway transportation in the northern and southern sections of this area. Coastal points are, however, served by CNR boats in summer and by planes in winter.

NEW GLASGOW

The New Glasgow labour market area is located in the north central part of Nova Scotia. It is bounded on the north by the Northumberland Strait and

on the south by the Strait of Canso. To the west of the New Glasgow area are the Truro and Halifax labour market areas. The population of the New Glasgow area was over 70,000 in 1956, of which 22,500 or 32.0 per cent were in the labour force. The main occupations include metalworking, clay industry, woodworking, coal mining, shipbuilding and fish processing.

The main industrial centre is New Glasgow and the near-by towns of Trenton, Stellarton, Westville, Pictou and Thorburn. Shipbuilding is important in Pictou, iron and steel products in Trenton and New Glasgow, and coal mining in Stellarton, Westville and Thorburn. Approximately one-third of the population is engaged in agriculture, some workers are employed in woods operations and a small proportion in the fishing industry. Industrial employment is relatively stable although market fluctuations influence the employment in coal and steel industries. In rural areas employment is mostly seasonal in character.

Rail service is provided along the northern coastal section of the area by the CNR. There is an airport at Trenton. Pictou is the main northern port in Nova Scotia. Ferry service is available between Pictou and P.E.I.

SHAWINIGAN

This labour market area is located north of the St. Lawrence River, halfway between Quebec and Montreal. Its population in 1956 was 86,300, of which 27,000 or 32.0 per cent were in the labour force.

The St. Maurice River divides the area into two almost equal parts. Water power development of this river has played an important part in the economic growth of this area. The abundance of cheap electrical power has attracted industries into Shawinigan, Grand'Mere, St. Tite and Montauban. The main industries include pulp and paper manufacturing, aluminum, cellophane, chemical, and stainless steel and textiles. Other economic activities are: logging, sawmilling, mining, quarrying and agriculture. Industrial employment in the city area is fairly stable. Farmers in winter turn to logging.

This area has the railway service of both the CPR and the CNR. The former operates two lines, one from Trois-Rivieres to Grand'Mere and another from Trois-Rivieres to Grandes Piles. The CNR line runs from Montreal to Abitibi and Lac St. Jean.

LAC ST. JEAN

The Lac St. Jean labour market combines several N.E.S. office areas (Chicoutimi, Dolbeau, Jonquiere, Port Alfred, Alma and Roberval). It is situated on the north shore of the St. Lawrence River, north of Quebec City. It includes the northeastern section of the province of Quebec and parts of the north central section. The population of the whole area in 1956 amounted to 240,700, of which over 67,000 or 28.0 per cent were in the labour force.

Lumbering and logging industries are very important throughout the whole Lac St. Jean area, especially in the Chicoutimi and Alma regions, where about half of the wood workers return to farming or construction during summer months. Forestry is the main provider of employment in the Port Alfred and Dolbeau areas.

An abundant supply of hydro-electric power is mainly responsible for the establishment of various industries in this region, in particular, in the Chicoutimi and Alma areas. Among the major industries of this region are: the pulp and paper industry (Dolbeau, Kenogami, Jonquiere and Port Alfred) and the aluminum industry (Arvida). Mining in the Chibougamau area is becoming more important. Other smaller industries in the Lac St. Jean area include manufacturing of furniture, foundry products, wood products, shoes, etc. There is some farming in the Port Alfred area and dairy farming in the Chicoutimi, Jonquiere and Dolbeau areas. In addition, the tourist industry in the region attracts fishermen and hunters.

Employment in the manufacturing industries of the Jonquiere, Port Alfred and Alma areas is relatively stable. In other parts of the Lac St. Jean labour market area, where the economy is principally based on forestry, wood and agricultural activities, the employment is subject to considerable seasonal variations.

As for transportation there is now a new highway connecting La Mauricie with the Lac St. Jean region. Railway transportation is provided by the CNR, whose line runs from Montreal and Quebec to Chicoutimi with connections with other localities of the region. There are airports in a few places in this region. There is also a daily waterway service between Montreal and Chicoutimi and Bagotville. Port Alfred's harbour, situated at about 60 miles from the junction of the Saguenay and St. Lawrence Rivers, is a Canadian port of entry and handles about 5 million tons of cargo per annum.

ROUYN-VAL D'OR

Two local N.E.S. office areas make up the Rouyn-Val d'Or labour market area. It is situated in the northwestern part of Quebec, The western boundary of the area is the Timmins and Kirkland Lake region of the province of Ontario and its western boundary is the La Tuque area. To the south are the Hull, Joliette, Louiseville and Shawinigan areas. The combined population of the Rouyn-Val d'Or labour market area was nearly 144,000 in 1956, of which over 44,000 or 31.0 per cent were in the labour force.

Principal occupations include mining and smelting, woods operations and farming. Such cities as Rouyn-Noranda, Duparquet, Normetal, Belleterre, Val d'Or, Bourlamaque and Malartic are important mining centres. Wood operations are carried on mainly in La Sarre (Rouyn), and Senneterre and Cova (Val d'Or). In the northern section of both Rouyn and Val d'Or and in the southern section of Rouyn, mixed farming is the main occupation. Dairy farming is also undertaken in Ville-Marie, Macamic and Amos. The blueberry crop is a source of substantial revenue to the people in both parts of the area. Employment in mining and smelting is relatively stable while that in forestry and agriculture is of a seasonal nature.

Rail transportation is provided by the CNR (Quebec-Winnipeg line) and by the CPR in the southern part of the area. Air service is also provided.

CORNWALL

This labour market area is situated in the extreme eastern section of the province of Ontario bordering on the province of Quebec to the east. The area is bounded on the north by the Ottawa and Hawkesbury areas, on the west by the Prescott area, and on the south by the St. Lawrence River and the U.S. The population of the area in 1956 amounted to 85,000, of which nearly 30,000 or 35.0 per cent were in the labour force.

The principal economic activities are: pulp and paper making, wood products, clothing and rayon manufacturing, The city of Cornwall is highly industrialized and it has a pulp and paper industry, primary textiles and a chemical industry. Other industrial centres in the area are Alexandria and Chesterville, Mixed farming is also of considerable importance, Industrial employment is stable but seasonal unemployment is evident in such activities as water transportation, the tourist industry and construction.

The Cornwall area is served by both the CPR and the CNR. Air services are also provided. Cornwall is a Canadian port of entry and the site of the headquarters of the St. Lawrence Seaway Authority. Cornwall is planning a deep water harbour to serve local industries. It will be a harbour for larger Seaway ships.

2. *Labour Surplus Available, by Occupational Groups and Sex, 1953-1959*

During the years 1953-1959 the annual averages of monthly registrations in the six major industrial labour surplus market areas were as follows: Corner Brook—2,900 or 15.6 per cent of paid workers; New Glasgow—2,500 or 14.6 per cent; Shawinigan—3,400 or 14.7 per cent; Lac St. Jean—7,800 or 14.7 per cent; Rouyn-Val d'Or—3,800 or 11.7 per cent and Cornwall—2,400 or 11.9 per cent.

Table XXVA shows the five-year averages of monthly registrations, by occupational groups and sex, of the above six selected major industrial labour surplus market areas during summer months (May-October) of 1953, 1955 and 1957-1959:

TABLE XXVA

CORNER BROOK, NEW GLASGOW, SHAWINIGAN, LAC ST. JEAN, ROUYN-VAL D'OR, CORNWALL

Five-Year Averages of Monthly Registrations, by Occupation and Sex, During Summer Months, 1953, 1955 and 1957-1959

Occupation Groups	Corner Brook						New Glasgow						Shawinigan					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial	9	0.5			9	0.5	13	0.9	2	0.8	15	0.9	21	1.2	4	0.6	25	1.0
Clerical and Kindred	39	2.3	41	27.3	80	4.3	54	3.9	82	31.3	136	8.2	64	3.5	151	22.9	215	8.9
Sales and Kindred	11	0.6	48	32.0	59	3.2	28	2.0	80	30.5	108	6.5	34	1.9	104	15.8	133	5.7
Service	83	4.9	37	24.7	120	6.5	82	5.9	57	21.8	139	8.4	134	7.6	65	9.9	199	8.2
Agriculture, Fishery and Forestry	134	7.8	10	6.7	144	7.8	12	0.9			12	0.7	5	0.3			5	0.2
Seamen	25	1.5			25	1.3	3	0.2			3	0.2						
Food and Tobacco Products	1	0.1			1	0.1	2	0.1	1	0.4	3	0.2	6	0.3				0.2
Textiles			1	0.7	1	0.1			3	1.1	3	0.2	33	1.9	194	29.4	227	9.4
Lumbering and Lumber Products	388	22.8			388	20.8	47	3.4			47	2.8	115	6.5			115	4.8
Pulp, Paper and Paper Goods	1	0.1			1	0.1							27	1.0			17	0.7
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather							2	0.1	1	0.4	3	0.2	49	2.8	46	7.0	95	3.9
Stone, Clay and Glass Products							1	0.1			1	0.1	4	0.2			4	0.2
Metalworking	12	0.7			12	0.6	190	13.6			190	11.5	62	3.5			62	2.6
Electrical	4	0.2			4	0.2					12	0.7	19	1.1			19	0.8
Manufacturing							12	0.9			12	0.7	3	0.2			3	0.1
Mining	2	0.1			2	0.1	56	4.0			56	3.3	7	0.4			7	0.3
Construction	132	7.8			132	7.1	102	7.3			102	6.1	209	11.9			209	8.7
Transportation (except seamen)	103	6.0			103	5.6	106	7.6			106	6.4	163	9.3			163	6.7
Communication and Public Utility	5	0.3			5	0.3	6	0.4			6	0.4	9	0.5			9	0.4
Trade and Service	5	0.3	2	1.3	7	0.4	11	0.8	3	1.1	14	0.8	22	1.3	16	2.4	38	1.6
Miscellaneous	77	4.5			77	4.1	105	7.4	2	0.8	107	6.5	234	13.4	4	0.6	238	9.9
Total Skilled and Semi-Skilled	1,031	50.5	139	92.7	1,170	63.1	844	60.4	231	88.2	1,075	64.8	1,210	68.9	584	88.6	1,794	74.3
Food and Tobacco Products	76	4.5	7	4.7	83	4.5	10	0.7	16	6.1	26	1.6						
Textiles													21	1.2	40	6.1	61	2.5
Lumber and Lumber Products	198	11.7			198	10.7	38	2.7			38	2.3	109	6.2	1	0.2	110	4.6
Chemical, Petroleum, Coal Prod.																		
Pulp, Paper and Paper Goods	53	3.1			53	2.9							36	2.1	2	0.3	38	1.6
Stone, Clay and Glass Products	3	0.2			3	0.2												
Metalworking							98	7.0			98	5.9	50	2.8			50	2.1
Transportation Equipment Mfg.							55	3.9			55	3.3						
Mining							30	2.8			39	2.4						
Construction	193	11.3			193	10.4	223	16.1			223	13.4	187	10.7			187	7.7
Longshoremen	2	0.1			2	0.1												
Other Unskilled	147	8.6	4	2.6	151	8.1	90	6.4	15	5.7	105	6.3	143	8.1	32	4.8	175	7.2
Total Unskilled	672	39.5	11	7.3	683	36.9	553	39.6	31	11.8	584	35.2	546	31.2	75	11.4	621	25.7
Grand Total Skilled, Semi-Skilled and Unskilled	1,703	100.0	150	100.0	1,853	100.0	1,397	100.0	262	100.0	1,659	100.0	1,756	100.0	659	100.0	2,415	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations				8.1						15.8						27.3		

TABLE XXVA (Continued)

Occupation Groups	Lac St. Jean						Rouyn-Val d'Or						Cornwall					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial...	44	1.0	13	1.5	57	1.1	20	0.8	7	1.5	27	0.9	19	1.4	4	0.8	23	1.2
Clerical and Kindred.....	200	4.4	289	33.3	489	9.0	81	3.1	154	32.2	235	7.5	49	3.7	139	25.9	188	10.2
Sales and Kindred.....	107	2.4	241	27.8	348	6.4	37	1.4	91	19.0	128	4.1	25	1.9	73	13.6	98	5.3
Service.....	301	6.6	251	29.0	552	10.1	181	6.9	196	40.8	377	12.1	131	10.0	70	13.0	201	10.9
Agriculture, Fishery and Forestry.....	21	0.5			21	0.4	12	0.5	1	0.2	13	0.4	6	0.5			6	0.3
Seamen.....													2	0.2			2	0.1
Food and Tobacco Products.....	20	0.4	4	0.5	24	0.4	7	0.3	1	0.2	8	0.3	3	0.2			3	0.2
Textiles.....	2		21	2.4	23	0.4	1		7	1.5	8	0.3	19	1.4	106	19.9	125	6.8
Lumbering and Lumber Products.....	537	11.8			537	9.9	588	22.3			588	18.9	6	0.5			6	0.3
Pulp, Paper and Paper Goods.....	3	0.1			3	0.1	2	0.1			2	0.1	1	0.1	10	1.9	11	0.6
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	10	0.2	3	0.3	13	0.2	5	0.2	2	0.4	7	0.2	12	0.9	3	0.6	15	0.8
Stone, Clay and Glass Products.....	4	0.1			4	0.1	1				1							
Metalworking.....	127	2.8	1	0.1	128	2.4	48	1.8			48	1.5	40	3.0			40	2.2
Electrical.....	29	0.6	1	0.1	30	0.6	7	0.3			7	0.2	15	1.1	4	0.8	19	1.0
Manufacturing.....	3	0.1			3	0.1							3	0.1			3	0.2
Mining.....	9	0.2			9	0.2	97	3.7			97	3.1	2	0.2			2	0.1
Construction.....	485	10.7			485	9.0	235	8.9			235	7.6	195	14.8			195	10.5
Transportation (except seamen).....	496	10.9			496	9.2	349	13.2			349	11.2	109	8.3			109	5.9
Communication and Public Utility.....	24	0.5			24	0.4	7	0.3			7	0.2	5	0.4			5	0.3
Trade and Service.....	40	0.9	15	1.7	55	1.0	16	0.6	13	2.7	29	0.9	18	1.4	11	2.1	29	1.6
Miscellaneous.....	499	10.9	3	0.3	502	9.2	382	14.4	1	0.2	383	12.4	122	9.3	2	0.4	124	6.6
Total Skilled and Semi-Skilled.....	2,961	65.1	842	97.0	3,803	70.2	2,076	78.8	473	98.7	2,549	81.9	782	59.5	422	79.0	1,204	65.1
Food and Tobacco Products.....																		
Textiles.....													77	5.9	82	15.4	159	8.6
Lumber and Lumber Products.....	405	8.9			405	7.5	191	7.3	1	0.2	192	6.2						
Chemical, Petroleum, Coal Prod.....													42	3.2	14	2.6	56	3.0
Pulp, Paper and Paper Goods.....	45	1.0			45	0.8												
Stone, Clay and Glass Products.....																		
Metalworking.....	150	3.3	1	0.1	151	2.8	10	0.4			10	0.3						
Transportation Equipment Mfg.....																		
Mining.....							56	2.1			56	1.8						
Construction.....	725	15.9			725	13.3	206	7.8			206	6.6	342	25.9			342	18.5
Longshoremen.....	4	0.1			4	0.1												
Other Unskilled.....	260	5.7	25	2.9	285	5.3	95	3.6	5	1.1	100	3.2	72	5.5	16	3.0	88	4.8
Total Unskilled.....	1,589	34.9	26	3.0	1,615	29.8	558	21.2	6	1.3	564	18.1	533	40.5	112	21.0	645	34.9
Grand Total Skilled, Semi-Skilled and Unskilled...	4,550	100.0	868	100.0	5,418	100.0	2,634	100.0	479	100.0	3,113	100.0	1,315	100.0	534	100.0	1,849	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....				16.0								15.4						28.9

The five-year averages of female monthly registrations during the summer months constituted the following proportions of total monthly registrations: Corner Brook—8.1 per cent; New Glasgow—15.8 per cent; Shawinigan—27.3 per cent; Lac St. Jean—16.0 per cent; Rouyn-Val d'Or—15.4 per cent and Cornwall—28.9 per cent. A lack of industrial diversification in the Corner Brook labour market area accounts for relatively few job opportunities for women.

Skilled and semi-skilled occupational groups accounted for 63.1 per cent of total monthly registration in the Corner Brook labour surplus market area. The corresponding figures for other major industrial labour surplus market areas were as follows: New Glasgow—64.8 per cent; Shawinigan—74.3 per cent; Lac St. Jean—70.2 per cent; Rouyn-Val d'Or—81.9 per cent and Cornwall—65.1 per cent. In all labour markets considered here the proportions of unskilled labour registrations were higher in the case of male registrations as compared with corresponding proportions of female registrations. In the Corner Brook labour market area, out of 1,703 men workers 39.5 per cent were classified as unskilled labour and only 7.3 per cent of total female registrations. The corresponding figures in the remainder of the labour market areas discussed in this section were as follows: New Glasgow—1,397 men and 39.6 per cent (women—11.8 per cent); Shawinigan—1,756 men and 31.1 per cent (women—11.4 per cent); Lac St. Jean—4,550 men and 34.9 per cent (women—3.0 per cent); Rouyn-Val d'Or—2,634 men and 21.2 per cent (women—1.3 per cent) and Cornwall—1,315 men and 40.5 per cent (women—21.0 per cent). Approximately one-third of all male workers registered at the local N.E.S. offices during the summer months belonged to unskilled occupational groups. This fact strongly suggests the need for training and retraining facilities in the labour surplus market areas analysed here.

In the Corner Brook labour market area the highest concentration of registrations amongst men was in the following occupational groups: lumber and lumber products—586 persons or 34.5 per cent of the total male registrations, construction—325 or 19.1 per cent, fishery and forestry—134 or 7.8 per cent, transportation—128 or 7.5 per cent. In the New Glasgow area the corresponding order of occupational groups was as follows: metalworking—343 or 24.5 per cent, construction—325 or 23.4 per cent; transportation—109 or 7.8 per cent, mining—95 or 6.8 per cent, lumbering and lumber products—85 or 6.1 per cent and service—82 or 5.9 per cent. In other labour market areas the order of occupational groups with highest registrations was as follows: Shawinigan, construction—396 persons or 22.6 per cent, lumbering and lumber products—224 or 12.7 per cent, transportation—163 or 9.3 per cent, service—134 or 7.6 per cent, and metalworking—112 or 6.3 per cent; Lac St. Jean, construction—1,210 or 26.2 per cent, lumbering and lumber products—942 or 20.7 per cent, transportation—496 or 10.9 per cent, service—301 or 6.6 per cent, and metalworking—277 or 6.1 per cent; Rouyn-Val d'Or, lumbering and lumber products—779 persons or 29.6 per cent, construction—441 or 16.7 per cent, transportation—349 or 13.2 per cent, service—181 or 6.9 per cent and mining—153 or 5.8 per cent, and in Cornwall, construction—537 or 40.7 per cent, service—131 or 10.0 per cent, transportation—111 or 8.5 per cent, textiles—96 or 7.3 per cent and clerical, etc.—49 or 3.7 per cent.

It emerges from the above statistical analysis that the principal occupational groups in which the male registrations were heaviest include construction, lumbering and lumber products, transportation, metalworking, service, mining (coal) and textiles.

In the Corner Brook labour market area the highest concentration of female registrations was in the following occupational groups: sales, etc.—32.0 per cent

of the total female monthly registrations, clerical, etc.—27.3 per cent and service—24.7 per cent. In other major industrial labour surplus market areas the corresponding order of occupational groups was as follows: New Glasgow, clerical, etc.—31.3 per cent, sales, etc.—30.5 per cent, service—21.8 per cent and food and tobacco products—6.1 per cent; Shawinigan, textiles—35.5 per cent, clerical, etc.—22.9 per cent, sales, etc.—15.8 per cent, service—9.9 per cent and printing, publishing, chemical, petroleum, coal, rubber and leather group—7.0 per cent; Lac St. Jean, clerical, etc.—33.3 per cent, service—29.0 per cent, sales, etc.—27.8 per cent and textiles—2.4 per cent; Rouyn-Val d'Or, service—40.8 per cent, clerical, etc.—32.2 per cent and sales, etc.—19.0 per cent and in Cornwall, textiles—35.3 per cent, clerical, etc.—25.9 per cent, sales, etc.—13.6 per cent and services—13.0 per cent.

It appears that the highest female registrations were in sales, clerical, and service occupational groups. In the Shawinigan and Cornwall areas, where the textile industry operates, the highest female registrations were recorded in the textiles occupational group.

The five-year average of monthly registrations during the winter months (November-April) of 1952/53, 1955/56 and 1956/57-1958/59 in the Corner Brook labour surplus market area was 4,245, which was an increase of 2,392 persons as compared with a five-year average of monthly registrations during the summer months (May-October) of 1953, 1955 and 1957-1959. This increase has mainly occurred in the following occupational groups: construction, fishery, lumbering and lumber products, transportation and food and tobacco products. In the New Glasgow area winter monthly registrations were 3,360 showing an increase of 1,701 persons (construction, transportation, service, lumbering and lumber products, and food and tobacco products). In the Shawinigan labour market area winter monthly registrations amounted to 4,576 showing an increase of 2,161 (construction, lumbering and lumber products, transportation and service). The Lac St. Jean area has had 10,755 winter monthly registrations, an increase of 5,337 over summer month registrations (construction, lumbering and lumber products, transportation, metalworking and sales and kindred). The Rouyn-Val d'Or labour market area experienced 4,678 winter monthly registrations, an increase of 1,565 over summer monthly registrations (construction, lumbering and lumber products, transportation and service). Finally, in the Cornwall area winter registrations were 3,079 per month showing an increase of 1,230 over summer monthly registrations (construction, transportation, and service).

Some of the major industrial labour surplus market areas, where seasonal industries and trades such as lumber and lumber products, service, construction, and transportation are dominant as providers of employment, are evidently exposed to protracted seasonal variations, which account for chronic unemployment during summer months in such areas as well.

A detailed summary of winter month registrations, by occupation and sex, for the selected major industrial labour surplus market areas is given in Appendix 4A.

3. Age Distribution of Unplaced Applicants, 1955-1959

Table XXVB summarizes age distribution of unplaced applicants during the summer months for all six major industrial labour surplus market areas.

TABLE XXVB

CORNER BROOK, NEW GLASGOW, SHAWINIGAN, LAC ST. JEAN, ROUYN-VAL D'OR, CORNWALL

Five-Year Average Quarterly Age Distribution of Unplaced Applicants, Second and Third Quarters, 1955-1959

Age Group	Quarters	Corner Brook				New Glasgow				Shawinigan			
		Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total
			%		%		%		%		%		%
Under 20.....	II	399	7.5	73	31.5	218	6.8	84	21.4	509	12.2	263	26.8
	III	94	7.5	60	36.8	113	9.1	71	28.2	213	14.9	197	30.4
20-44.....	II	3,680	68.9	134	57.7	1,830	56.7	245	62.4	2,679	64.4	663	67.4
	III	873	69.4	88	54.0	654	52.7	150	892	59.5	62.4	421	65.1
45-64.....	II	1,140	21.3	23	9.9	972	30.1	58	14.7	800	19.2	55	5.6
	III	248	19.7	14	8.6	384	30.9	28	11.1	248	17.3	28	4.3
65 and over.....	II	121	2.3	2	0.9	207	6.4	6	1.5	175	4.2	2	0.2
	III	43	3.4	1	0.6	90	7.3	3	1.2	77	5.4	1	0.2
Average Quarterly Total.....	II	5,340		232		3,226		393		4,163		983	
	III	1,258		163		1,240		252		1,430		647	

TABLE XXVB (Continued)

Age Group	Quarters	Lac St. Jean				Rouyn-Val D'Or				Cornwall			
		Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total
			%		%		%		%		%		%
Under 20.....	II	1,857	14.4	326	29.4	871	12.2	150	22.3	307	12.9	163	24.2
	III	655	18.6	317	36.4	264	12.6	121	26.4	162	12.6	120	22.9
20-44.....	II	8,758	67.7	718	64.7	4,641	65.4	447	66.6	1,305	55.0	443	65.8
	III	2,257	64.2	518	59.6	1,365	65.1	293	63.8	707	55.0	342	65.4
45-64.....	II	1,946	15.0	63	5.6	1,479	20.8	74	11.0	581	24.5	62	9.2
	III	481	13.7	33	3.8	416	19.8	44	9.6	308	24.0	56	10.7
65 and over.....	II	373	2.9	3	0.3	125	1.8	1	0.1	179	7.6	5	0.8
	III	124	3.5	2	0.2	53	2.5	1	0.2	109	8.4	5	1.0
Average Quarterly Total.....	II	12,934		1,110		7,116		672		2,372		673	
	III	3,517		870		2,098		459		1,286		523	

The above table indicates that in the Corner Brook labour market during the summer months of 1955-1959 there were approximately one-fifth of the male unplaced applicants who were in the age group of 45-64. In the New Glasgow area this proportion was one-third, in Shawinigan, one-fifth, in Lac St. Jean, one-sixth, in Rouyn-Val d'Or, one-fifth and in the Cornwall labour market area it was one-quarter. These proportions once again bring out the necessity of having extensive retraining facilities for men of 45 years and over in the labour surplus market areas. These proportions were much lower in the case of female unplaced applicants of the same age group in all six major industrial labour surplus market areas. These were relatively higher in Corner Brook, New Glasgow, Rouyn-Val d'Or and in Cornwall.

In all six labour market areas discussed here approximately one-eighth of all male unplaced applicants were in the age group below 20. This proportion was somewhat lower in Corner Brook and New Glasgow and relatively higher in Lac St. Jean. The absolute numbers of young men registered and probably looking for jobs in all areas are such that it becomes obvious that there is a need for training facilities for them. The proportions of female unplaced applicants of the same age group are higher, ranging from one-quarter in New Glasgow and Rouyn-Val d'Or to one-third in the other four areas. The absolute figures are relatively high in the Lac St. Jean area and also in the Shawinigan area. Perhaps there is also a need for training facilities for young women in those two labour market areas.

A more complete analysis of the age distribution of unplaced applicants for the six major industrial labour surplus market areas is to be found in Appendix 4B.

4. *Duration of Unemployment, 1955-1959*

The following table indicates the duration of claimants having an unemployment register in the "live file" during the summer months of 1955-1959 for the major industrial labour surplus market areas:

TABLE XXVC
 CORNER BROOK, NEW GLASGOW, SHAWINIGAN, LAC ST. JEAN, ROUYN-VAL D'OR, CORNWALL
 Duration of Claimants Having an Unemployment Register in the "Live File", Summer Months, Five-Year Averages, 1955-1959

Monthly Averages		Corner Brook	New Glasgow	Shawinigan	Lac St. Jean	Rouyn- Val d'Or	Cornwall
Number of all claimants.....	M	1,416	1,206	1,490	3,364	2,189	899
	F	116	184	543	640	363	420
Duration in weeks of all claimants.....	M	10.9	10.3	9.2	8.6	9.3	9.3
	F	12.0	12.2	11.2	10.8	11.3	10.8
Number of claimants of 13 weeks and over.....	M	544	389	458	994	673	284
	F	49	77	208	233	139	155
Duration in weeks of claimants of 13 weeks and over.....	M	21.7	23.0	21.4	21.0	20.5	22.7
	F	22.6	22.8	22.2	21.7	21.9	22.3
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	67.7	67.8	63.1	59.3	60.3	67.1
	F	74.1	74.8	71.9	69.3	70.1	72.0

During the summer months of 1955-1959 the monthly average duration of male claimants having an unemployment register in the "live file" ranged from 9.2 weeks in the Shawinigan area to 10.9 weeks in the Corner Brook area. The monthly average duration of female claimants was somewhat higher than that of male claimants in all labour market areas analysed in this section, ranging from 10.8 weeks in Lac St. Jean and Cornwall to 12.2 weeks in New Glasgow.

In practically all six labour market areas approximately one-third of all male claimants have had an unemployment register in the "live file" for 13 weeks and over. The monthly average duration of this group of claimants ranged from 20.5 weeks in Rouyn-Val d'Or to 23.0 weeks in New Glasgow. Slightly less than one-third of all female claimants have had an unemployment register in the "live file" for 13 weeks and over in all six labour markets discussed here. The monthly average duration of this female group ranged from 21.7 weeks in Lac St. Jean to 22.8 weeks in New Glasgow.

The five-year average of monthly average of total weeks of male claimants of 13 weeks and over as a percentage of a monthly average of total weeks of all male claimants ranged from 59.3 in Lac St. Jean to 67.8 in New Glasgow. The corresponding figures for women ranged from 69.3 per cent in Lac St. Jean to 74.8 per cent in New Glasgow. These high percentages indicate the extent of chronic long-term unemployment during the summer months in the labour market areas analysed here.

A statistical summary of duration of claimants having an unemployment register in the "live file" during winter months in the major industrial labour surplus market areas is given in Appendix 4C.

D. MAJOR AGRICULTURAL AREAS: *Thetford-Megantic-St. Georges and Rivière du Loup*

In the major agricultural labour market areas group only two—Thetford-Megantic-St. Georges and Rivière du Loup—have been selected as labour surplus market areas. Both of them are located in the province of Quebec. An analysis of these two markets similar to that as in the previous two sections is followed.

1. *Economic Description*

THETFORD MINES-MEGANTIC-ST. GEORGES

This major agricultural labour market area comprises three local N.E.S. office areas. The region is situated in the south-eastern section of the province of Quebec. It is bordered to the south-east by the state of Maine, to the west by the Sherbrooke, Asbestos and Victoriaville areas, and to the north by the Levis and Montmagny areas. The combined population of the area amounted to about 150,000 in 1956, of which 55,000 or 37.0 per cent were in the labour force.

The main occupations in the Megantic area are: wood products, veneer products, sawmill products, textiles and quarry products. In the St. Georges area—lumbering and logging, wood products, textiles and clothing, boot and shoe making and printing. And in the Thetford area the principal occupations include asbestos mining, wood products, lumbering and logging and iron products. About half of the workers in the district around Thetford Mines, Black Lake, Vimy Ridge and East Broughton are employed in either asbestos mining or milling. Mixed farming predominates in the Megantic area. Sugar beet and maple syrup industries are found in Thetford and St. Georges. The tourist industry is of some importance due to the proximity to the United States.

Industrial employment in Thetford is relatively stable throughout the year although there is some seasonal unemployment in the mining industry. In St. Georges, those activities connected with lumbering and logging are seasonal, but industrial employment is relatively stable. The same situation exists in

Megantic, where seasonal unemployment is evident in construction, agriculture and marble quarrying, but industrial employment is relatively stable.

The Thetford-Megantic-St. Georges region is well serviced by rail transportation provided by the CPR.

RIVIÈRE DU LOUP

This labour market area is situated on the south shore of the St. Lawrence River. Quebec City is about 50 miles west of the area. The population of the area amounted to about 95,000, of which about 30,000 or 31.0 were in the labour force.

The main activities in the area include agriculture, lumbering, logging and sawmilling, and peat moss production. Agriculture mainly specializes in dairy and poultry farming. Mixed farming is also important. Agricultural products are mainly shipped to Quebec City. The tourist trade is also of some importance. Most of the industries in the Rivière du Loup labour market area are subject to considerable seasonal variation.

The CNR only services that region through its main Montreal-Halifax line. A ferry connects Rivière du Loup and St. Simeon on the north shore of the St. Lawrence River.

2. Labour Surplus Available, by Occupational Group and Sex, 1953-1959

Table XXVIA shows the five-year averages of monthly registrations, by occupations and sex, during the summer months of 1953, 1955 and 1957-1959:

TABLE XXVIA
THETFORD MINES-MEGANTIC-ST. GEORGES, RIVIERE DU LOUP
Five-Year Averages of Monthly Registrations, by Occupation and Sex, During Summer Months,
1953, 1955 and 1957-1959

Occupation Groups	Thetford Mines-Megantic-St. Georges						Riviere du Loup					
	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	8	0.4	3	0.4	11	0.4	5	0.4	2	1.0	7	0.5
Clerical and Kindred.....	57	2.9	114	16.6	171	6.4	30	2.4	57	29.5	87	6.1
Sales and Kindred.....	32	1.6	90	13.1	122	4.6	14	1.1	29	14.9	43	3.0
Service.....	117	5.9	108	15.8	225	8.5	70	5.7	60	31.0	130	9.1
Agriculture, Fishery and Forestry.....	48	2.4	—	—	48	1.8	20	1.6	—	—	20	1.4
Seamen.....	—	—	—	—	—	—	—	—	—	—	—	—
Food and Tobacco Products.....	11	0.6	3	0.4	14	0.5	5	0.4	—	—	5	0.4
Textiles.....	22	1.1	195	28.3	217	8.2	4	0.3	26	13.4	30	2.1
Lumbering and Lumber Products.....	386	19.6	2	0.2	388	14.6	402	32.6	—	—	402	28.0
Pulp, Paper and Paper Goods.....	1	0.1	—	—	1	—	6	0.5	—	—	6	0.5
Printing, Publishing, Chemical, Petro- leum, Coal, Rubber and Leather... ..	36	1.8	53	7.8	89	3.3	3	0.2	2	1.0	5	0.4
Stone, Clay and Glass Products.....	12	0.6	3	0.4	15	0.6	—	—	—	—	—	—
Metalworking.....	40	2.0	—	—	40	1.5	21	1.7	1	0.5	22	1.5
Electrical.....	11	0.6	1	0.1	12	0.5	4	0.3	—	—	4	0.3
Manufacturing.....	2	0.1	—	—	2	0.1	1	0.1	1	0.5	2	0.1
Mining.....	5	0.3	—	—	5	0.2	1	0.1	—	—	1	0.1
Construction.....	144	7.3	—	—	144	5.4	78	6.3	—	—	78	5.5
Transportation (except seamen).....	203	10.3	—	—	203	7.6	111	9.0	—	—	111	7.8
Communication and Public Utility.....	3	0.2	—	—	3	0.1	4	0.3	—	—	4	0.3
Trade and Service.....	23	1.1	12	1.7	35	1.3	7	0.6	2	1.0	9	0.6
Miscellaneous.....	208	10.6	5	0.7	213	8.0	92	7.5	1	0.5	93	6.4
Total Skilled and Semi-Skilled.....	1,369	69.5	589	85.4	1,958	73.6	878	71.1	181	93.3	1,059	74.1
Food and Tobacco Products.....	12	0.6	16	2.3	28	1.1	—	—	—	—	—	—
Lumber and Lumber Products.....	187	9.5	15	2.2	202	7.6	185	15.0	1	0.5	186	13.0
Stone, Clay and Glass Products.....	38	1.9	2	0.2	40	1.5	—	—	—	—	—	—
Mining.....	22	1.1	—	—	22	0.8	—	—	—	—	—	—
Construction.....	204	10.4	—	—	204	7.6	60	4.9	—	—	60	4.2
Transportation, Communication and Public Utilities.....	39	2.0	—	—	39	1.5	56	4.5	—	—	56	3.9
Other Unskilled.....	99	4.0	68	9.9	167	6.3	56	4.5	12	6.2	68	4.8
Total Unskilled.....	601	30.5	101	14.6	702	26.4	357	28.9	13	6.7	370	25.9
Grand Total Skilled, Semi-Skilled and Unskilled.....	1,970	100.0	690	100.0	2,660	100.0	1,235	100.0	194	100.0	1,429	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....				25.9						13.6		

The five-year average of monthly female registration to total monthly registrations during the summer months was 25.9 per cent in Thetford-Megantic-St. Georges with only 13.6 per cent in Riviere du Loup. Skilled and semi-skilled occupational groups' registrations accounted for 73.6 per cent of the total monthly registrations in the first labour market and for 74.1 per cent in the second. Out of 1,970 male registrations in Thetford-Megantic-St. Georges registrations of unskilled labour accounted for 30.5 per cent. The corresponding figure for Riviere du Loup was 28.9 per cent. The percentage for unskilled female labour were 14.6 in the former area and 6.7 in the latter area.

In the Thetford-Megantic-St. Georges area the heaviest concentration of male registrations were in the following occupational groups: lumber and lumber products—573 workers or 29.1 per cent of the total monthly male registration, construction—348 or 17.7 per cent, transportation—203 or 10.3 per cent, and service—117 or 5.9 per cent. In the Riviere du Loup area the corresponding occupational groups and figures were as follows: lumber and lumber products—587 persons or 47.6 per cent, construction—138 or 11.2 per cent, transportation—111 or 9.0 per cent and service—70 or 5.7 per cent. As for female registration in Thetford-Megantic-St. Georges they were concentrated mainly in textiles—28.3 per cent, clerical, etc.—16.6 per cent, service—15.8 per cent, sales, etc.—13.1 per cent and printing, publishing, chemical, petroleum, rubber and leather occupational group—7.8 per cent. In Riviere du Loup the order of occupational groups was as follows: service—31.0 per cent, clerical, etc.—29.5 per cent, sales, etc.—14.9 per cent and textiles—13.4 per cent.

It appears from the above statistical analysis that unemployment among men during the summer months took place mainly in the industries which are subject to seasonal variations, such as lumber and lumber products, construction, transportation and service. It is then a protracted seasonality that accounts for severe unemployment in the major agricultural labour surplus market areas. Amongst female registrations the main industries and trades were textiles, clerical, etc., sales and service.

The five-year average of monthly registration during the winter months of 1952-53, 1955-56 and 1956-57—1958-59 was 6,130 in the Thetford-Megantic-St. Georges labour market area. This figure constituted an increase of 4,130 over the summer monthly registrations. This increase was due to heavier registrations in such occupational groups as lumbering and lumber products, construction, transportation and service. Winter monthly registrations in Riviere du Loup amounted to 4,896 persons, an increase of 3,467 over summer month registrations. In this labour market area the most pronounced increases have occurred in lumbering and lumber products, construction, transportation and service. It is these industries which, as mentioned above, account for the heaviest summer month registrations.

A detailed summary of winter months registrations for Thetford-Megantic-St. Georges and Riviere du Loup is given in Appendix 5B.

3. Age Distribution of Unplaced Applicants, 1955-1959

Table XXVIB shows the five-year average of quarterly age distribution of unplaced applicants during the summers of 1955-1959 for the two major agricultural labour surplus market areas.

In these two agricultural labour market areas approximately one-sixth of the male unplaced applicants during the summer months were in the age group of 45-64. The corresponding proportion for female unplaced applicants was rather insignificant. As for men under 20 in both markets, they accounted for approximately one-sixth of the average quarterly total number of unplaced applicants. Females of the same age group were responsible for one-quarter of their average quarterly total number of unplaced applicants.

TABLE XXVIB

THETFORD-MEGANTIC-ST. GEORGES, RIVIERE DU LOUP

Five-Year Average Quarterly Age Distribution of Unplaced Applicants
Second and Third Quarter, 1955-1959

Age Groups	Quarters	Thetford-Megantic-St. Georges				Riviere du Loup			
		Males	Percentage of Average Quarterly Total	Fe-males	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Fe-males	Percentage of Average Quarterly Total
Under 20...	II	942	12.9	234	25.5	782	14.5	83	26.9
	III	255	18.8	226	32.6	86	12.3	35	19.2
20-44.....	II	4,934	67.7	628	68.3	3,615	67.0	208	67.3
	III	852	62.6	432	62.4	457	65.4	140	76.9
45-64.....	II	1,245	17.1	53	5.8	926	17.2	17	5.5
	III	199	14.6	34	4.9	132	18.9	6	3.3
65 and over.	II	171	2.3	4	0.4	71	1.3	1	0.3
	III	54	4.0	1	0.1	24	3.4	1	0.6
Average Quarterly Total....	II	7,292	.....	919	.....	5,394	.....	309	.....
	III	1,360	.....	693	.....	699	.....	182	.....

In view of the relatively high absolute figures of men under 20 in Thetford-Megantic-St. Georges, who have experienced difficulties in finding jobs, expansion of training facilities would seem to be advisable.

A detailed summary of age distribution of unplaced applicants in Thetford-Megantic-St. Georges and Rivière du Loup is given in Appendix 5B.

4. Duration of Unemployment, 1955-1959

The following table provides a statistical summary of the duration of claimants having an unemployment register in the "live file" during the summer months of 1955-1959 in the two major agricultural labour surplus market areas.

TABLE XXVIC

THETFORD-MEGANTIC-ST. GEORGES, RIVIERE DU LOUP

Duration of Claimants Having an Unemployment Register in the "Live File",
Summer Months (May-October) Five-Year Averages, 1955-1959

Monthly Averages		Thetford-Megantic-St. Georges	Riviere du Loup
		Number of all claimants.....	M F	1,449 631	972 192
Duration in weeks of all claimants.....	M F	9.3 10.0	9.7 11.8
Number of claimants of 13 weeks and over.....	M F	507 201	379 65
Duration in weeks of claimants of 13 weeks and over.....	M F	21.1 21.9	20.9 22.1
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M F	63.8 66.4	63.3 70.2

In the two labour market areas the duration in weeks of all male claimants having an unemployment register in the "live file" was approximately the same, being 9.3 weeks in Thetford-Megantic-St. Georges and 9.7 weeks in Riviere du Loup. The corresponding figures for female claimants were slightly higher being 10.0 weeks and 11.8 weeks respectively. Approximately one-third of both male and female claimants in each labour market area has had an unemployment register for 13 weeks and over. The monthly average duration of this group of male claimants was 21.9 weeks in Thetford-Megantic-St. Georges and 22.1 weeks in Riviere du Loup. The corresponding figures for female claimants were 21.9 weeks and 22.1 weeks respectively. The monthly average of total weeks of male claimants of 13 weeks and over accounted for 63.8 per cent of the monthly average of total weeks of all male claimants in the Thetford-Megantic-St. Georges area and for 63.3 per cent in the Riviere du Loup area. The corresponding figures for female claimants were slightly higher, being 66.4 per cent and 70.2 per cent in the two areas respectively.

A statistical analysis of the duration of claimants having an unemployment register in the "live file" in the two labour market areas discussed during the winter months of 1955-1959 is to be found in Appendix 5C.

E. MINOR AREAS: *St. Stephen, Campbellton, Newcastle, Bathurst, Gaspé, Rimouski, and Montmagny*

The first four of the minor labour surplus areas are located in New Brunswick and the others in the province of Quebec. In this section again an economic description of each area will be given and an analysis of the labour surplus available during the summer months, by occupational groups and sex, will be made. This will be followed by an examination of the wage distribution of the unplaced applicants and the duration of unemployment as measured by duration of the time the claimant has an unemployment register in the "live file".

1. *Economic Description*

ST. STEPHEN

The St. Stephen labour market area is situated in the southwestern section of New Brunswick. It is bounded on the south by the Bay of Fundy, on the west by the State of Maine, on the north by the Fredericton labour market area and to the east by the Saint John area. Its population amounted to about 30,000, of which 10,000 or 33.0 per cent were in the labour force.

The main occupations in this area include confectionery manufacturing, food processing, textiles, transportation, woodworking and lumbering and logging. All towns in the area have one or more of the principal industries. St. Stephen has confectionery manufacturing, food processing and wood products. Black's Harbour has fish processing, McAdam railway repair shops, St. George is a centre for pulp processing, Milton is a textile centre and St. Andrew's is a summer resort. There is also some agriculture in the area and farmers usually work in the lumber industry during the winter months. Industrial employment is relatively stable but lumbering, logging and fish processing are subject to seasonal variations.

As for transportation, rail service is provided by the CPR with two branch lines, one running from Saint John to Bonny River and another from St. Andrew's to Edmundston.

CAMPBELLTON

This area is situated in the northern part of New Brunswick. It is bounded on the north by the Rimouski and New Richmond labour market areas, on

the west by the Riviere du Loup and Edmundston areas, on the south by the Woodstock and Newcastle areas, and on the east by the Bathurst area. The population of the area amounted to nearly 37,000, of which about 10,000 or 28.0 per cent were in the labour force.

Principal activities in this area are: lumbering and logging, pulp and paper, transportation, agriculture and fishing. The main industrial centres are: Campbellton, Atholville with a sulphite mill and Dalhousie with a paper mill. The main agricultural crop is potatoes. Small scale commercial fishing is carried on in the vicinity of Dalhousie. Sport fishing of salmon is popular on the Restigouche River. Most of the industries in the Campbellton labour market area are of a seasonal nature.

Rail service is provided by the CNR with its Montreal-Halifax line. The CNR has also two branch lines from Campbellton to Gaspé and Edmundston. Ferries operate at Campbellton and Dalhousie.

NEWCASTLE

The Newcastle labour market area is located in the eastern section of New Brunswick. It is bounded on the north by the Campbellton and Bathurst areas, on the east by the Gulf of St. Lawrence, on the south by the Moncton and Fredericton labour market areas, and on the west by the Woodstock area. The population of the area in 1956 was about 47,000, of which 14,000 or 30.0 per cent were in the labour force.

The principal occupations in the Newcastle labour market area are: fish processing, agriculture, lumbering and logging, pulp and paper and wood processing. Thus the majority of the labour force is engaged in the production or processing of primary products. Newcastle and Chatham are the retail and distributing centres of the area. There is little industrial diversification within these centres. Lumbering and logging provide most employment. In this labour market area again most of the industries are subject to considerable seasonal variations.

As for transportation Newcastle is served by the main CNR Montreal-Halifax line, with branch line service going south to Fredericton.

BATHURST

This area is situated in the northeastern section of New Brunswick. It is bounded on the north by the Baie des Chaleurs, to the west by the Campbellton area, to the south by the Newcastle area and to the east by the Gulf of St. Lawrence. The Bathurst labour market area includes the two islands of Shippegan and Miscou off the northeast coast. Its population in 1956 amounted to 64,000, of which over 17,000 or 28.0 per cent were in the labour force.

The main occupations include agriculture, paper manufacturing, lumbering and logging, sawmills and wood-processing plants, fish processing and peat moss. Thus economic life is principally centered around primary industries. Many farmers are employed as wood workers during the winter months. Localities along the coast depend mostly on fishing and fish processing. Bathurst, Caraquet, Shippegan and Lameque are the main industrial centres of the area. There are also some mining activities in the area. Most of the industries in the area are of a seasonal nature.

This area is served by the CNR main Montreal-Halifax line, and a branch line from Bathurst to Tracadie along the northeastern coast.

GASPE

The Gaspé labour market area comprises the following five local N.E.S. office areas: Causapsal, Chandler, Gaspé, Matane, and New Richmond. It thus includes the whole Gaspé peninsula plus the Island of Anticosti. This region

is bordered to the west by the Rimouski labour market area, to the east by the Gulf of St. Lawrence, and to the north by the St. Lawrence River. The combined population of the whole Gaspé labour market amounted to nearly 160,000, of which about 45,000 or 29.0 per cent were in the labour force.

The principal occupations of the whole area are as follows: commercial fishing, fish canning and processing, sport fishing, agriculture, lumbering, logging and sawmilling, pulp and paper manufacturing, mining, limestone quarrying and the tourist trade. In Causapschal and New Richmond logging operations are carried out almost the year round. In the Chandler area, lumbering and logging last only a few months. In the Matane area workers are also seasonally employed. Sawmills and planing mills operate only a part of the year. Sport fishing is confined mainly to the Causapschal and New Richmond areas. Commercial fishing is mainly undertaken in the Chandler and Gaspé areas, and to a lesser extent in the Matane area. In the Gaspé, Matane and Chandler areas there is some farming. Most farmers become wood workers in the off season. In the Causapschal area mixed farming is characteristic. The tourist industry predominates in the Chandler, Gaspé and New Richmond areas. Some mining activities are carried on in the Matane area.

In the Causapschal and Gaspé areas, employment is relatively stable throughout the year, as lumbering and logging is carried out practically the whole year with a few months pause. In Matane and Chandler, employment is mainly of seasonal nature.

Rail transportation is provided by the CNR in the Causapschal, Chandler and Gaspé areas. The Matane area is also served by a rail line from Mont-Joli. There is no railway east of Matane and west of Gaspé. Water transportation is available along the coast, especially between Chandler, Gaspé and Matane. In Matane, water transportation is available between the south and north shores of the St. Lawrence River. Air transportation is available in Matane, Gaspé and Port Meunier on Anticosti Island.

RIMOUSKI

This labour market area is situated on the south shore of the St. Lawrence River. The Rivière du Loup labour market area forms its western boundary while to the east it is adjacent to the Matane and Causapschal areas. To the south lies the Campbellton area. The population of this area in 1956 was 69,000, of which over 20,000 or 29.0 per cent were in the labour force.

The main industries of the area include lumbering, logging and wood manufacturing, which are located in Rimouski, Luceville and St. Mathieu, then agriculture, potato growing and dairy farming, and the tourist industry. Most of these industries account for the seasonal unemployment.

Railway service is provided by the CNR and the Canada and Gulf Terminal Railway. Air and water transportation is available with Rimouski and Mont-Joli as starting points.

MONTMAGNY

This minor labour market area is situated along the St. Lawrence River. It is bordered to the north-east by the Rivière du Loup labour market area, to the west by the Levis area and to the south by the St. Georges area and the U.S.A. Its population amounted to nearly 52,000 in 1956, of which almost 17,000 or 33.0 per cent were in the labour force.

Montmagny and L'Islet are the main industrial centres. Textile and clothing manufacturing, iron products and wood products industries are located in Montmagny and iron products manufacturing in L'Islet. Along the St. Lawrence, the main occupation is mixed and dairy farming. To the south cattle raising is

of some importance. Lumbering, sawmilling and planing also provide considerable employment in this area. Here again the tourist industry is also important. Only industrial employment shows little seasonal variation.

As for transportation in the area, the CNR operates two lines: its Montreal-Halifax line runs along the St. Lawrence River, while its Edmundston-Quebec line passes through the central part of the area.

2. *Labour Surplus Available, by Occupational Groups and Sex, 1953-1959*

During the years 1953-1959 the annual average of monthly registrations in the St. Stephen labour market area mounted to 1,300 or 18.6 per cent of paid workers. The corresponding figures for the other minor labour surplus market area were as follows: Campbellton—1,600 or 19.4 per cent, Newcastle—1,900 or 19.2 per cent, Bathurst—2,700 or 25.8 per cent, Gaspé—7,000 or 25.2 per cent, Rimouski—2,700 or 21.9 per cent and Montmagny—1,400 or 16.5 per cent.

Table XXVIIA shows the five-year averages of monthly registrations, by occupation and sex, during the summer months of 1953, 1955 and 1957-1959 for the seven minor labour surplus market areas:

TABLE XXVIA
ST. STEPHEN, CAMPBELLTON, NEWCASTLE, BATHURST, GASPE, RIMOUSKI, MONTMAGNY

Five-Year Averages of Monthly Registrations, by Occupations and Sex, During Summer Months,
1953, 1955 and 1957-1959

Occupation Groups	St. Stephen						Campbellton						Newcastle						Bathurst					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and																								
Managerial.....	4	0.7			4	0.5	8	0.9	2	1.7	10	1.0	8	0.8	2	1.1	10	0.9	9	1.0	1	0.6	10	9.9
Clerical and Kindred.....	14	2.4	36	13.9	50	5.9	29	3.2	40	33.6	69	6.8	32	3.3	78	42.3	110	9.5	20	2.2	51	29.8	71	6.5
Sales and Kindred.....	6	1.0	17	6.5	23	2.7	13	1.5	34	28.6	47	4.6	12	1.2	52	28.1	64	5.5	16	1.7	39	22.8	55	5.0
Service.....	30	5.1	30	11.5	60	7.1	46	5.1	35	29.4	81	8.0	61	6.3	42	22.7	103	8.9	46	5.0	35	20.4	81	7.4
Agriculture, Fishery and Forestry.....	29	5.0	4	1.5	33	3.9	11	1.2			11	1.1	6	0.6			6	0.5	17	1.8			17	1.5
Seamen.....																								
Food and Tobacco Products.....	3	0.5	12	4.6	15	1.8	1	0.1			2	0.1	2	0.2	3	1.6	5	0.4	1	0.1	1	0.6	2	0.2
Textiles.....	30	5.1	27	10.4	57	6.8			2	1.7	2	0.2			1	0.5	1	0.1			4	2.4	4	0.4
Lumbering and Lumber Products.....	42	7.2			42	5.0	255	28.5			255	25.2	218	22.4			218	18.8	183	19.6			183	16.6
Pulp, Paper and Paper Goods.....	12	2.1			12	1.4	4	0.5			4	0.4	1	0.1			1	0.1	3	0.3			3	0.3
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....							1	0.1	1	0.8	2	0.2	1	0.1	1	0.5	2	0.2	1	0.1			1	0.1
Stone, Clay and Glass Products.....																								
Metalworking.....	6	1.0			6	0.7	17	1.9			17	1.7	11	1.1			11	1.0	18	1.9			18	1.6
Electrical.....	5	0.9			5	0.6	2	0.2			2	0.2	5	0.5			5	0.4	4	0.4			4	0.4
Manufacturing.....	5	0.9			5	0.6	1	0.1			1	0.1							2	0.2			2	0.2
Mining.....							3	0.3			3	0.3	7	0.7			7	0.6	12	1.3			12	1.1
Construction.....	35	6.0			35	4.2	40	4.5			40	3.9	92	9.4			92	7.9	136	14.6			136	12.3
Transportation (except seamen).....	51	8.8			51	6.0	90	10.2			90	8.9	140	14.4			140	12.1	97	10.4			97	8.8
Communication and Public Utility.....	3	0.5			3	0.4	1	0.1			1	0.1	4	0.4			4	0.3						
Trade and Service.....	3	0.5	1	0.4	4	0.5	5	0.6	2	1.7	7	0.7	7	0.7	1	0.5	8	0.7	5	0.5	5	2.9	9	0.8
Miscellaneous.....	42	7.2	1	0.4	43	5.0	60	6.7			60	5.9	61	6.3	1	0.5	62	5.3	75	8.1			75	6.8
Total Skilled and Semi-Skilled.....	320	54.9	128	49.2	448	53.1	587	65.7	116	97.5	703	69.4	668	68.5	181	97.8	849	73.2	646	69.3	136	79.5	782	71.0
Food and Tobacco Products.....	67	11.5	111	42.8	178	21.0							2	0.2	2	1.1	4	0.3	35	3.8	32	18.7	67	6.1
Textiles.....	13	2.2	10	3.8	23	2.7																		
Lumber and Lumber Products.....	11	1.9			11	1.3	44	4.9			44	4.3	88	9.0			88	7.6	28	3.0			28	2.5
Pulp, Paper and Paper Goods.....	29	5.0			29	3.4	52	5.8			52	5.2								17.4				
Metalworking.....																								
Construction.....	93	16.0			93	11.0	126	14.0			126	12.4	168	17.3			168	14.5	162				162	14.7
Longshoremen.....							32	3.6			32	3.2												
Transportation, Communication and Public Utilities.....	31	5.3			31	3.7	13	1.5			13	1.3	13	1.3			13	1.1	11	1.2			11	1.0
Other Unskilled.....	19	3.2	11	4.2	30	3.6	40	4.5	3	2.5	43	4.2	30	3.7	2	1.1	38	3.3	49	5.3	3	1.8	52	4.7
Total Unskilled.....	263	45.1	132	50.8	395	46.9	307	34.3	3	2.5	310	30.6	307	31.5	4	2.2	311	26.8	185	30.7	35	20.5	320	29.0
Grand Total Skilled, Semi-Skilled and Unskilled.....	583	100.0	260	100.0	843	100.0	894	100.0	119	100.0	11,013	100.0	975	100.0	185	100.0	1,160	100.0	931	100.0	171	100.0	1,102	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations...			30.8						11.7						15.9						15.5			

TABLE XXVIII—Continued

Occupation Groups	Gaspe						Rimouski						Montmagny					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial....	8	0.3	3	0.9	11	0.4	7	0.6	2	0.8	9	0.6	4	0.6	2	1.5	6	0.8
Clerical and Kindred.....	85	3.0	97	28.8	182	5.8	45	3.8	97	37.8	142	9.9	18	2.8	22	17.0	40	5.0
Sales and Kindred.....	24	0.9	75	22.3	99	3.2	15	1.3	63	24.6	78	5.4	8	1.2	16	12.3	24	3.0
Service.....	160	5.7	120	35.7	280	8.9	77	6.5	75	29.3	152	10.6	39	5.8	32	24.6	71	8.8
Agriculture, Fishery and Forestry.....	37	1.3	5	1.5	42	1.3	12	1.0	.....	.....	12	0.8	6	0.9	.....	.....	6	0.8
Seamen.....	9	0.3	.....	.....	9	0.3	3	0.3	.....	.....	3	0.2	8	1.2	.....	.....	8	1.0
Food and Tobacco Products.....	9	0.3	2	0.6	1	0.4	3	0.3	.....	.....	3	0.2	3	0.4	.....	.....	3	0.4
Textiles.....	1	.....	13	3.9	141	0.4	1	0.1	10	3.9	11	0.8	14	2.1	29	22.3	43	5.4
Lumbering and Lumber Products.....	703	25.1	.....	.....	703	22.4	279	23.6	.....	.....	279	19.4	172	25.8	1	0.8	173	21.6
Pulp, Paper and Paper Goods.....	7	0.2	.....	.....	7	0.2	1	0.1	.....	.....	1	0.1	3	0.4	.....	.....	3	0.4
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	2	0.1	1	0.3	3	0.1	1	0.1	.....	.....	1	0.1	1	0.1	2	1.5	3	0.4
Stone, Clay and Glass Products.....	.....	.....	.....	.....	.....	.....	1	0.1	.....	.....	1	0.1	.....	.....	.....	.....	.....	.....
Metalworking.....	44	1.6	1	0.3	45	1.4	16	1.4	.....	.....	16	1.1	22	3.3	1	0.8	23	2.9
Electrical.....	6	0.2	1	0.3	7	0.2	3	0.3	.....	.....	3	0.2	3	0.4	.....	.....	3	0.4
Manufacturing.....	1	.....	1	0.3	2	0.1	1	0.1	.....	.....	1	0.1	3	0.4	.....	.....	3	0.4
Mining.....	16	0.6	.....	.....	16	0.5	1	0.1	.....	.....	1	0.1	2	0.3	.....	.....	2	5.3
Construction.....	245	8.7	.....	.....	245	7.8	118	10.0	.....	.....	118	8.2	42	6.4	.....	.....	42	1.3
Transportation (except seamen).....	385	13.8	.....	.....	385	12.2	119	10.0	.....	.....	119	8.2	85	12.8	.....	.....	85	10.7
Communication and Public Utility.....	11	0.4	.....	.....	11	0.4	3	0.3	.....	.....	3	0.2	4	0.6	.....	.....	4	0.5
Trade and Service.....	12	0.4	4	1.2	16	0.5	7	0.6	5	2.0	12	0.8	5	0.7	2	1.5	7	0.9
Miscellaneous.....	216	7.7	1	0.3	217	6.9	98	8.2	1	0.4	99	7.0	73	11.0	1	0.8	74	9.2
Total Skilled and Semi-Skilled.....	1,981	70.6	324	96.4	2,305	73.4	811	68.8	253	98.8	1,064	74.1	515	77.2	108	83.1	623	78.2
Food and Tobacco Products.....	11	0.4	4	1.2	15	0.5	.....	.....	.....	.....	.....	.....	10	1.5	10	7.7	20	2.5
Textiles.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Lumber and Lumber Products.....	333	11.9	.....	.....	333	10.6	151	12.8	.....	.....	151	10.6	50	7.5	.....	.....	50	6.3
Pulp, Paper and Paper Goods.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Metalworking.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	10	1.5	1	0.8	11	1.4
Construction.....	255	9.1	.....	.....	255	8.1	85	7.2	.....	.....	85	5.9	42	6.3	.....	.....	42	5.3
Longshoremen.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation, Communication and Public Utilities.....	45	1.6	.....	.....	45	1.4	23	2.0	.....	.....	23	1.6	16	2.4	.....	.....	16	2.0
Other Unskilled.....	180	6.4	8	2.4	188	6.0	109	9.2	3	1.2	112	7.8	24	3.6	11	8.4	35	4.3
Total Unskilled.....	824	29.4	12	3.6	836	26.6	368	31.2	3	1.2	371	25.9	152	22.8	22	16.9	174	21.8
Grand Total Skilled, Semi-Skilled and Unskilled....	2,805	100.0	336	100.0	3,141	100.0	1,179	100.0	256	100.0	1,435	100.0	667	100.0	130	100.0	797	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....	.....	.....	10.7	.....	.....	.....	.....	.....	17.3	.....	.....	.....	.....	.....	16.3	.....	.....	.....

The five-year average of monthly female registrations during the summer months accounted for 30.8 per cent of total monthly registrations in the St. Stephen labour market area, and the corresponding proportions in the other labour market areas were as follows: Campbellton—11.7 per cent, Newcastle—15.9 per cent, Bathurst—15.5 per cent, Gaspé—10.7 per cent, Rimouski—17.3 per cent and Montmagny—16.3 per cent.

Unskilled labour registrations constituted 46.9 per cent of total monthly registrations in St. Stephen, and the corresponding percentages for the other six areas were: Campbellton—30.6, Newcastle—26.8, Bathurst—29.0, Gaspé—26.6, Rimouski—25.9 and Montmagny—21.8.

In the St. Stephen labour market area there were 583 men registered per month during the summer seasons, of which 54.9 per cent were classified as skilled and semi-skilled workers. The corresponding figures for other areas here discussed were as follows: Campbellton, 894 male workers and 65.7 per cent, Newcastle, 975 persons and 68.5 per cent, Bathurst, 931 and 69.3 per cent, Gaspé, 2,805 and 70.6 per cent, Rimouski, 1,179 workers and 68.8 per cent, and Montmagny, 667 male workers and 77.2 per cent. With the exception of St. Stephen, the corresponding percentages of female registrations were much higher than those of male workers. In St. Stephen—49.2 per cent of the total monthly female registrations were classified as skilled and semi-skilled workers, in Campbellton—97.5 per cent, Newcastle—97.8 per cent, in Bathurst—79.5 per cent, Gaspé—96.4 per cent, in Rimouski—98.8 per cent and in Montmagny—83.1 per cent.

In the St. Stephen labour surplus market area the heaviest concentration of male registrations were in the following occupational groups: construction—128 workers or 22.0 per cent of the total monthly male registrations, food and tobacco products—70 men or 12.0 per cent, lumbering and lumber products—53 men or 9.1 per cent, transportation—51 persons or 8.8 per cent, service—30 men or 5.1 per cent, and fishery, forestry and agriculture—29 or 5.0 per cent. In Campbellton the corresponding occupational groups and figures were as follows: lumbering and lumber products—299 men or 33.4 per cent, construction—166 or 18.5 per cent, transportation—90 or 10.2 per cent, pulp, paper and paper goods—56 or 6.3 per cent and service—46 or 5.1 per cent. In Newcastle the registrations were highest in lumbering and lumber products—306 men or 31.4 per cent, construction—260 or 26.7 per cent, transportation—140 or 14.4 per cent and service—61 or 6.3 per cent. The Bathurst area experienced heaviest registrations in construction—298 men or 32.0 per cent, lumbering and lumber products—211 or 22.6 per cent, service—46 or 5.0 per cent and food and tobacco products—36 or 3.9 per cent. The following occupational groups recorded highest registrations among men in the Gaspé labour market area: lumbering and lumber products—1,036 workers or 37.0 per cent, construction—500 or 17.8 per cent, transportation—394 or 14.1 per cent, and service—160 or 5.7 per cent. In Rimouski again a similar pattern was experienced, lumbering and lumber products accounted for 430 male registrations or 36.4 per cent, construction—203 men or 17.2 per cent, transportation—122 or 10.3 per cent and service—77 or 6.5 per cent. And finally in Montmagny the highest registrations among men have occurred in the following occupational groups: lumbering and lumber products—222 men or 33.3 per cent, transportation—93 or 13.0 per cent, construction—84 or 12.7 per cent, service—39 or 5.8 per cent and metalworking—32 or 4.8 per cent.

It emerges from the above statistical survey of male registrations during the summer seasons in the minor labour surplus market areas that there are a relatively few primary and secondary industries that account for the major part of the unemployment in the areas. These include lumbering and lumber products, construction, transportation, service, and to a smaller extent, food and

tobacco products, fishing and metalworking. Most of these industries are of a seasonal nature and, evidently, they are not capable of absorbing a reserve of labour during the peak of their activities in the summer months. It also appears that these areas suffer from lack of industrial diversification and depend too much on primary industries as a provider of employment for male workers.

In the St. Stephen labour market area the heaviest female registrations during the summer months were recorded in the following occupational groups: food and tobacco products—47.4 per cent of total monthly female registrations, clerical, etc.—13.9 per cent, service—11.5 per cent, textiles—10.4 and sales, etc.—6.5 per cent. The corresponding occupational groups and proportions for the other minor labour market areas considered in this section were as follows: Campbellton, clerical,—33.6 per cent, service—29.4 per cent, and sales,—28.6 per cent; Newcastle, clerical,—42.3 per cent, sales,—28.1 and service—22.7 per cent; Bathurst, clerical,—29.8 per cent, sales,—22.8 per cent, service—20.4 and food and tobacco products—19.3 per cent; Gaspé, service—35.7 per cent, clerical,—28.8 per cent, sales—22.3 per cent and textiles—3.9 per cent; Rimouski, clerical,—37.8 per cent, service—29.3 per cent, sales,—24.6 per cent and textiles—3.9 per cent and in Montmagny—textiles—30.0 per cent, service—24.6 per cent, clerical,—17.0 per cent, and sales,—12.3 per cent.

A major part of female registrations during the summer months in the minor labour surplus market areas has occurred in the few trades or industries which offer employment to women. The heaviest registrations were recorded in three occupational groups, namely, clerical and kindred, sales and kindred and service. In some labour markets where light industries exist large registrations were also recorded in food and tobacco manufacturing industry and textiles. Lack of diversification of industries leaves women few job opportunities and hence the high registrations in the few trades that provide work for women.

The five-year average of monthly registrations during the winter months (November-April) of 1952-53, 1955-56 and 1956-57-1958-59 in the St. Stephen labour market area was 1,810, an increase of 967 over monthly registrations during summer seasons. The more pronounced increases in winter registrations were shown by food and tobacco products, construction, service, lumbering and lumber products, and transportation. In Campbellton, winter monthly registrations were 2,313, an increase of 1,300 over summer monthly registrations. Here winter registrations increased in lumbering and lumber products, construction, transportation, pulp, paper and paper goods, and service. In Newcastle winter monthly registrations amounted to 2,823, an increase of 1,663 over summer monthly registrations. The winter registrations increased in lumbering and lumber products, construction, transportation and service. Winter monthly registrations in the Bathurst labour market were 4,599, a figure that was higher by 3,497 over summer monthly registrations. This increase was due to winter seasonal unemployment in lumbering and lumber products, construction, food and tobacco products, transportation, agriculture, fishery and forestry, and service. Extremely heavy registrations in the winter months have been recorded in the Gaspé area. They amounted to 11,563, an increase of 8,212 over monthly registrations in summer seasons. This increase was due to heavy winter registrations in lumbering and lumber products, construction, transportation, service and clerical, etc. In Rimouski winter registrations per month were 4,230. This figure was higher by 2,795 over summer registrations per month. In this labour market area the increases have occurred in the lumbering and lumber products occupational group, construction, transportation, and service. Finally in Montmagny winter monthly registrations amounted to 2,020, an increase of 1,223 over summer monthly registrations. This increase has occurred in lumbering and lumber products, construction, transportation, service and textiles.

It appears from this comparison between winter and summer registrations that industries which are subject to extreme seasonal variation seem to leave a residual of unemployment during the peak of their activities in the summer seasons. The economic dependence of the minor labour surplus market areas on a few primary industries accounts for considerable unemployment in these areas. The lack of industrial diversification in these areas provides no outlet for surplus labour resulting from the protracted seasonability in a few primary industries.

Appendix 6A shows a summary of winter registrations in the above seven minor labour surplus market areas.

3. *Age Distribution of Unplaced Applicants, 1955-1959*

Table XXVIIB presents an analysis of the age distribution of male and female applicants during the summer periods of 1955-1959 in the minor labour surplus market areas:

TABLE XXVIII

ST. STEPHEN, CAMPBELLTON, NEWCASTLE, BATHURST, GASPE, RIMOUSKI, MONTMAGNY
 Five-Year Averages of Quarterly Age Distribution of Unplaced Applicants, Second and Third Quarters, 1955-1959

Age Group	Quarters	St. Stephen				Campbellton				Newcastlt				Bathurst			
		Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total
			%		%		%		%		%		%		%		%
Under 20.....	II	112	8.6	50	9.3	464	15.7	42	23.3	347	11.2	61	23.2	577	12.2	121	24.6
	III	65	12.8	43	18.9	81	14.2	30	24.8	89	14.3	54	30.5	65	11.5	37	24.5
20-44.....	II	758	58.3	323	60.2	1,823	61.9	116	64.4	1,900	61.2	172	65.4	3,005	63.6	270	55.0
	III	267	52.4	121	55.3	335	58.6	78	64.5	346	55.6	108	61.0	375	66.4	101	66.9
45-64.....	II	350	26.9	149	27.7	580	19.7	21	11.7	756	24.3	27	10.3	1,063	22.5	97	19.8
	III	142	27.9	56	24.7	126	22.0	12	9.9	161	25.9	14	7.9	106	18.8	12	7.9
65 and over.....	II	80	6.2	15	2.8	80	2.7	1	0.6	102	3.3	3	1.1	80	1.7	3	0.6
	III	35	6.9	7	3.1	30	5.2	1	0.8	26	4.2	1	0.6	19	3.3	1	0.7
Average Quarterly Total.....	II	1,300		537		2,947		180		3,105		263		4,725		491	
	III	509		227		572		121		622		177		565		151	

Age Group	Quarters	Gaspé				Rimouski				Montmagny			
		Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total	Males	Percentage of Average Quarterly Total	Females	Percentage of Average Quarterly Total
			%		%		%		%		%		%
Under 20.....	II	1,658	11.7	239	33.8	504	10.7	91	24.4	225	9.9	38	19.3
	III	183	11.0	68	22.4	113	15.7	62	26.4	52	11.1	21	18.0
20-44.....	II	9,510	67.3	431	60.9	3,126	66.4	264	71.0	1,604	70.3	143	72.6
	III	1,157	69.6	217	71.4	465	64.8	172	70.5	310	66.1	88	75.2
45-64.....	II	2,736	19.4	35	5.0	967	20.5	17	4.6	409	17.9	15	7.6
	III	288	17.3	18	5.9	125	17.4	10	4.1	90	19.2	8	6.8
65 and over.....	II	233	1.6	2	0.3	109	2.4			43	1.9	1	0.5
	III	34	2.1	1	0.3	15	2.1			17	3.6		
Average Quarterly Total.....	II	14,137		707		4,706		372		2,281		197	
	III	1,662		304		718		244		469		177	

In the St. Stephen and Newcastle labour market areas approximately one-quarter of all male unplaced applicants during the summer seasons were in the age group of 45-64. This proportions was somewhat lower, being only one-fifth, in Campbellton, Gaspé, Rimouski and Montmagny. As for the male unplaced applicants in the age group below 20, the proportion ranged from one-tenth in St. Stephen, Gaspé and Montmagny and one-eighth in Newcastle, Bathurst and Rimouski to one-sixth in Campbellton. This proportion was somewhat higher in the case of female unplaced applicant of the same age group, being one-sixth in St. Stephen, one-fifth in Montmagny and one-quarter in Campbellton, Newcastle, Bathurst, Gaspé and Rimouski.

Once again these high proportions of unplaced applicants in the lowest age group and "older" workers age group would suggest a need for extensive training and retraining facilities to improve the mobility of labour of these particular groups of workers.

A more detailed analysis of age distribution is given in Appendix 6B.

4. *Duration of Unemployment, 1955-1959*

The following table shows an analysis of the duration of the period during which claimants had an unemployment register in the "live file" during the summer months of 1955-1959 in the minor labour surplus market areas:

TABLE XXVIII

ST. STEPHEN, CAMPBELLTON, NEWCASTLE, BATHURST, GASPE, RIMOUSKI, MONTMAGNY

Duration of Claimants Having an Unemployment Register in the "Live File", Summer Months (May-October), Five-Year Averages, 1955-1959

Monthly Averages		St. Stephen	Campbellton	Newcastle	Bathurst	Gaspe	Rimouski	Montmagny
Number of all claimants.....	M	399	704	708	679	2,097	807	534
	F	239	81	144	132	303	188	108
Duration in weeks of all claimants.....	M	9.0	11.9	9.9	10.4	9.1	9.3	9.3
	F	11.2	11.4	12.4	11.5	10.9	11.2	10.8
Number of claimants of 13 weeks and over.....	M	148	324	265	297	862	328	184
	F	92	31	56	55	110	72	38
Duration in weeks of claimants of 13 weeks and over.....	M	22.2	22.3	21.2	21.5	21.0	20.8	20.6
	F	23.1	21.9	22.9	21.8	21.9	21.9	22.2
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	63.0	74.5	63.0	66.9	64.3	62.5	62.2
	F	70.6	70.2	74.4	70.6	69.1	70.6	68.3

The duration of male claimants having an unemployment register in the "live file" during the summer months ranged from 9.0 weeks in St. Stephen to 11.9 weeks in Campbellton. The duration of female claimants was somewhat higher in all labour market areas discussed here ranging from 10.8 weeks in Montmagny to 12.4 weeks in Newcastle.

Approximately one-third of all male claimants in St. Stephen, Newcastle, Rimouski and Montmagny and almost one-half in Campbellton and Gaspé have had an unemployment register in the "live file" for 13 weeks and over. The duration of this category of claimants ranged from 20.6 weeks in Montmagny to 22.3 weeks in Campbellton. Female claimants of 13 weeks and over constituted approximately one-third of all female claimants in all the labour market areas concerned. The duration of their case ranged from 21.8 weeks in Bathurst to 23.1 weeks in St. Stephen.

The five-year average of total weeks of male claimants of 13 weeks and over per month as a percentage of monthly average of total weeks of all male claimants ranged from 62.2 in Montmagny to 74.5 in Campbellton. The corresponding percentage for female claimants ranged from 68.3 in Montmagny to 74.4 in Newcastle.

A statistical summary of the duration period of claimants having an unemployment register in the "live file" during the winter seasons of 1955-1959 is given in Appendix 6C.

F. CONCLUSIONS

The detailed analysis of registrations, by occupation and sex, age distribution of unplaced applicants, and duration of claimants having an unemployment register in the "live file" in the eighteen selected labour surplus market areas suggests the following general conclusions:

(a) Female registrations with the N.E.S. offices during the summer months of 1953, 1955, and 1957-1959, constituted the highest proportion of total registrations in the metropolitan labour surplus market areas with the exception of St. John's. A five-year average of monthly female registrations expressed as a percentage of total monthly registrations was 22.6 in the case of the metropolitan labour surplus market areas, 18.9 in major industrial labour surplus market areas, 16.9 and 14.8 in the minor and major agricultural labour surplus market areas respectively. In the latter two areas, because of a lack of industrial diversification, there were less job opportunities for women and hence less incentive for them to register.

(b) The unskilled labour registration constituted a higher proportion of total monthly registrations in the metropolitan and major industrial labour surplus market areas than in the other two types of labour market areas. A five-year average of monthly male registrations classified as unskilled labour constituted 36.0 per cent of total monthly registrations during the summer seasons in the metropolitan labour surplus market areas. The corresponding percentages for the other labour market groups were as follows: major industrial labour surplus market areas—34.7, minor labour surplus market areas—32.1 and major agricultural labour surplus market areas—29.7. These proportions are relatively high because the unskilled workers are most subject to lay-off, and it is also they who tend to remain unemployed longer than skilled workers. These facts and figures indicate a definite need for training and retraining facilities and assistance for the unskilled workers in the labour surplus market areas discussed in this study.

The corresponding percentages of female unskilled registrations were much lower in all four labour surplus market area groups being 15.8 in the case of metropolitan areas, 13.9 in the minor areas, 10.6 in the major

agricultural and 9.3 in the major industrial areas. The above proportions differ widely as between particular labour market areas within each labour market group.

(c) Amongst men in the Windsor-Leamington area the highest concentration of registrations during the summer months were in the transportation equipment manufacturing industry, reflecting the impact of automation; and also in metal-working, construction, service, transportation and clerical and kindred occupations. In the Vancouver and St. John's labour market areas, in addition to the above industries and trades, the unemployment during the summer months was also heavy in the lumbering and lumber products occupational group. In the case of major industrial labour surplus market areas, the principal occupational groups in which the male registrations were heaviest included construction, lumbering and lumber products, transportation, metalworking, service, coal mining and textiles. In the major agricultural labour surplus market areas, again lumbering and lumber products, construction, transportation and service were mainly responsible for high chronic unemployment in these areas. In the minor labour surplus market areas the above four mentioned industries and trades plus fishing, food and tobacco products, accounted for a greater part of male registrations in the summer months.

Thus it would appear that chronic unemployment resulted from technological changes in some industries such as car manufacturing, or in industries of highly seasonal nature which show a high rate of unemployment in winter. Evidently the latter industries are not capable of absorbing a reserve of labour in the labour surplus market areas even during the peak of their activities in the summer seasons. It would also appear that a lack of industrial diversification, particularly in the minor and major agricultural labour surplus market areas, and consequently too great dependence on primary industries as providers of employment for men, accounted for persistent localized unemployment in the labour market areas examined in this study. It follows then that remedial action designed for such areas would require an examination of the possibility of developing new industries and trades that would be more stable in their employment opportunities or, if this is found impossible, to expand training and retraining facilities in order to improve the mobility of labour. It seems that an economic policy designed—and even effectively carried out—to level off seasonal employment throughout the year would probably result in a higher employment in winter months but it would not diminish severe unemployment during the summer seasons in most of the labour market areas analysed. A high incidence of long-term unemployment of the workers in the construction and lumber industries even during the summer seasons reflects a high labour turnover and irregular employment of a large number of unskilled men.

(d) The substantial difference between the occupational distribution of men and women is the relative concentration of female registrations in a relatively few occupational groups in all labour surplus market areas analysed. The chief occupational groups in which women experienced difficulties in finding jobs included clerical, service, sales, textiles and food and tobacco products. Again a lack of industrial diversification in most of the labour surplus market areas would suggest a scarcity of job opportunities for the ever-increasing number of women in the labour force and hence the high registrations in a few trades and industries that provide job opportunities for women. In the labour surplus market areas, where some men remain persistently unemployed, there is a greater incentive for women to seek employment.

(e) An examination of quarterly data of age distribution of unplaced applicants during the summer months of 1955-1959 showed that young men in the

age group below 20 constituted 8.4 per cent of the average quarterly total figure of unplaced applicants in the metropolitan labour surplus market areas. The corresponding figures for other labour surplus market groups were as follows: major industrial—11.3 per cent, major agricultural—14.6 per cent and minor—12.2 per cent. These percentages were much higher in the case of female unplaced applicants being 18.6 per cent in the case of the metropolitan areas, 28.0 per cent in major industrial areas and 26.1 per cent and 23.0 per cent in the case of major agricultural and minor areas respectively.

Persistent long-term unemployment may not be a serious problem among young workers as a group but it is important because the young men's experience in joining the labour force may influence the patterns of their working lives. Moreover, the job seeking efforts of younger people accentuate the difficulties of persistently unemployed "older" workers in finding jobs.

The above proportions of young men seeking work indicate the extent of training facilities required in the labour surplus market areas analysed.

Even more serious is the problem of the "older" workers in the age group of 45-64. A five-year average percentage of male unplaced applicants of this age group to total number of male unplaced applicants was 18.4 in the metropolitan labour surplus market areas, 21.5 in the major industrial areas and 16.8 and 21.3 in the major agricultural and minor labour surplus market areas respectively. It is this group of workers who find re-employment most difficult and whose family responsibilities in most cases are not yet over. These high percentages of "older" workers seeking work would again recommend introduction of extensive retraining schemes for older workers in the labour surplus market areas. The corresponding percentages of female unplaced applicants of the same age group were as follows: the metropolitan areas—16.3, the major industrial areas—8.6, the major agricultural areas—4.8 and the minor areas—11.0.

(f) The seriousness of unemployment is reflected not only in numbers of people unemployed but also in the duration of unemployment. In this study duration of unemployment was measured in terms of the duration of claimants having an unemployment register in the "live file" during the summer months of 1955-1959. It has been established that in most of the labour surplus market areas approximately one-third of claimants have had an unemployment register in the "live file" for 13 weeks and over and a five-year average of monthly duration of this group of claimants during the summer months was approximately 22.0 weeks.

A five-year average of monthly total weeks of male claimants who have had an unemployment register in the "live file" for 13 weeks and over expressed as a percentage of monthly total weeks of all male claimants was 71.1 in the metropolitan labour surplus market areas, 64.2 in the major industrial labour surplus market areas, 63.5 and 65.2 in the major agricultural and minor labour surplus market areas. These high percentages suggest a high degree of persistent and long-term unemployment experienced by one-third of male claimants in these labour market areas. The corresponding figures for female claimants of the same category were as follows: the metropolitan areas—77.1 per cent, the major industrial areas—72.0 per cent, the major agricultural areas—68.3 per cent and the minor labour surplus market areas—70.5 per cent.

Chapter V

RECOMMENDATIONS

It has been established in this study that the labour surplus market areas face persistent unemployment resulting from causes beyond their control such as protracted seasonality, changes in technology, lack of industrial diversification, depletion of resources, changes in consumers' demand, etc., and hence localized and chronic unemployment in these areas must be considered as a national problem.

The objective of high employment under the condition of relative price stability and reasonable rate of economic growth makes it imperative to develop in Canada a national economic policy that amongst other things would include area-oriented measures to deal with the high localized unemployment. A national economic policy automatically assigns a key role to the Federal Government of Canada in devising and executing such a policy in close co-operation with the provincial and municipal governments as well as with the local development associations and other public and private institutions and agencies vitally interested in regional and local economic development.

Attempts to find a long-term solution to the chronic unemployment in the labour surplus market areas through an over-all economic expansion of the country as a whole are not likely to succeed locally because it has now become obvious that this type of unemployment does exist in particular areas even in prosperous times. It is more likely, unless an appropriate action is taken now, that the local disequilibrium between the available job opportunities and the supply of labour will, in fact, become increasingly more serious and the pockets of localized chronic unemployment will increase in number, even if we succeed in using fiscal and monetary policies to deal with cyclical unemployment.

It seems to this writer that all efforts must be made to equip a part of our labour force with the new skills that will be in demand in the age of automation, to improve mobility of labour and to diversify local economies in order to prevent further growth of localized chronic unemployment.

It will also become necessary to devise a national policy with respect to location of industries through fiscal and monetary incentives, information and development of modern industrial environment needed by private enterprise. There is an obvious need for the legislation that would encourage new industries, trades and firms to locate and the existing ones to expand in the labour surplus market areas or, if that proves to be uneconomical, to improve mobility of labour from such areas. These economic objectives can only be achieved through a national policy initiated by the Federal Government.

The following general and, by no means, complete recommendations are submitted for consideration in finding a long-term solution to the localized and chronic unemployment in the labour surplus market areas:

(I) The recently established National Productivity Council should appoint immediately a special Local Development Advisory Committee as an integral part of the Council. In the above Committee the following organizations should be represented: The Canadian Labour Congress, the Canadian Federation of Mayors and Municipalities, the Canadian Manufacturers' Association, Regional Economic Councils, Local Development Associations and spokesmen of agriculture and trade. The tasks of the Committee should include making recommendations to the Federal Government as to the appropriate economic policy to be pursued in each labour surplus market area, inquiring into the effects of

automation, fiscal, monetary and economic policies upon regional and local economies with a view to suggesting changes in these policies when desirable in order to prevent the development of distressed areas, devising a rational industrial locational policy, encouraging organization of regional and local development associations, etc.

(II) The Federal Government of Canada should immediately establish a Local Development Board, associated with the Federal Department of Trade and Commerce, which would be responsible for carrying out the national economic policy with respect to the labour surplus market areas. The specific duties of the Local Development Board should include the following tasks: (a) The Board should be responsible for identification and location of the labour surplus market areas and a regular examination of current and prospective economic and employment conditions of the local labour market areas and economic regions. The Board should also analyse the causes of localized and chronic unemployment and assess the practicability of the various area-oriented economic policies.

(b) The Local Development Board should be responsible for providing technical assistance requested by the Local Development Associations to enable the communities characterized by persistent unemployment to plan their long-term economic development. Such technical assistance, readily and freely available to the Local Development Associations and upon a formal approval of the Local Development Advisory Committee, should include the services of experts in marketing, manpower analysis, transportation, resource development, economics of industrial location, etc. The experts in these fields could be drawn from the teaching staffs of the regional universities and colleges and also from the federal and provincial governments. The main purpose of the technical survey would be to assess economic potentialities of the local areas, their deficiencies and their industrial locational advantages in order to attract new private and public enterprise and to rehabilitate existing industrial and commercial enterprise.

(c) The Local Development Board should have at its disposal a National Development Fund of \$50 million, supplied annually by the Federal Government, for financial grants to the municipalities afflicted by chronic unemployment to supplement their efforts in constructing and improving public services and utilities such as roads, power and water supply, commercial centres, transportation, sewers and sewage treatment systems, industrial sites, hospitals, schools, recreational facilities, etc., in order to improve industrial locational advantages in such municipalities. Such a program of public facilities improvement should be co-ordinated with the provincial governments concerned. A federal grant should cover 50.0 per cent of the incurred expenditures of an approved project. The provincial and municipal governments should cover equally the remainder of the expenditure.

(d) The Local Development Board in co-operation with the Unemployment Insurance Commission should be responsible for the expansion of vocational training and retraining of unemployed workers in the labour surplus market areas. An effort also should be made to strengthen the guidance and counselling services provided by the N.E.S. offices, particularly to young entrants into the labour force and "older" workers. The purpose of this action would be to adjust the supply of local labour to the demand for labour of the newly established enterprises in the labour surplus market areas or to facilitate geographical mobility of labour to other prosperous industrial centres.

During the training and retraining period the individual concerned should receive an unemployment insurance benefit and, in the case of heads of families, additional payments up to the average wage of a given type of worker. This subsidy should be paid from the National Development Fund. In the case

of a transfer of the workers they should receive a special allowance. To offset the loss involved in selling a house when a worker moves to another area the Federal Government in co-operation with the municipal authority should initiate a low-cost and low-rent housing project in the resettlement areas.

(III) The Federal and Provincial Governments but not municipal authorities should provide tax incentives in the form of accelerated depreciation and other concessions to encourage industries and trades to locate in the surplus labour market areas and to expand the activities of the existing enterprises in such areas. Tax incentives should be considered only as a supplementary measure.

(IV) The operations of the Industrial Development Bank should be specifically extended to provide long-term and low interest (about 2 per cent below the market rate of interest) loans to private enterprise and Local Development Associations to enable them to construct and improve industrial and commercial buildings, factories, industrial sites, etc., in the labour surplus market areas. These loans should be guaranteed by the Federal Government and the rate of interest subsidized by the Federal Government.

The purpose of this financial aid would be to assist the establishment of new firms and the expansion of existing ones in the labour surplus market areas.

(V) The Federal Government in co-operation with the Provincial Governments should build and operate more vocational and technical schools in the province of Quebec and the Maritimes where most of the labour surplus market areas are located.

(VI) The Central Mortgage and Housing Corporation should give priority to applications for loans received from labour surplus market areas and in resettlement areas.

(VII) In order to avoid unhealthy competition between various Local Development Associations, Regional Development Councils should be established in the Atlantic Provinces and the province of Quebec.

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APPENDIX 1B
LABOUR MARKET AREAS

Summer and Winter Average of Monthly Registrations as a Percentage of Paid Workers, 1953-1959

SUMMER REGISTRATIONS, MAY-OCTOBER

Labour Market Areas	1953		1954		1955		1956		1957		1958		1959		Average Registrations as a % of Paid Workers 1953-59
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	
METROPOLITAN AREAS	87.6	53.2	140.7	89.9	114.8	63.3	94.1	54.6	139.4	72.8	214.8	104.9	165.8	74.3	71.9
Average	7.30	4.43	11.7	6.74	9.6	5.27	7.8	4.55	11.6	6.06	17.9	8.74	13.8	6.19	5.99
MAJOR INDUSTRIAL AREAS	1.7	5.4	5.2	16.5	3.4	10.4	2.6	7.5	4.2	10.7	5.7	14.7	4.6	10.4	10.8
Oshawa	0.8	4.8	1.8	11.2	1.5	8.6	1.7	9.0	1.7	8.0	3.4	17.3	2.0	8.9	9.8
Corner Brook	4.2	8.5	3.9	7.9	3.4	10.5	3.2	6.2	5.3	9.9	7.7	14.1	6.5	10.7	4.9
Lac St. Jean	2.0	6.0	2.9	8.8	1.9	5.9	2.2	7.1	3.5	10.9	5.0	15.4	3.2	9.6	3.0
Rouyn-Val d'Or	1.2	3.6	1.7	5.9	1.6	5.1	1.5	4.7	2.4	8.7	1.5	4.4	1.7	4.1	6.0
Trois Rivières	2.4	8.6	2.9	10.4	2.8	10.1	2.3	8.0	2.6	8.8	2.9	9.4	2.2	6.7	8.1
Joliette	1.2	6.4	1.6	8.1	1.1	5.6	1.6	7.6	2.9	13.8	2.2	10.1	1.7	8.6	8.6
Cornwall	2.4	7.2	3.0	9.2	2.6	8.7	2.4	7.7	4.5	11.9	3.4	8.2	3.0	4.0	8.5
Trois Rivières	2.0	8.9	1.5	4.6	1.4	6.3	1.7	10.0	1.5	6.0	1.9	7.9	1.0	1.5	6.9
Sydney	2.4	6.5	2.8	7.7	2.7	7.4	1.9	5.4	2.0	5.6	4.7	12.3	3.4	8.5	2.8
Moncton	2.0	6.7	2.3	7.7	2.0	6.9	1.9	6.0	3.7	10.7	2.7	7.4	2.4	7.6	7.5
New Glasgow	1.2	3.6	1.7	5.9	1.6	5.7	1.2	4.8	1.7	6.1	1.5	4.7	1.7	4.9	6.9
Farnham-Granby	1.5	6.0	1.8	9.3	1.6	7.5	1.3	5.9	1.6	6.8	2.2	9.1	1.5	6.0	7.2
Sherbrooke	1.5	5.1	2.9	6.9	2.1	4.9	3.3	7.6	4.7	10.7	3.6	8.2	3.0	6.9	6.9
Peterborough	1.0	3.1	1.1	3.5	1.0	3.5	1.0	3.5	1.0	3.5	1.0	3.5	1.0	3.5	1.0
Niagara Peninsula	3.0	5.0	2.2	5.6	2.1	4.5	1.8	4.3	2.4	5.2	4.1	8.7	3.5	5.0	6.1
Victoria	1.3	3.1	3.1	7.4	2.1	5.4	1.5	4.3	2.4	5.2	4.1	8.7	3.5	5.0	6.1
Fort William-Port Arthur	0.4	2.3	1.3	7.5	0.9	5.0	0.6	3.4	1.2	5.6	1.4	6.5	1.2	5.1	1.0
Timmins-Kirkland Lake	1.3	3.5	1.7	4.8	1.4	4.0	1.0	3.0	1.5	4.5	2.8	8.0	2.2	6.4	1.7
London	1.0	4.1	1.1	4.8	1.1	4.8	1.1	4.8	1.1	4.8	1.1	4.8	1.1	4.8	1.1
Kingston	1.0	2.1	1.7	3.8	1.2	2.7	1.0	2.2	2.0	3.9	4.4	8.4	2.6	4.4	2.0
Sudbury	0.6	1.7	1.9	5.3	1.3	3.5	0.8	2.0	1.6	3.8	2.4	5.3	1.3	3.0	3.9
Kitchener	0.6	1.7	1.9	5.3	1.3	3.5	0.8	2.0	1.6	3.8	2.4	5.3	1.3	3.0	3.9
Total	42.5	134.3	63.5	201.6	49.6	162.1	42.1	135.1	62.2	181.2	98.6	278.6	71.7	190.8	183.3
Average	1.6	5.16	2.4	7.76	1.9	6.23	1.6	5.19	2.4	6.96	3.8	10.71	2.8	6.15	7.05
MAJOR AGRICULTURAL AREAS	1.8	6.9	2.4	7.7	1.9	6.7	2.0	7.0	2.6	9.7	4.0	15.7	3.0	11.3	2.5
Thetford-Mégantic-St. Georges	0.9	3.4	1.1	4.1	1.1	3.8	1.2	4.1	1.4	4.8	1.5	5.1	1.4	4.8	1.4
Rivière du Loup	0.6	2.3	1.4	7.8	1.0	6.8	1.2	6.4	1.6	8.0	2.2	12.8	1.3	6.3	8.1
Charlottetown	0.7	5.1	0.7	5.6	0.6	5.3	0.6	4.6	0.8	6.3	1.1	8.7	0.9	6.7	0.8
Prince Albert	0.4	2.5	0.8	4.6	0.7	4.1	0.6	3.4	0.6	3.3	0.8	4.6	0.6	3.3	0.8
Barrie	0.2	1.2	0.6	3.2	0.7	3.6	0.5	2.6	0.5	3.9	1.2	8.6	1.0	7.2	0.7
Yorkton	0.6	2.7	0.8	3.8	0.7	3.4	0.7	2.3	0.7	3.4	1.1	5.2	0.9	3.5	4.0
Lethbridge	0.3	1.1	0.5	3.5	0.6	4.1	0.5	3.0	0.7	4.6	0.6	4.0	0.5	3.3	3.3
Red Deer	0.7	2.8	0.5	3.7	0.4	3.2	0.4	2.4	0.5	3.1	1.9	15.0	1.2	4.3	1.8
Moose Jaw	0.3	2.1	0.3	3.5	0.6	4.1	0.5	3.0	0.7	4.6	0.6	4.0	0.5	3.3	3.3
Saskatoon	0.7	1.8	1.3	3.3	1.4	3.2	1.4	3.2	1.4	3.2	1.4	3.2	1.4	3.2	1.4
Brandon	0.4	1.8	0.3	2.3	0.3	2.8	0.3	2.4	0.4	3.9	0.4	5.7	0.4	3.0	4.8
North Battleford	0.2	1.3	0.3	2.3	0.4	2.8	0.3	2.4	0.4	3.9	0.4	5.7	0.4	3.0	4.8
Regina	0.5	1.1	0.8	1.9	1.3	3.1	1.1	2.3	1.3	2.9	2.2	4.9	1.7	3.6	1.6
Total	8.1	41.3	13.0	66.1	12.3	60.6	11.1	52.3	13.5	66.7	21.0	106.9	16.3	82.9	68.2
Average	0.6	2.95	0.9	4.72	0.9	4.32	0.8	3.73	1.0	4.76	1.5	7.63	1.2	5.92	13.7
MINOR AREAS	0.6	7.8	0.9	12.0	0.5	7.0	0.5	7.8	1.0	14.0	1.3	18.2	0.9	13.5	0.8
St. Stephen	0.7	2.9	0.9	10.4	0.7	9.0	0.8	10.2	1.0	14.0	1.3	18.2	0.9	13.5	0.8
Campbellton	2.0	7.6	2.4	8.9	2.2	7.8	2.3	9.1	3.3	12.3	5.0	18.4	3.2	10.8	2.9
Newcastle	0.9	8.9	0.9	9.1	0.8	8.7	0.7	7.2	1.2	11.5	1.6	16.0	1.3	13.2	1.1
Rimouski	1.8	5.8	2.2	12.0	0.8	8.3	1.1	10.4	1.3	13.8	1.7	23.8	1.1	15.8	1.3
St. George-Queens	0.9	8.8	1.1	11.6	0.6	8.4	0.8	8.1	1.3	13.7	2.0	10.0	1.3	10.2	1.3
Bathurst	0.8	7.9	0.9	9.0	0.7	7.7	0.7	7.5	1.1	9.7	1.2	15.1	1.2	9.5	1.0
Montmagny	0.9	8.2	1.0	10.0	1.0	10.0	1.0	10.0	1.0	10.0	1.0	10.0	1.0	10.0	1.0
Drummondville	1.2	5.9	1.8	12.5	1.0	7.4	1.0	7.7	1.6	7.8	1.9	14.4	1.8	8.8	1.4
Sorel	0.9	5.9	1.4	9.0	0.9	6.7	0.9	6.5	0.9	6.5	1.3	16.9	1.0	8.6	1.0
Central Vancouver Island	2.2	8.4	1.9	7.1	1.7	6.8	1.5	6.2	2.8	13.5	2.7	7.5	2.5	8.4	2.8
Valleyfield	0.8	5.2	1.1	8.0	0.7	5.8	0.7	5.8	1.0	11.6	1.6	11.6	1.6	11.6	1.6
Victoria	1.0	6.9	1.0	9.0	0.7	5.7	0.7	5.6	1.1	8.9	1.7	13.5	1.2	8.7	1.0
Fredericton	0.8	9.1	1.2	10.8	0.6	5.4	0.6	4.3	0.9	6.4	1.5	11.5	1.3	8.9	1.0
Quebec-N. Shore	1.1	6.7	1.1	8.0	0.8	5.7	0.7	5.1	1.2	7.6	1.6	10.2	1.2	7.9	1.1
Summerside	0.3	4.6	0.5	7.1	0.4	5.7	0.4	5.5	0.5	7.0	0.7	10.4	0.7	9.3	0.5
Woodstock	0.4	5.3	0.4	6.5	0.4	5.4	0.3	4.5	0.5	7.4	1.0	13.6	0.7	7.4	0.7
St. Agathe-St. Jerome	1.1	6.7	1.1	8.0	0.8	5.7	0.7	5.1	1.2	7.6	1.6	10.2	1.2	7.9	1.1
Chilliwack	0.5	3.4	0.6	6.8	0.6	7.1	0.5	5.9	0.7	10.2	1.4	11.5	0.8	6.6	0.7
Grand Falls	0.3	3.5	0.5	6.4	0.4	5.8	0.5	7.5	1.0	10.7	1.2	12.2	0.8	7.5	0.7
Baumharms	0.4	5.6	0.5	7.6	0.3	5.4	0.3	5.1	0.5	6.5	0.8	9.2	0.5	6.7	0.5
Yarmouth	0.5	4.4	0.7	5.6	0.6	5.1	0.5	4.3	0.8	6.8	1.6	13.4	0.8	6.9	0.8
Edmundston	0.4	5.0	0.4	4.7	0.5	5.1	0.5	5.5	0.5	5.8	1.2	11.5	0.8	7.1	0.6
Lindsay	0.2	2.8	0.7	9.5	0.5	5.8	0.2	3.9	0.5	7.1	0.6	9.5	0.4	7.1	0.5
Owen Sound	0.5	4.4	0.8	7.0	0.7	5.6	0.5	4.5	0.8	6.8	1.3	10.8	0.8	6.4	0.8
Bridgewater	0.4	4.6	0.4	5.2	0.4	4.3	0.4	4.4	0.5	6.2	1.0	12.0	0.7	7.6	0.5
Okanagan Valley	0.8	3.9	1.1	5.3	0.8	3.9	0.9	4.2	1.4	6.0	2.5	10.8	2.1	9.1	1.4
St. Jean	0.5	4.9	0.8	5.7	0.5	4.9	0.5	4.9	0.7	6.6	1.0	9.0	0.7	6.2	0.6
Truro	0.4	4.8	1.3	7.4	0.9	5.5	0.9	5.4	1.1	5.7	1.4	7.3	1.4	6.1	1.1
St. Hyacinthe	0.8	4.7	0.5	5.5	0.4	4.1	0.3	3.6	0.7	7.1	1.1	8.0	0.6	6.0	0.6
Prince Rupert	1.5	3.0	2.2	12.0	0.8	8.4	0.6	6.4	1.1	9.4	1.3	15.1	1.2	6.0	1.2
Sault Ste. Marie	0.1	1.4	0.2	3.8	0.2	2.4	0.4	5.0	1.0	13.3	0.8	9.8	0.4	5.9	0.9
Dawson Creek	0.5	3.9	0.9	6.6	0.7	5.6	0.6	3.6	1.0	9.0	1.4	9.0	0.9	5.9	1.0
Pembroke	1.8	3.6	1.4	6.3	1.3	6.2	1.3	6.2	2.1	8					

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APPENDIX 2A

DISTRIBUTION OF MONTHLY SUBSTANTIAL AND MODERATE LABOUR SURPLUS OF LABOUR MARKET AREAS 1953-1959

DISTRIBUTION IN CALENDAR YEARS

		Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a percentage of Total Months 1953-59	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a percentage of Total Months 1953-59	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a percentage of Total Months 1953-59
			%		%		%
METROPOLITAN AREAS..... (labour force 75,000 or more)	Windsor-Leamington.....	43	51.2	29	34.5	72	85.7
	St. John's.....	42	50.0	21	25.0	63	75.0
	Quebec-Levis.....	37	44.0	31	36.9	68	80.9
	Vancouver-New Westminster.....	30	35.7	43	51.2	73	86.9
	Winnipeg.....	18	21.4	26	31.0	44	52.4
	Hamilton.....	14	16.7	39	46.4	53	63.1
	Edmonton.....	10	11.9	33	39.3	43	51.2
	Montreal.....	9	10.7	37	44.0	46	54.7
	Calgary.....	4	4.8	41	48.8	45	53.8
	Toronto.....	3	3.6	30	35.7	33	39.3
	Halifax (a).....	0	0	50	59.5	50	59.5
	Ottawa-Hull.....	0	0	26	31.0	26	31.0
		Total.....	2,100	250.0	406.0	483.3	616.0	733.3
	Average.....	17.5	20.8	33.8	40.3	51.3	61.1
MAJOR INDUSTRIAL AREAS... (labour force 25,000-75,000; 60 percent or more in non-agricultural activity)	Corner Brook.....	43	51.2	26	31.0	69	82.2
	New Glasgow.....	43	51.2	33	39.3	76	90.5
	Shawinigan Falls.....	43	51.2	37	44.0	80	95.2
	Moncton.....	39	46.4	31	36.9	70	83.3
	Trois Rivières.....	38	45.2	42	50.0	80	95.2
				%		%	

Lac St-Jean.....	37	44.0	36	42.9	73	86.9
Cornwall.....	36	42.9	40	47.6	76	90.5
Joliette.....	36	42.9	35	41.7	71	84.6
Rouyn-Val d'Or.....	33	39.3	40	47.6	73	86.9
Fort William-Port Arthur.....	30	35.7	23	27.4	53	63.1
Farnham-Granby.....	29	34.5	41	48.8	70	83.3
Sydney.....	24	28.6	44	52.4	68	81.0
Oshawa.....	17	20.2	48	57.1	65	77.4
Sherbrooke.....	17	20.2	51	60.7	68	80.9
Peterborough.....	16	19.0	51	60.7	67	79.8
Niagara Peninsula.....	12	14.3	42	50.0	54	64.3
Sarnia.....	12	14.3	41	48.8	53	63.1
Brantford.....	9	10.7	71	84.5	80	95.2
Timmins-Kirkland Lake.....	9	10.7	36	42.9	45	53.6
Sudbury.....	6	7.1	36	42.9	42	50.0
Saint John.....	4	4.8	75	89.3	79	94.0
Guelph.....	3	3.6	35	41.7	38	45.2
Kingston.....	0	0	27	32.1	27	32.1
Kitchener.....	0	0	30	35.7	30	35.7
London.....	0	0	33	39.3	33	39.3
Victoria.....	0	0	53	63.1	53	63.1
Total.....	536.0	628.0	1,057.0	1,258.4	1,593.0	1,796.4
Average.....	20.6	24.2	40.7	48.4	61.3	72.6
		%		%		%
MAJOR AGRICULTURAL AREAS.....						
(Labour force 25,000-75,000; 40 percent or more in agriculture)						
Riviere du Loup.....	42	50.0	12	14.3	54	64.3
Thetford-Megantic-St-Georges.....	33	39.3	32	38.1	65	77.4
Charlottetown.....	32	38.1	17	20.2	49	58.3
Yorkton.....	19	22.6	22	26.2	41	48.8
Prince Albert.....	14	16.7	30	35.7	44	52.4
Lethbridge.....	13	15.5	26	31.0	39	46.4
Chatham.....	12	14.3	47	56.0	59	70.2
North Battleford.....	10	11.9	28	33.3	38	45.2
Barrie.....	4	4.8	27	32.1	31	36.9
Red Deer.....	4	4.8	30	35.7	34	40.5
Brandon.....	0	0	35	41.7	35	41.7
Moose Jaw.....	0	0	32	38.1	32	38.1
Regina.....	0	0	28	33.3	28	33.3
Saskatoon.....	0	0	32	38.1	32	38.1
Total.....	183.0	218.0	398.0	473.8	581.1	691.8
Average.....	13.1	15.6	28.4	33.8	41.5	49.4

APPENDIX 2A (Continued)
DISTRIBUTION IN CALENDAR YEARS

		Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a percentage of Total Months 1953-59	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a percentage of Total Months 1953-59	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a percentage of Total Months 1953-59
			%		%		%
MINOR AREAS..... (Labour force 10,000-25,000)	St. Stephen.....	48	57.1	25	29.8	73	86.9
	Gaspé.....	45	53.6	24	28.6	69	82.2
	Rimouski.....	45	53.6	22	26.2	67	79.8
	Bathurst.....	43	51.2	21	25.0	64	76.2
	Campbellton.....	42	50.0	23	33.3	70	83.3
	Newcastle.....	41	48.8	37	44.0	78	92.8
	Montmagny.....	40	47.6	22	26.2	62	73.8
(b) Quesnel included as of February 1959.	Prince George (b).....	38	45.2	28	33.3	66	78.6
	Okanagan Valley.....	37	44.0	16	19.0	53	63.1
	Yarmouth.....	37	44.0	18	21.4	55	65.5
	Summerside.....	36	42.9	18	21.4	54	64.3
	Québec-North Shore.....	35	41.7	18	21.4	53	63.1
	Ste-Agathe-St-Jérôme.....	35	41.7	23	27.4	58	69.1
	Sorel.....	35	41.7	30	35.7	65	77.4
	Drummondville.....	33	39.3	42	50.0	75	89.3
	Edmundston.....	33	39.3	16	19.0	49	58.3
	Victoriaville.....	33	39.3	34	40.5	67	79.8
	Woodstock.....	32	38.1	23	27.4	55	65.5
	Chilliwack.....	31	36.9	28	33.3	59	70.2
	Valleyfield.....	31	36.9	39	46.4	70	83.3
	Grand Falls.....	30	35.7	22	26.2	52	61.9
	Owen Sound.....	29	34.5	25	29.8	54	64.3
	Central Vancouver Island.....	28	33.3	36	42.9	64	76.2
	Dauphin.....	28	33.3	20	23.8	48	57.1
	Bridgewater.....	27	32.1	20	23.8	47	55.9
	Portage La Prairie.....	27	32.1	22	26.2	49	58.3
	Beauharnois.....	26	31.0	31	36.9	57	67.9
	Bracebridge.....	26	31.0	22	26.2	48	57.2
	Kentville.....	26	31.0	19	22.6	45	53.6
	Fredericton.....	24	28.6	39	46.4	63	75.0

Prince Rupert.....	21	25.0	34	40.5	55	65.5
Truro.....	20	23.8	30	35.7	50	59.5
Trail-Nelson.....	19	22.6	28	33.3	47	56.0
Kamloops.....	18	21.4	29	34.5	47	56.0
North Bay.....	16	19.0	34	40.5	50	59.5
Sault Ste-Marie.....	16	19.0	30	35.7	46	54.8
Dawson Creek.....	14	16.7	22	26.2	36	42.9
Cranbrook.....	13	15.5	31	36.9	44	52.4
St. Hyacinthe.....	13	15.5	39	46.4	52	61.9
Pembroke.....	11	13.1	37	44.0	48	57.1
Lindsay.....	10	11.9	44	52.4	54	64.3
Lachute-Ste-Thérèse.....	9	10.7	35	41.7	44	52.4
Belleville-Trenton.....	7	8.3	42	50.0	49	58.3
Medicine Hat.....	7	8.3	29	34.5	36	42.9
Simcoe.....	7	8.3	32	38.1	39	46.4
Weyburn.....	7	8.3	23	27.4	30	35.7
Drumheller.....	5	6.0	27	32.1	32	38.1
Brampton.....	4	4.8	22	26.2	26	31.0
Swift Current.....	3	3.6	27	32.1	30	35.7
Woodstock-Ingersoll.....	2	2.4	26	31.0	28	33.3
St. Jean.....	1	1.2	47	56.0	48	57.2
Galt.....	0	0	33	39.3	33	39.3
Goderich.....	0	0	28	33.3	28	33.3
Listowel.....	0	0	25	29.8	25	29.8
St. Thomas.....	0	0	19	22.6	19	22.6
Stratford.....	0	0	22	26.2	22	26.2
Walkerton.....	0	0	29	34.5	29	34.5
Total.....	1,244.0	1,480.9	1,59.2	1,895.0	2,836	3,375.9
Average.....	21.8	26.0	27.9	33.2	49.7	59.2

APPENDIX 2B

DISTRIBUTION OF MONTHLY SUBSTANTIAL AND MODERATE LABOUR SURPLUS OF LABOUR MARKET AREAS, 1953-1959

Distribution in Summer Months, May-October							Distributio in Winter Months, November-April						
Labour Market Areas	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a % of Total Summer Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a % of Total Summer Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a % of Total Summer Months	Labour Market Areas	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a % of Total Winter Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a % of Total Winter Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a % of Total Winter Months
		%		%		%			%		%		%
METROPOLITAN AREAS													
Windsor-Leamington	20	47.6	14	33.3	34	80.9	St. John's	32	88.9	4	11.1	36	100.0
St. John's	5	11.9	16	38.1	21	50.0	Quebec-Levis	30	83.3	6	16.7	36	100.0
Vancouver-New Westminster	2	4.8	29	69.0	31	73.8	Vancouver-New Westminster	24	66.7	12	33.3	36	100.0
Quebec-Levis	2	4.8	24	57.1	26	61.9	Windsor-Leamington	21	58.4	13	36.1	34	94.5
Hamilton	0	0	16	38.1	16	38.1	Winnipeg	18	50.0	17	47.2	35	97.2
Halifax	0	0	13	31.0	13	31.0	Hamilton	14	38.9	19	52.8	33	91.7
Montreal	0	0	11	26.2	11	26.2	Edmonton	10	27.8	24	66.7	34	94.5
Toronto	0	0	6	14.3	6	14.3	Montreal	9	25.0	22	61.1	31	86.1
Calgary	0	0	5	11.9	5	11.9	Calgary	4	11.1	31	86.1	35	97.2
Edmonton	0	0	4	9.5	4	9.5	Toronto	3	8.3	23	63.9	26	72.2
Winnipeg	0	0	4	9.5	4	9.5	Halifax	0	0	32	88.9	32	88.9
Ottawa-Hull	0	0	0	0	0	0	Ottawa-Hull	0	0	25	69.4	25	69.4
Total	29	69.1	142	338.0	171	407.1	Total	165	458.4	228	633.3	393	1091.7
Average	2.4	5.8	11.8	28.2	14.3	33.9	Average	13.8	38.2	19.0	52.8	32.8	91.0
MAJOR INDUSTRIAL AREAS													
Oshawa	11	26.2	15	35.7	26	61.9	New Glasgow	33	91.7	3	8.3	36	100.0
Corner Brook	9	21.4	18	42.8	27	64.2	Shawinigan Falls	33	91.7	3	8.3	36	100.0
Rouyn-Val d'Or	8	19.1	24	57.1	32	76.2	Moncton	32	88.9	4	11.1	36	100.0
Shawinigan Falls	5	11.9	33	78.6	38	90.5	Trois Rivières	31	86.1	5	13.9	36	100.0
Cornwall	5	11.9	29	69.0	34	80.9	Corner Brook	30	83.3	6	16.7	36	100.0
New Glasgow	5	11.9	29	69.0	34	80.9	Joliette	29	80.6	7	19.4	36	100.0
Lac St. Jean	4	9.5	28	66.7	32	76.2	Cornwall	28	77.8	8	22.2	36	100.0
Trois Rivières	2	4.8	36	85.7	38	90.5	Farnham-Granby	28	77.8	8	22.2	36	100.0
Joliette	2	4.8	27	64.3	29	69.1	Lac St. Jean	28	77.8	7	19.4	35	97.2
Moncton	2	4.8	26	61.9	28	66.7	Fort William-Port Arthur	25	69.4	10	27.8	35	97.2

Sydney.....	2	4.8	25	59.5	27	64.3	Sydney.....	22	61.1	14	38.9	36	100.0
Peterborough.....	2	4.8	23	54.8	25	59.6	Rouyn-Val d'Or.....	21	58.3	14	38.9	35	97.2
Fort William-Port Arthur.....	2	4.8	19	23.8	12	23.6	Sherbrooke.....	15	41.7	20	55.5	35	97.2
Sherbrooke.....	1	2.4	26	61.9	27	64.3	Peterborough.....	13	36.1	23	63.9	36	100.0
Brantford.....	0	0	38	90.5	38	90.5	Niagara Peninsula.....	12	33.3	22	61.2	34	94.5
Saint John.....	0	0	37	88.1	37	88.1	Sarnia.....	12	33.3	20	55.6	32	88.9
Farnham-Granby.....	0	0	28	66.7	28	66.7	Brantford.....	9	25.0	27	75.0	36	100.0
Sarnia.....	0	0	16	38.1	16	38.1	Timmins-Kirkland Lake.....	9	25.0	23	63.9	32	88.9
Niagara Peninsula.....	0	0	15	35.7	15	35.7	Sudbury.....	6	16.7	22	61.1	28	77.8
Victoria.....	0	0	14	33.4	14	33.4	Oshawa.....	5	13.9	29	80.6	34	94.5
Guelph.....	0	0	9	21.4	9	21.4	Saint John.....	4	11.1	32	88.9	36	100.0
Sudbury.....	0	0	9	21.4	9	21.4	Guelph.....	3	8.3	25	69.4	28	77.7
Timmins-Kirkland Lake.....	0	0	7	16.7	7	16.7	Victoria.....	0	0	35	97.2	35	97.2
Kitchener.....	0	0	3	7.1	3	7.1	London.....	0	0	30	83.3	30	83.3
London.....	0	0	2	4.8	2	4.8	Kitchener.....	0	0	27	75.0	27	75.0
Kingston.....	0	0	1	2.4	1	2.4	Kingston.....	0	0	23	63.9	23	63.9
Total.....	60	143.1	528	1,257.1	588	1,400.2	Total.....	428	1,188.9	447	1,241.6	875	2,430.5
Average.....	2.3	5.5	20.3	48.4	22.6	53.9	Average.....	16.5	45.7	17.2	47.8	33.7	93.5
MAJOR AGRICULTURAL AREAS													
Riviere du Loup.....	7	16.7	7	16.7	14	33.4	Riviere du Loup.....	30	83.4	4	11.1	34	95.4
Thetford-Megantic-St. Georges.....	3	7.1	21	50.0	24	57.1	Charlottetown.....	28	77.8	8	22.2	36	100.0
Chatham.....	1	2.4	18	42.8	19	45.2	Thetford-Megantic-St. Georges.....	26	72.2	9	25.0	35	97.2
Yorkton.....	1	2.4	3	7.1	4	9.5	Yorkton.....	17	47.2	15	41.7	32	88.9
Barrie.....	0	0	7	16.7	7	16.7	Prince Albert.....	13	36.1	20	55.6	33	91.7
Charlottetown.....	0	0	7	16.7	7	16.7	Lethbridge.....	13	36.1	18	50.8	31	86.1
Prince Albert.....	0	0	5	11.9	5	11.9	Chatham.....	11	30.6	25	69.4	36	100.0
Red Deer.....	0	0	3	7.1	3	7.1	North Battleford.....	10	27.8	23	63.9	33	91.7
Lethbridge.....	0	0	2	4.8	2	4.8	Red Deer.....	4	11.1	25	69.5	29	80.6
Brandon.....	0	0	1	2.4	1	2.4	Barrie.....	3	8.3	19	52.8	22	61.1
North Battleford.....	0	0	1	2.4	1	2.4	Brandon.....	0	0	31	86.1	31	86.1
Regina.....	0	0	1	2.4	1	2.4	Moose Jaw.....	0	0	28	77.8	28	77.8
Saskatoon.....	0	0	1	2.4	1	2.4	Saskatoon.....	0	0	27	75.0	27	75.0
Moose Jaw.....	0	0	0	0	0	0	Regina.....	0	0	26	72.2	26	72.2
Total.....	12	28.6	77	183.4	89	212.0	Total.....	155	430.6	278	773.1	433	1,202.9
Average.....	0.9	2.0	5.5	13.1	6.4	15.1	Average.....	11.1	30.8	19.9	55.2	31.0	86.0
MINOR AREAS													
St. Stephen.....	8	19.1	23	54.7	31	73.8	St. Stephen.....	34	94.5	2	5.5	36	100.0
Campbellton.....	8	19.1	20	47.6	28	66.7	Bathurst.....	33	91.7	3	8.3	36	100.0
Gaspe.....	8	19.1	20	47.6	28	66.7	Newcastle.....	33	91.7	3	8.3	36	100.0
Rimouski.....	8	19.1	18	42.8	26	61.9	Gaspe.....	32	88.9	3	8.3	35	97.2
Prince George-Quesnel.....	8	19.1	16	38.1	24	57.2	Rimouski.....	32	88.9	3	8.3	35	97.2
Sorel.....	5	11.9	19	45.2	24	57.1	Okanagan Valley.....	31	86.1	5	13.9	36	100.0
Bathurst.....	5	11.9	17	40.5	22	52.4	Campbellton.....	30	83.3	6	16.7	36	100.0
Montmagny.....	5	11.9	15	35.7	20	47.6	Montmagny.....	30	83.3	6	16.7	36	100.0
Fredericton.....	4	9.5	19	45.2	23	54.7	Ste. Agathe-St. Jerome.....	30	83.3	6	16.7	36	100.0
Quebec North Shore.....	4	9.5	11	26.2	15	35.7	Yarmouth.....	30	83.3	6	16.7	36	100.0
Newcastle.....	3	7.1	33	78.6	36	85.7	Summerside.....	30	83.3	5	13.9	35	97.2
Victoriaville.....	3	7.1	22	52.4	25	59.5	Victoriaville.....	29	80.6	7	19.4	36	100.0
Central Vancouver Island.....	3	7.1	20	47.6	23	54.7	Valleyfield.....	28	77.8	8	22.2	36	100.0
Grand Falls.....	3	7.1	11	26.2	14	33.3	Drummondville.....	27	75.0	9	25.0	36	100.0
Dawson Creek.....	3	7.1	6	14.3	9	21.4	Prince George-Quesnel.....	27	75.0	9	25.0	36	100.0
Drummondville.....	2	4.8	31	73.8	33	78.6	Woodstock.....	27	75.0	8	22.2	35	97.2
Valleyfield.....	2	4.8	26	61.9	28	66.7	Edmundston.....	27	75.0	6	16.7	33	91.7

DISTRIBUTION OF MONTHLY SUBSTANTIAL AND MODERATE LABOUR SURPLUS OF LABOUR MARKET AREAS, 1953-1959

Labour Market Areas	Distribution in Summer Months, May-October						Distribution in Winter Months, November-April					
	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a % of Total Summer Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a % of Total Summer Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a % of Total Summer Months	Total Months of Substantial Labour Surplus	Total Months of Substantial Labour Surplus as a % of Total Winter Months	Total Months of Moderate Labour Surplus	Total Months of Moderate Labour Surplus as a % of Total Winter Months	Total Months of Substantial and Moderate Labour Surplus	Total Months of Substantial and Moderate Labour Surplus as a % of Total Winter Months
Woodstock.....	2	4.8	12	28.6	14	33.4	26	72.2	10	27.8	36	100.0
Summerside.....	2	4.8	11	26.2	13	31.0	26	72.2	9	25.0	35	97.2
Yarmouth.....	2	4.8	11	26.2	13	31.0	26	72.2	9	25.0	35	97.2
Edmundston.....	2	4.8	9	21.4	11	26.2	26	72.2	8	22.3	34	94.5
Okanagan Valley.....	2	4.8	9	21.4	11	26.2	26	72.2	8	22.3	34	94.5
Dauphin.....	2	4.8	5	11.9	7	16.7	26	72.2	8	22.3	34	94.5
Ste. Agathe-St. Jerome.....	1	4.8	15	35.7	16	38.1	26	72.2	6	16.7	32	88.9
Owen Sound.....	1	4.8	13	31.0	14	33.4	25	69.4	11	30.6	36	100.0
Prince Rupert.....	1	4.8	13	28.6	13	31.0	25	69.4	10	27.8	35	97.2
Sault Ste. Marie.....	1	4.8	12	28.6	13	31.0	24	66.6	11	30.6	35	97.2
Brampton.....	1	4.8	7	16.7	8	19.1	24	66.6	8	22.3	32	88.9
Bridgewater.....	1	4.8	7	16.7	8	19.1	23	63.9	13	36.1	36	100.0
Kamloops.....	1	4.8	7	16.7	8	19.1	22	61.1	11	30.6	33	91.7
Cranbrook.....	1	4.8	5	11.9	6	14.3	20	55.6	14	38.9	34	94.5
Lindsay.....	0	0	19	45.2	19	45.2	19	52.8	17	47.2	36	100.0
Beauharnois.....	0	0	17	40.5	17	40.5	17	47.2	17	47.2	34	94.4
Chilliwack.....	0	0	17	40.5	17	40.5	17	47.2	16	44.5	33	91.7
St. Hyacinthe.....	0	0	13	31.0	13	31.0	16	44.5	18	50.0	34	94.5
Galt.....	0	0	11	26.2	11	26.2	15	41.7	16	44.4	31	86.1
Belleville-Trenton.....	0	0	10	23.8	10	23.8	13	36.1	20	55.6	33	91.7
North Bay.....	0	0	10	23.8	10	23.8	12	33.3	20	55.8	32	88.9
St. Jean.....	0	0	10	23.8	10	23.8	11	30.6	22	61.1	33	91.7
Pembroke.....	0	0	9	21.4	9	21.4	10	27.8	15	41.7	25	69.5
Truro.....	0	0	9	21.4	9	21.4	9	25.0	24	66.7	33	91.7
Portage la Prairie.....	0	0	8	19.1	8	19.1	9	25.0	23	63.9	32	88.9
Kentville.....	0	0	7	16.7	7	16.7	7	19.5	27	75.0	34	94.5
Trail-Nelson.....	0	0	7	16.7	7	16.7	7	19.5	24	66.8	31	86.1
Chilliwack.....							26	72.2	10	27.8	36	100.0
Owen Sound.....							26	72.2	9	25.0	35	97.2
Sorel.....							26	72.2	8	22.3	34	94.5
Beauharnois.....							26	72.2	8	22.3	34	94.5
Grand Falls.....							26	72.2	8	22.3	34	94.5
Quebec North Shore.....							26	72.2	6	16.7	32	88.9
Bracebridge.....							25	69.4	11	30.6	36	100.0
Portage la Prairie.....							25	69.4	10	27.8	35	97.2
Dauphin.....							24	66.6	11	30.6	35	97.2
Kentville.....							24	66.6	8	22.3	32	88.9
Central Vancouver Island.....							23	63.9	13	36.1	36	100.0
Bridgewater.....							22	61.1	11	30.6	33	91.7
Fredericton.....							20	55.6	14	38.9	34	94.5
Truro.....							19	52.8	17	47.2	36	100.0
Prince Rupert.....							17	47.2	19	52.8	36	100.0
Trail-Nelson.....							17	47.2	17	47.2	34	94.4
Kamloops.....							17	47.2	16	44.5	33	91.7
North Bay.....							16	44.5	18	50.0	34	94.5
Sault Ste. Marie.....							15	41.7	16	44.4	31	86.1
St. Hyacinthe.....							13	36.1	20	55.6	33	91.7
Cranbrook.....							12	33.3	20	55.8	32	88.9
Pembroke.....							11	30.6	22	61.1	33	91.7
Dawson Creek.....							10	27.8	15	41.7	25	69.5
Lachute-St. Therese.....							9	25.0	24	66.7	33	91.7
Lindsay.....							9	25.0	23	63.9	32	88.9
Belleville-Trenton.....							7	19.5	27	75.0	34	94.5
Medicine Hat.....							7	19.5	24	66.8	31	86.1

Bracebridge.....	0	0	6	14.3	6	14.3	Simcoe.....	7	19.5	24	66.8	31	86.1
Lachute-St. Therese.....	0	0	6	14.3	6	14.3	Weyburn.....	7	19.5	20	55.5	27	75.0
Drumbeller.....	0	0	4	9.5	4	9.5	Drumbeller.....	5	13.9	20	55.6	25	69.5
Medicine Hat.....	0	0	2	4.8	2	4.8	Swift Current.....	3	8.3	24	66.7	27	75.0
Simcoe.....	0	0	2	4.8	2	4.8	Brampton.....	3	8.3	13	36.1	16	44.4
St. Thomas.....	0	0	2	4.8	2	4.8	Woodstock-Ingersoll.....	2	5.5	23	63.9	25	69.4
Woodstock-Ingersoll.....	0	0	2	4.8	2	4.8	St. Jean.....	1	2.8	32	88.9	33	91.7
Listowel.....	0	0	1	2.4	1	2.4	Walkerton.....	0	0	26	72.2	26	72.2
Stratford.....	0	0	1	2.4	1	2.4	Goderich.....	0	0	25	69.4	25	69.4
Goderich.....	0	0	0	0	0	0	Listowel.....	0	0	23	63.9	23	63.9
Swift Current.....	0	0	0	0	0	0	Galt.....	0	0	21	58.3	21	58.3
Walkerton.....	0	0	0	0	0	0	Stratford.....	0	0	21	58.3	21	58.3
Weyburn.....	0	0	0	0	0	0	St. Thomas.....	0	0	15	41.7	15	41.7
Total.....	102	243.3	635	1,512.2	737	1,755.5	Total.....	1,036	2,877.7	788	2,189.9	1,824	5,067.6
Average.....	1.8	4.3	11.1	26.5	12.9	30.7	Average.....	18.2	50.5	13.8	38.4	32.0	88.9

APPENDIX 3A

WINDSOR—LEAMINGTON, VANCOUVER—NEW WESTMINSTER—MISSION CITY, ST. JOHN'S

Five-Year Averages of Monthly Registrations, by Occupations and Sex, During Winter Months (November-April), 1952/53, 1955/56 and 1956/57-1959/59

Occupation Groups	Windsor-Leamington						Vancouver-New Westminster-Mission City						St. John's					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	119	1.6	29	1.2	148	1.5	846	3.1	191	2.2	1,037	2.9	204	1.5	6	0.7	210	1.5
Clerical and Kindred.....	246	3.2	702	27.8	948	9.3	1,088	4.0	2,872	33.5	3,960	11.1	347	2.6	200	23.6	547	3.8
Sales and Kindred.....	120	1.6	248	9.9	368	3.6	511	1.9	1,123	13.1	1,634	4.6	71	0.5	191	22.7	262	1.8
Service.....	731	9.5	377	15.0	1,108	10.9	2,677	9.9	1,797	21.0	4,474	12.6	574	4.3	131	15.5	705	5.0
Agriculture, Fishery and Forestry	68	0.9	17	0.7	85	0.8	467	1.7	19	0.2	486	1.4	813	6.1	14	1.7	827	5.8
Seamen.....	3				3		756	2.8	1		757	2.1	99	0.7	1	0.1	100	0.7
Food and Tobacco Products.....	38	0.5	66	2.6	104	1.0	149	0.6	82	1.0	231	0.6	22	0.2	4	0.5	26	0.2
Textiles.....	22	0.3	149	5.9	171	1.7	60	0.2	416	4.9	476	1.3	5		35	4.2	40	0.3
Lumbering and Lumber Products	51	0.7	12	0.5	63	0.6	1,777	6.6	26	0.3	1,803	5.1	1,115	8.3			1,115	7.8
Pulp, Paper, Printing, Publish- ing, Chemical, Petroleum, Coal, Rubber and Leather.....	29	0.4	5	0.2	34	0.3	154	0.6	71	0.8	225	0.6	21	0.2	8	1.0	29	0.2
Stone, Clay and Glass Products...	22	0.3	7	0.3	29	0.3	21	0.1	4		25	0.1	4				4	
Metalworking.....	1,068	14.0	123	4.9	1,191	11.7	1,480	5.5	34	0.4	1,514	4.3	139	1.0			139	1.0
Electrical.....	70	0.9	38	1.5	108	1.1	262	1.0	15	0.2	277	0.8	30	0.2	1	0.1	31	0.2
Manufacture of Transportation Equipment.....	534	7.0	20	0.8	554	5.5	29	0.1			29	0.1	3				3	
Manufacturing.....	59	0.8	50	2.0	109	1.1	51	0.2	12	0.2	63	0.2	6				6	
Mining.....	3				3		207	0.8			207	0.6	162	1.2			162	1.1
Construction.....	719	9.4			719	7.1	3,415	12.7	1		3,416	9.6	2,342	17.6			2,342	16.6
Transportation (except seamen).. Communication and Public Utility.....	445	5.8	3	0.1	448	4.4	1,565	5.8	23	0.3	1,588	4.5	1,155	8.6			1,155	8.1
Trade and Service.....	5	0.1	2	0.1	7	0.1	73	0.3			73	0.2	46	0.3	1	0.1	47	0.3
Miscellaneous.....	68	0.9	38	1.5	106	1.0	273	1.0	147	1.7	420	1.2	34	0.3	19	2.3	53	0.4
	527	6.8	23	0.9	550	5.4	2,852	10.6	115	1.4	2,967	8.4	599	4.6	2	0.2	601	4.3
Total Skilled and Semi-Skilled.....	4,947	64.7	1,909	75.9	6,856	67.4	18,713	69.5	6,949	81.2	25,662	72.3	7,791	58.2	613	72.7	8,404	59.1
Food and Tobacco Products.....	176	2.3	343	13.6	519	5.1	332	1.2	711	8.3	1,043	2.9	255	1.9	86	10.2	34	2.4
Metalworking.....	171	2.2	18	0.7	189	1.9	297	1.1	29	0.3	326	0.9						
Transportation Equipment Mfg.. Construction.....	991	13.0	27	1.1	1,018	10.0												
Lumber and Lumber Products.....	812	10.6			812	8.0	3,182	11.8			3,182	9.0	4,167	31.2			4,167	29.3
Mining.....							1,676	6.2	79	0.9	1,755	4.9	428	3.2	1	0.1	429	3.0
Transportation, Communication and Public Utilities.....							200	0.8			200	0.6	72	0.5			72	0.5
Longshoremen.....													106	0.8			106	0.7
Pulp, Paper and Paper Goods.....							137	0.5	71	0.8	208	0.6						
Other Unskilled.....	552	7.2	219	8.7	771	7.6	2,391	8.9	724	8.5	3,115	8.8	497	3.7	143	17.0	640	4.5
Total Unskilled.....	2,702	35.3	607	24.1	3,309	32.6	8,215	30.5	1,614	18.8	9,829	27.7	5,597	41.8	230	27.3	5,827	40.9
Grand Total Skilled, Semi-Skilled and Unskilled.....	7,649	100.0	2,516	100.0	10,165	100.0	26,928	100.0	8,563	100.0	35,491	100.0	13,388	100.0	843	100.0	14,231	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....				24.8						24.1						5.9		

APPENDIX 3B

WINDSOR-LEAMINGTON, VANCOUVER-NEW WESTMINSTER-MISSION CITY, ST. JOHN'S

Five-Year Averages of Quarterly Age Distribution of Unplaced Applicants 1955-1959

Age Groups	Quarters	Windsor-Leamington				Vancouver-New Westminister-Mission City				St. John's			
		M	%	F	%	M	%	F	%	M	%	F	%
Under 20.....	I	631	6.0	397	13.1	1,926	5.7	816	8.4	1,472	8.8	310	31.3
	II	408	6.5	349	13.0	1,374	6.1	804	8.9	1,215	8.3	261	28.6
	III	815	11.3	433	18.5	1,186	8.9	1,207	18.0	299	9.3	140	25.9
	IV	433	7.0	260	12.9	1,055	6.6	747	10.6	264	8.3	136	24.9
Annual Quarterly Average.....		572	7.7	360	14.4	1,385	6.8	894	11.5	813	8.7	212	27.7
20-44.....	I	6,208	59.2	2,117	70.0	19,432	57.3	6,361	65.4	10,506	62.6	579	58.6
	II	3,583	56.9	1,810	67.3	19,091	53.9	5,871	65.2	9,228	62.8	556	60.8
	III	3,915	54.5	1,521	65.0	7,195	53.9	3,982	59.3	2,124	65.7	343	63.5
	IV	3,780	60.8	1,384	68.6	8,788	55.3	4,578	64.7	2,149	67.4	354	64.8
Annual Quarterly Average.....		4,372	57.8	1,708	67.7	11,877	55.1	5,198	63.7	6,002	64.6	458	61.9
45-64.....	I	2,876	27.4	447	14.8	9,893	29.1	2,350	24.2	4,369	26.0	94	9.5
	II	1,547	24.6	463	17.2	6,457	28.8	2,132	23.7	3,821	26.0	91	10.0
	III	1,918	26.7	338	14.5	3,583	26.9	1,386	20.7	672	20.8	52	9.6
	IV	1,532	24.7	332	16.5	4,406	27.8	1,607	22.7	662	20.8	51	9.3
Annual Quarterly Average.....		1,968	25.9	395	15.7	6,085	28.2	1,869	22.8	2,381	23.4	72	9.6
65 and over.....	I	779	7.4	65	2.1	2,689	7.9	199	2.0	434	2.6	6	0.6
	II	760	12.0	69	2.5	2,517	11.2	196	2.2	419	2.9	6	0.6
	III	541	7.5	47	2.0	1,371	10.3	135	2.0	136	4.2	5	1.0
	IV	468	7.5	42	2.0	1,632	10.3	140	2.0	113	3.5	5	1.0
Annual Quarterly Average.....		637	8.6	56	2.2	2,052	9.9	168	2.0	276	3.3	6	0.8
Quarterly Totals.....	I	10,494		3,026		33,940		9,726		16,781		989	
	II	6,298		2,691		22,440		9,003		14,683		914	
	III	7,189		2,339		13,335		6,710		3,231		540	
	IV	6,213		2,018		15,881		7,072		3,188		546	
Annual Quarterly Average.....		7,549		2,519		21,399		8,129		9,472		748	

APPENDIX 3C

WINDSOR—LEAMINGTON, VANCOUVER—NEW WESTMINSTER—
MISSION CITY, ST. JOHN'SDuration of Claimants Having an Unemployment Register in the "Live File", Winter Months
(November–April) Five-Year Averages 1955–1959

Monthly Averages		Windsor- Leamington	Vancouver- New Westminster- Mission City	St. John's
Number of all claimants.....	M	8,740	26,722	15,253
	F	2,415	6,213	804
Duration in weeks of all claimants.....	M	11.7	8.9	8.3
	F	12.6	10.7	11.2
Number of claimants of 13 weeks and over.....	M	3,444	6,878	4,071
	F	1,047	2,666	306
Duration in weeks of claimants of 13 weeks and over.....	M	22.2	20.8	20.8
	F	22.6	21.7	21.9
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	72.2	55.3	48.9
	F	73.0	65.6	69.0

APPENDIX 4A
 CORNER BROOK, NEW GLASGOW, SHAWINIGAN, LAC ST. JEAN, ROUYN-VAL D'OR, CORNWALL
 Five-Year Averages of Monthly Registrations, by Occupations and Sex, During Winter Months
 (November-April), 1952/53, 1955/56 and 1956/57-1958/59

Occupation Groups	Corner Brook						New Glasgow						Shawinigan					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	30	0.7	1	0.5	31	0.7	24	0.8	3	0.8	27	0.8	28	0.8	6	0.7	34	0.7
Clerical and Kindred.....	63	1.6	33	18.2	96	2.3	86	2.9	86	22.7	172	5.1	92	2.5	182	21.2	274	6.0
Sales and Kindred.....	23	0.6	59	32.4	82	1.9	40	1.3	108	28.6	148	4.4	48	1.3	143	16.7	191	4.2
Service.....	151	3.7	45	24.9	196	4.6	149	5.0	92	24.2	241	7.2	237	6.4	111	13.0	348	7.6
Agriculture, Fishery and Forestry.....	347	8.5	16	8.8	363	8.6	90	3.0			90	2.7	16	0.4			16	0.3
Seamen.....	82	2.0			82	1.9	15	0.5	1	0.3	16	0.5	1				1	
Food and Tobacco Products.....	2		1	0.5	3	0.1	4	0.1	1	0.3	5	0.1	11	0.3			11	0.2
Textiles.....			3	1.6	3	0.1	1		6	1.6	7	0.2	39	1.0	241	28.0	280	6.1
Lumbering and Lumber Products.....	720	17.8			720	17.0	167	5.6			167	5.0	236	6.3			236	5.2
Pulp, Paper and Paper Goods.....	3	0.1			3	0.1							36	1.0			36	0.8
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	1				1		3	0.1	1	0.3	4	0.1	58	1.6	50	5.8	108	2.4
Stone, Clay and Glass Products.....	4	0.1			4	0.1	5	0.2			5	0.1	5	0.1	3	0.4	8	0.2
Metalworking.....	21	0.5			21	0.5	244	8.2	1	0.3	245	7.3	104	2.8			104	2.3
Electrical.....	6	0.1			6	0.1	13	0.5			13	0.4	23	0.6	1	0.1	24	0.5
Manufacturing.....	1				1		27	0.9			27	0.8	6	0.2	1	0.1	7	0.2
Mining.....	6	0.1			6	0.1	45	1.5			45	1.3	14	0.4			14	0.3
Construction.....	415	10.2			415	9.8	331	11.2			331	9.9	609	16.4			609	13.3
Transportation (except seamen).....	254	6.3			254	6.0	281	9.4			281	8.4	320	8.6	1	0.1	321	7.0
Communication and Public Utility.....	12	0.3			12	0.3	15	0.5			15	0.4	12	0.3			12	0.3
Trade and Service.....	8	0.2	3	1.6	11	0.3	22	0.7	6	1.6	28	0.8	38	1.0	21	2.5	59	1.3
Miscellaneous.....	205	5.4			205	4.7	182	6.1	2	0.5	184	5.5	452	12.1	4	0.5	456	9.9
Total Skilled and Semi-Skilled	2,354	57.9	161	88.5	2,515	59.2	1,744	58.5	307	81.2	2,051	61.0	2,385	64.1	764	89.1	3,149	68.8
Food and Tobacco Products.....	156	3.8	14	7.7	170	4.0	74	2.5	45	11.9	119	3.5						
Textiles.....													29	0.8	55	6.4	84	1.8
Lumber and Lumber Products.....	354	8.8			354	8.3	125	4.2			125	3.7	254	6.8	1	0.1	255	5.6
Chemical, Petroleum, Coal Products.....													70	1.9	2	0.2	72	1.6
Pulp, Paper and Paper Goods.....	131	3.2			131	3.1					124	3.7	90	2.4			90	2.0
Stone, Clay and Glass Products.....	23	0.6			23	0.5					73	2.2						
Metalworking.....							124	4.2			124	3.7						
Transportation Equipment Mfg.....							73	2.4			73	2.2						
Mining.....							34	1.1			34	1.0						
Construction.....	641	15.8			641	15.2	625	21.0			625	18.7	513	13.8			513	11.2
Longshoremen.....	9	0.2			9	0.2												
Other Unskilled.....	395	9.7	7	3.8	402	9.5	183	6.1	26	6.9	209	6.2	378	10.2	35	4.2	413	9.0
Total Unskilled	1,709	42.1	21	11.5	1,730	40.8	1,238	41.5	71	18.8	1,309	39.0	1,334	35.9	93	10.9	1,427	31.2
Grand Total Skilled, Semi-Skilled and Unskilled	4,063	100.0	182	100.0	4,245	100.0	2,982	100.0	378	100.0	3,360	100.0	3,719	100.0	857	100.0	4,576	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations			4.3						11.3						18.7			

APPENDIX 4A (Continued)

Occupation Groups	Lac St. Jean						Rouyn-Val d'Or						Cornwall					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	63	0.6	15	1.4	78	0.7	28	0.7	10	1.7	38	0.8	29	1.2	4	0.6	33	1.1
Clerical and Kindred.....	242	2.5	291	28.0	533	5.0	101	2.5	163	28.4	264	5.6	54	2.2	159	24.2	213	6.9
Sales and Kindred.....	153	1.6	295	28.3	448	4.2	49	1.2	115	20.1	154	3.5	31	1.3	90	13.8	121	3.9
Service.....	555	5.6	349	33.5	904	8.4	281	6.9	247	43.1	528	11.3	178	7.3	108	16.5	286	9.3
Agriculture, Fishery and Forestry.....	57	0.6			57	0.5	12	0.3			12	0.3	8	0.3			8	0.3
Seamen.....	3				3								31	1.3			31	1.0
Food and Tobacco Products.....	59	0.6	5	0.5	64	0.6	18	0.4	1	0.2	19	0.4	17	0.7	1	0.2	18	0.6
Textiles.....	5	0.1	30	2.9	35	0.3	1		11	1.9	12	0.3	13	0.5	102	15.6	115	3.7
Lumbering and Lumber Products.....	1,122	11.6			1,122	10.4	729	17.8			729	15.6	9	0.4			9	0.3
Pulp, Paper and Paper Goods.....	7	0.1			7	0.1	2				2		9	0.4	19	2.9	28	0.9
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	23	0.2	5	0.5	28	0.3	9	0.2	1	0.2	10	0.2	27	1.1	10	1.5	37	1.2
Stone, Clay and Glass Products..	9	0.1			9	0.1	3	0.1			3	0.1	1				1	
Metalworking.....	215	2.2			215	2.0	65	1.6			65	1.4	54	2.2			54	1.8
Electrical.....	34	0.4			34	0.3	10	0.2			10	0.2	19	0.8	9	1.4	28	0.9
Manufacturing.....	5	0.1			5		1				1		4	0.2	1	0.2	5	0.2
Mining.....	17	0.2			17	0.2	135	3.3			135	2.9	3	0.1			3	0.1
Construction.....	1,359	14.0			1,359	12.6	568	13.8			568	12.1	439	18.1			439	14.2
Transportation (except seamen)..	939	9.7			939	8.7	504	12.3			504	10.8	240	10.3			249	8.1
Communication and Public Utility.....	38	0.4			38	0.4	13	0.3			13	0.3	7	0.3			7	0.2
Trade and Service.....	71	0.7	19	1.8	90	0.8	20	0.5	18	3.2	38	0.8	26	1.1	17	2.6	43	1.4
Miscellaneous.....	986	10.1	4	0.4	990	9.3	565	13.8	1	0.2	566	12.1	211	8.7	2	0.3	213	6.9
Total Skilled and Semi-Skilled	5,962	61.4	1,013	97.3	6,975	64.9	3,114	75.9	567	99.0	3,681	78.7	1,419	58.5	522	79.8	1,941	63.0
Food and Tobacco Products.....																		
Textiles.....													58	2.4	84	12.8	142	4.6
Lumber and Lumber Products... Chemical, Petroleum, Coal Products.....	903	9.3	1	0.1	904	8.4	283	6.9	2	0.3	285	6.1						
Pulp, Paper and Paper Goods.....	137	1.4			137	1.3												
Stone, Clay and Glass Products..																		
Metalworking.....	290	3.0			290	2.7	13	0.3			13	0.3						
Transportation Equipment Mfg. Mining.....							82	2.0			82	1.7						
Construction.....	1,622	16.7			1,622	15.1	422	10.3			422	9.0	642	26.5			642	20.9
Longshoremen.....	213	2.2			213	2.0												
Other Unskilled.....	587	6.0	27	2.6	614	5.7	191	4.6	4	0.7	195	4.2	272	11.2	37	5.7	309	10.0
Total Unskilled.....	3,752	38.6	28	2.7	3,780	35.1	991	24.1	6	1.0	997	21.3	1,006	41.5	132	20.2	1,138	37.0
Grand Total Skilled, Semi-Skilled and Unskilled.....	9,714	100.0	1,041	100.0	10,755	100.0	4,105	100.0	573	100.0	4,678	100.0	2,425	100.0	654	100.0	3,079	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....			9.7						12.2						21.2			

APPENDIX 4B

CORNER BROOK, NEW GLASGOW, SHAWINIGAN, LAC ST. JEAN, ROUYN-VAL D'OR, CORNWALL

Five-Year Average of Quarterly Age Distribution of Unplaced Applicants 1955-1959

Age Groups	Quarters	Corner Brook				New Glasgow				Shawinigan			
		M	%	F	%	M	%	F	%	M	%	F	%
Under 20.....	I	444	8.9	60	30.6	280	7.2	101	22.6	463	11.7	263	26.8
	II	399	7.5	73	31.5	218	6.8	84	21.4	509	12.2	263	26.8
	III	94	7.5	60	36.8	113	9.1	71	23.2	213	14.9	197	30.4
	IV	96	7.4	41	28.1	88	7.4	66	24.1	162	10.7	131	23.9
Annual Quarterly Average.....		258	7.8	59	31.7	175	7.6	81	24.1	337	12.4	214	27.0
20-44.....	I	3,348	67.0	115	58.7	2,210	56.4	266	59.5	2,475	62.5	689	68.0
	II	3,680	68.9	134	57.7	1,830	56.7	245	62.4	2,679	64.4	663	67.4
	III	873	69.4	88	54.0	654	52.7	150	59.5	892	62.4	421	65.1
	IV	876	67.5	92	63.0	694	58.7	164	59.8	981	64.7	390	71.2
Annual Quarterly Average.....		2,194	68.2	107	58.4	1,347	56.1	206	60.3	1,757	63.5	536	67.9
45-64.....	I	1,080	21.6	20	10.2	1,203	30.8	77	17.2	810	20.5	50	5.1
	II	1,140	21.3	23	9.9	972	30.1	58	14.7	800	19.2	55	5.6
	III	248	19.7	14	8.6	384	30.9	28	11.1	248	17.3	28	4.3
	IV	285	22.0	13	8.9	308	26.0	41	15.0	291	19.2	26	4.7
Annual Quarterly Average.....		688	21.2	18	9.4	717	29.5	51	14.5	537	19.0	40	4.9
65 and over.....	I	124	2.5	1	0.5	221	5.6	3	0.7	208	5.3	1	0.1
	II	121	2.3	2	0.9	207	6.4	6	1.5	175	4.2	2	0.2
	III	43	3.4	1	0.6	90	7.3	3	1.2	77	5.4	1	0.2
	IV	41	3.1			94	7.9	3	1.1	82	5.4	1	0.2
Annual Quarterly Average.....		82	2.8	1	0.5	153	6.8	4	1.1	136	5.1	1	0.2
Quarterly Totals.....	I	4,996		196		3,915		447		3,956		983	
	II	5,340		232		3,226		393		4,163		983	
	III	1,258		163		1,240		252		1,430		647	
	IV	1,298		146		1,184		274		1,516		548	
Annual Quarterly Average.....		3,222		185		2,392		342		2,767		791	

APPENDIX 4B (Continued)

Age Groups	Quarters	Lac St. Jean				Rouyn-Val d'Or				Cornwall			
		M	%	F	%	M	%	F	%	M	%	F	%
Under 20.....	I	1,378	14.3	395	31.4	453	12.4	141	22.5	412	13.6	156	20.8
	II	1,857	14.4	326	29.4	871	12.2	150	22.3	307	12.9	163	24.2
	III	655	18.6	317	36.4	264	12.6	121	26.4	162	12.6	120	22.9
	IV	515	15.3	277	34.0	232	11.6	120	24.9	162	13.9	131	24.1
Annual Quarterly Average.....		1,101	15.6	329	32.8	455	12.2	133	24.0	261	13.3	143	23.0
20-44.....	I	6,240	64.6	805	64.0	2,143	58.8	428	68.2	1,674	55.3	497	66.4
	II	8,758	67.7	718	64.7	4,641	65.4	447	66.6	1,305	55.0	443	65.8
	III	2,257	64.2	518	59.6	1,365	65.1	293	63.8	707	55.0	342	65.4
	IV	2,147	63.8	506	62.2	1,252	62.7	314	65.3	603	51.7	349	64.2
Annual Quarterly Average.....		4,851	65.1	637	62.6	2,350	63.0	370	66.0	1,072	54.2	408	65.5
45-64.....	I	1,638	17.0	55	4.4	949	26.0	58	9.3	763	25.2	90	12.0
	II	1,946	15.0	63	5.6	1,479	20.8	74	11.0	581	24.5	62	9.2
	III	481	13.7	33	3.8	416	19.8	44	9.6	308	24.0	56	10.7
	IV	556	16.5	30	3.7	462	23.1	46	9.6	296	25.4	60	11.0
Annual Quarterly Average.....		1,155	15.6	45	4.4	827	22.4	56	9.9	487	24.8	67	10.7
65 and over.....	I	398	4.1	2	0.2	103	2.8			179	5.9	6	0.8
	II	373	2.9	3	0.3	125	1.8	1	0.1	179	7.6	5	0.8
	III	124	3.5	2	0.2	53	2.5	1	0.2	109	8.4	5	1.0
	IV	149	4.4	1	0.1	51	2.6	1	0.2	105	9.0	4	0.7
Annual Quarterly Average.....		261	3.7	2	0.2	83	2.4	1	0.1	143	7.7	5	0.8
Quarterly Totals.....	I	9,654		1,257		3,648		627		3,023		649	
	II	12,934		1,110		7,116		672		2,372		673	
	III	3,517		870		2,098		459		1,286		523	
	IV	3,367		814		1,997		481		1,166		544	
Annual Quarterly Average.....		7,368		1,013		3,715		560		1,963		623	

APPENDIX 4C

CORNER BROOK, NEW GLASGOW, SHAWINIGAN, LAC ST. JEAN, ROUYN-VAL D'OR, CORNWALL

Duration of Claimants Having an Unemployment Register in the "Live File", Winter Months (November-April) Five-Year Averages 1955-1959

Monthly Averages		Corner Brook	New Glasgow	Shawinigan	Lac St. Jean	Rouyn-Val d'Or	Cornwall
Number of all claimants.....	M	4,855	3,426	3,888	10,235	4,349	2,441
	F	157	340	876	928	518	646
Duration in weeks of all claimants.....	M	8.0	8.6	8.2	7.1	7.2	8.6
	F	10.8	11.6	10.8	11.1	11.4	11.1
Number of claimants of 13 weeks and over.....	M	1,198	907	994	2,002	928	672
	F	57	123	309	328	196	237
Duration in weeks of claimants of 13 weeks and over.....	M	19.6	20.3	20.2	19.3	20.2	20.5
	F	21.6	21.4	22.4	22.5	22.1	21.9
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	47.8	50.9	50.3	39.4	48.0	53.0
	F	68.0	65.2	69.0	69.7	70.4	69.9

APPENDIX 5A

THETFORD MINES—MEGANTIC—ST. GEORGES, RIVIERE DU LOUP

Five-Year Averages of Monthly Registrations, by Occupation and Sex, During Winter Months (November–April) 1952/53, 1955/56 and 1956/57–1958/59

Occupation Groups	Thetford Mines–Megantic–St. Georges						Riviere du Loup					
	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	10	0.2	3	0.3	13	0.2	24	0.5	2	0.6	26	0.5
Clerical and Kindred.....	82	2.0	124	14.5	206	3.4	65	1.4	61	18.0	126	2.6
Sales and Kindred.....	58	1.1	117	13.6	175	2.9	37	0.8	45	13.3	82	1.7
Service.....	229	4.2	162	18.9	391	6.4	194	4.3	136	40.2	330	6.7
Agriculture, Fishery and Forestry.....	60	1.1			60	1.0	111	2.4			111	2.3
Seamen.....	1				1		6	0.1			6	0.1
Food and Tobacco Products.....	48	0.9	7	0.8	55	0.9	42	0.9	2	0.6	44	0.9
Textiles.....	46	0.9	247	28.9	293	4.8	8	0.2	52	15.4	60	1.2
Lumbering and Lumber Products.....	1,120	21.2	2	0.2	1,122	18.3	1,524	33.4			1,524	31.2
Pulp, Paper and Paper Goods.....	2		1	0.1	3	0.1	17	0.4			17	0.3
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	36	0.7	50	5.8	86	1.4	7	0.2	3	0.9	10	0.2
Stone, Clay and Glass Products.....	56	1.1	4	0.5	60	1.0	1				1	
Metalworking.....	62	1.2			62	1.0	72	1.6	1	0.3	73	1.5
Electrical.....	19	0.4	1	0.1	20	0.3	7	0.2			7	0.1
Manufacturing.....	6	0.1			6	0.1	3	0.1	2	0.6	5	0.1
Mining.....	8	0.1			8	0.1	1				1	
Construction.....	633	12.0			633	10.3	408	9.0			408	8.3
Transportation (except seamen).....	514	9.6			514	8.4	334	7.3	1	0.3	335	6.8
Communication and Public Utility.....	6	0.1			6	0.1	14	0.3			14	0.3
Trade and Service.....	47	0.9	15	1.7	62	1.0	24	0.5	7	2.1	31	0.6
Miscellaneous.....	451	8.5	6	0.7	457	7.4	291	6.4	1	0.3	292	6.1
Total Skilled and Semi-Skilled.....	3,494	66.3	739	86.1	4,233	69.1	3,190	70.0	313	92.6	3,503	71.5
Food and Tobacco Products.....	43	0.8	24	2.8	67	1.1						
Lumber and Lumber Products.....	574	10.9	18	2.1	592	9.6	600	13.2			600	12.3
Stone, Clay and Glass Products.....	72	1.4	2	0.2	74	1.2						
Mining.....	36	0.7			36	0.6						
Construction.....	629	11.9			629	10.2	269	5.9			269	5.5
Transportation, Communication and Public Utilities.....	132	2.5			132	2.2	270	5.9			270	5.5
Other Unskilled.....	292	5.5	75	8.8	367	6.0	229	5.0	25	7.4	254	5.2
Total Unskilled.....	1,778	33.7	119	13.9	1,897	30.9	1,368	30.0	25	7.4	1,393	28.5
Grand Total Skilled, Semi-Skilled and Unskilled.....	5,272	100.0	858	100.0	6,130	100.0	4,558	100.0	338	100.0	4,896	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....			14.0						6.9			

APPENDIX 5B

THETFORD MINES—MEGANTIC—ST. GEORGES, RIVIERE DU LOUP

Five-Year Averages of Quarterly Age Distribution of Unplaced Applicants 1955-1959

Age Groups	Quarters	Thetford Mines— Megantic—St. Georges				Riviere du Loup			
		M	%	F	%	M	%	F	%
Under 20.....	I	762	14.2	290	28.7	914	18.2	142	33.2
	II	942	12.9	234	25.5	782	14.5	83	26.9
	III	255	18.8	226	32.6	86	12.3	35	19.2
	IV	190	12.7	211	28.5	92	12.8	57	27.3
Annual Quarterly Average.....		537	14.6	240	28.8	469	14.4	79	26.7
20-44.....	I	3,458	63.8	660	65.3	3,123	62.1	264	61.7
	II	4,934	67.7	628	68.3	3,615	67.0	208	67.3
	III	852	62.6	432	62.4	457	65.4	140	76.9
	IV	967	64.7	490	66.3	450	62.8	143	68.4
Annual Quarterly Average.....		2,553	64.7	553	65.6	1,911	64.3	189	68.6
45-64.....	I	1,032	19.0	58	5.7	909	18.1	20	4.7
	II	1,245	17.1	53	5.8	926	17.2	17	5.5
	III	199	14.6	34	4.9	132	18.9	6	3.3
	IV	271	18.1	36	4.9	150	20.9	8	3.8
Annual Quarterly Average.....		687	17.2	45	5.3	529	18.8	13	4.3
65 and over.....	I	168	3.1	3	0.3	82	1.6	2	0.4
	II	171	2.3	4	0.4	71	1.3	1	0.3
	III	54	4.0	1	0.1	24	3.4	1	0.6
	IV	68	4.5	2	0.3	25	3.5	1	0.5
Annual Quarterly Average.....		115	3.5	3	0.3	51	2.5	1	0.4
Quarterly Totals.....	I	5,420		1,011		5,028		428	
	II	7,292		919		5,394		309	
	III	1,360		693		699		182	
	IV	1,496		739		717		204	
Annual Quarterly Average.....		3,892		841		2,960		282	

APPENDIX 5C

THETFORD MINES-MEGANTIC-ST. GEORGES, RIVIERE DU LOUP

Duration of Claimants Having an Unemployment Register in the "Live File", Winter Months (November-April) Five-Year Averages 1955-1959

Monthly Averages		Thetford Mines- Megantic- St. Georges	Riviere du Loup
Number of all claimants.....	M	5,705	4,951
	F	942	338
Duration in weeks of all claimants.....	M	7.2	6.8
	F	11.1	11.5
Number of claimants of 13 weeks and over.....	M	1,179	973
	F	335	122
Duration in weeks of claimants of 13 weeks and over.....	M	19.6	19.1
	F	22.2	21.9
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	42.5	36.1
	F	69.1	65.0

APPENDIX 6A

ST. STEPHEN, CAMPBELLTON, NEWCASTLE, BATHURST, GASPE, RIMOUSKI, MONTMAGNY

Five-Year Averages of Monthly Registrations, by Occupations and Sex, During Winter Months (November-April), 1952/53, 1955/56 and 1956/57-1958/59

Occupation Groups	St. Stephen						Campbellton						Newcastle						Bathurst					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial.....	9	0.8			9	0.5	18	0.8	1	0.6	19	0.8	24	0.9	3	1.2	27	1.0	22	0.5	2	0.4	24	0.5
Clerical and Kindred.....	18	1.5	37	5.9	55	3.0	46	2.1	41	25.9	87	3.8	42	1.6	86	34.3	128	4.5	43	1.0	52	11.0	95	2.1
Sales and Kindred.....	8	0.8	25	4.0	33	1.8	20	0.9	51	32.4	71	3.2	23	0.9	66	26.3	89	3.2	31	0.8	65	13.8	96	2.1
Service.....	51	4.2	85	9.3	109	6.0	93	4.4	56	35.5	149	6.4	105	4.1	62	24.6	167	5.9	114	2.8	76	16.0	190	4.1
Agriculture, Fishery and Forestry.....	68	5.7	1	0.2	69	3.8	23	1.2			23	1.0	26	1.0	1	0.4	27	1.0	204	4.9			204	4.4
Seamen.....	1	0.1			1	0.1					1								1				1	
Food and Tobacco Products.....	5	0.4	20	3.2	25	1.4	5	0.2			5	0.2	6	0.2	12	4.8	18	0.6	4	0.1	2	0.4	6	0.1
Textiles.....	40	3.4	44	7.1	84	4.6			1	0.6	1		1		3	1.2	4	0.1			4	0.9	4	0.1
Lumbering and Lumber Products.....	89	7.5			89	4.9	725	33.7			725	31.3	685	26.6			685	24.3	1,067	25.9			1,067	23.2
Pulp, Paper and Paper Goods.....	13	1.1			13	0.7	6	0.3			6	0.3	1				1		8	0.2			8	0.2
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....							3	0.1	1	0.6	4	0.2	2	0.1	1	0.4	3	0.1	2				2	
Stone, Clay and Glass Products.....	1	0.1			1	0.1	1				1						1		4	0.1			4	0.1
Metalworking.....	11	1.0			11	0.6	27	1.3			27	1.2	21	0.8			21	0.7	37	0.9			37	0.8
Electrical.....	4	0.3			4	0.2	3	0.1			3	0.1	6	0.2			6	0.2	6	0.1	1	0.2	7	0.2
Manufacturing.....	4	0.3			4	0.2	2	0.1			2	0.1	1				1		5	0.1			5	0.1
Mining.....	1	0.1			1	0.1	5	0.2			5	0.2	11	0.4			11	0.4	20	0.5			20	0.4
Construction.....	96	8.0			96	5.3	133	6.2			133	5.8	272	10.7			272	9.7	582	14.2			582	12.7
Transportation (except seamen).....	92	7.8			92	5.1	179	8.3			179	7.7	310	12.2			310	11.0	354	8.6			354	7.7
Communication and Public Utility.....	4	0.3			4	0.2	3	0.1			3	0.1	6	0.2			6	0.2	1				1	
Trade and Service.....	6	0.5	4	0.6	10	0.6	13	0.6	3	1.9	16	0.7	13	0.5	2	0.8	15	0.5	11	0.3	7	1.5	18	0.4
Miscellaneous.....	69	5.8	5	0.8	74	4.1	107	5.0			107	4.6	142	5.6			143	5.1	216	5.2			216	4.7
Total Skilled and Semi-Skilled.....	590	49.7	194	31.1	784	43.3	1,413	65.6	154	97.5	1,567	67.7	1,698	66.0	237	94.4	1,935	68.5	2,732	66.2	209	44.2	2,941	63.9
Food and Tobacco Products.....	242	20.4	396	63.6	638	35.3							7	0.3	9	3.6	16	0.6	358	8.7	258	54.5	616	13.4
Textiles.....	18	1.5	17	2.7	35	1.9													196	6.9	111	2.7	1	0.2
Lumber and Lumber Products.....	20	1.7			20	1.1	96	4.5			96	4.2	196	7.6									112	2.4
Pulp, Paper and Paper Goods.....	29	2.4			29	1.6	99	4.6			99	4.3												
Metalworking.....																								
Construction.....	193	16.3			193	10.7	319	14.8			319	13.8	451	17.5			451	16.0	729	17.7			729	15.9
Longshoremen.....							56	2.5			56	2.4												
Transportation, Communication and Public Utilities.....	51	4.3			51	2.8	38	1.8			38	1.6	31	1.2			31	1.1	62	1.5			62	1.4
Other Unskilled.....	44	3.7	16	2.6	60	3.3	134	6.2	4	2.5	138	6.0	189	7.4	5	2.0	194	6.9	134	3.2	5	1.1	139	3.0
Total Unskilled.....	597	50.3	429	68.9	1,026	56.7	742	34.4	4	2.5	746	32.3	874	34.0	14	5.6	888	31.5	1,394	33.8	264	55.8	1,658	36.1
Grand Total Skilled, Semi-Skilled and Unskilled.....	1,187	100.0	623	100.0	1,810	100.0	2,155	100.0	158	100.0	2,313	100.0	2,572	100.0	251	100.0	2,823	100.0	4,126	100.0	473	100.0	4,599	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....				34.4						6.8						8.9						10.3		

APPENDIX 6A—Continued

Occupation Groups	Gaspé						Rimouski						Montmagny					
	M	%	F	%	T	%	M	%	F	%	T	%	M	%	F	%	T	%
Professional, Semi-Professional and Managerial...	21	0.2	3	0.5	24	0.2	11	0.3	3	0.9	14	0.3	4	0.2	1	0.5	5	0.2
Clerical and Kindred.....	195	1.8	115	18.0	310	2.7	76	2.0	111	32.2	187	4.4	26	1.4	24	12.1	50	2.5
Sales and Kindred.....	61	0.6	121	18.8	182	1.6	31	0.8	75	21.7	106	2.5	18	1.0	24	12.1	42	2.1
Service.....	529	4.9	289	45.1	818	7.2	199	5.1	132	38.2	331	7.8	82	4.5	58	29.1	140	6.9
Agriculture, Fishery and Forestry.....	340	3.2	36	5.6	376	3.3	35	0.9	.....	.....	35	0.8	10	0.5	.....	.....	10	0.5
Seamen.....	88	0.8	.....	.....	88	0.8	50	1.3	.....	.....	50	1.2	105	5.8	1	0.5	106	5.2
Food and Tobacco Products.....	40	0.4	14	2.2	54	0.5	15	0.4	1	0.3	16	0.4	18	1.0	1	0.5	19	0.9
Textiles.....	3	.....	16	2.5	19	0.2	1	.....	12	3.5	13	0.3	25	1.4	44	22.1	69	3.4
Lumbering and Lumber Products.....	2,484	23.2	1	0.2	2,485	21.9	931	24.0	.....	.....	931	22.0	410	22.5	1	0.5	411	20.4
Pulp, Paper and Paper Goods.....	14	0.1	.....	.....	14	0.1	2	0.1	.....	.....	2	0.1	6	0.3	.....	.....	6	0.3
Printing, Publishing, Chemical, Petroleum, Coal, Rubber and Leather.....	5	.....	2	0.3	7	0.1	4	0.1	1	0.3	5	0.1	1	0.1	1	0.5	2	0.1
Stone, Clay and Galls Products.....	1	.....	.....	.....	1	.....	5	0.1	.....	.....	5	0.1	.....	.....	.....	.....	.....	.....
Metalworking.....	111	1.0	1	0.2	112	1.0	43	1.1	.....	.....	43	1.0	66	3.6	.....	.....	66	3.3
Electrical.....	11	0.1	1	0.2	12	0.1	6	0.2	.....	.....	6	0.1	4	0.2	.....	.....	4	0.2
Manufacturing.....	2	.....	1	0.2	3	.....	2	0.1	.....	.....	2	0.1	10	0.5	.....	.....	10	0.5
Mining.....	42	0.4	.....	.....	42	0.4	1	.....	.....	.....	1	.....	5	0.3	.....	.....	5	0.2
Construction.....	1,037	9.7	.....	.....	1,037	9.1	471	12.0	.....	.....	471	11.1	185	10.2	.....	.....	185	9.2
Transportation (except seamen).....	1,292	12.1	.....	.....	1,292	11.4	345	8.8	.....	.....	345	8.2	190	10.4	.....	.....	190	9.4
Communication and Public Utility.....	32	0.3	.....	.....	32	0.3	11	0.3	.....	.....	11	0.3	7	0.4	.....	.....	7	0.3
Trade and Service.....	37	0.4	8	1.3	45	0.4	19	0.5	5	1.4	24	0.6	11	0.6	3	1.5	14	0.7
Miscellaneous.....	671	6.3	2	0.3	673	5.9	261	6.7	2	0.6	263	6.2	173	9.6	3	1.5	176	8.8
Total Skilled and Semi-Skilled.....	7,016	65.5	610	95.3	7,626	67.2	2,519	64.8	342	99.1	2,861	67.6	1,356	74.5	161	80.9	1,517	75.1
Food and Tobacco Products.....	64	0.6	18	2.8	82	0.7	.....	.....	.....	.....	.....	.....	16	0.9	13	6.5	29	1.4
Textiles.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	118	6.5	.....	.....	118	5.8
Lumber and Lumber Products.....	1,466	13.7	.....	.....	1,466	12.9	592	15.3	.....	.....	592	14.0	.....	.....	.....	.....	.....	.....
Pulp, Paper and Paper Goods.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	36	2.0	.....	.....	37	1.8
Metalworking.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Construction.....	1,223	11.4	.....	.....	1,223	10.8	289	7.4	.....	.....	289	6.8	175	9.5	1	0.5	175	8.8
Longshoremen.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Transportation, Communication and Public Utilities	192	1.8	.....	.....	192	1.7	92	2.4	.....	.....	92	2.2	34	1.9	.....	.....	34	1.7
Other Unskilled.....	752	7.0	12	1.9	764	6.7	393	10.1	3	0.9	396	9.4	86	4.7	24	12.1	110	5.4
Total Unskilled.....	3,697	34.5	30	4.7	3,727	32.8	1,366	35.2	3	0.9	1,369	32.4	465	25.5	38	19.1	503	24.9
Grand Total Skilled, Semi-Skilled and Unskilled.....	10,713	100.0	640	100.0	11,353	100.0	3,885	100.0	345	100.0	4,230	100.0	1,821	100.0	199	100.0	2,020	100.0
Total Female Registrations as a Percentage of Total Monthly Average Registrations.....			5.6										9.9					

APPENDIX 6B

ST. STEPHEN, CAMPBELLTON, NEWCASTLE, BATHURST, GASPE, RIMOUSKI, MONTMAGNY

Five-Year Averages of Quarterly Age Distribution of Unplaced Applicants 1955-1959

Age Groups	Quarters	St. Stephen				Campbellton				Newcastle				Bathurst			
		M	%	F	%	M	%	F	%	M	%	F	%	M	%	F	%
Under 20.....	I	122	9.2	75	10.3	402	16.7	46	25.6	336	11.0	66	22.9	689	13.3	185	30.0
	II	112	8.6	50	9.3	464	15.7	42	23.3	347	11.2	61	23.2	577	12.2	121	24.6
	III	65	12.8	43	18.9	81	14.2	30	24.8	89	14.3	54	30.5	65	11.5	37	24.5
	IV	57	10.4	41	11.4	75	13.3	19	18.3	66	9.2	48	26.8	65	11.2	39	26.4
Annual Quarterly Average.....		89	10.2	52	12.5	256	15.0	34	23.0	210	11.4	57	25.9	349	12.0	96	26.4
20-44.....	I	753	56.8	438	60.1	1,468	61.1	111	61.7	1,851	60.5	186	64.6	3,330	64.1	298	48.4
	II	758	58.3	323	60.2	1,823	61.9	116	64.4	1,900	61.2	172	65.4	3,005	63.6	270	55.0
	III	267	52.4	121	53.3	335	58.6	78	64.5	346	55.6	108	61.0	375	66.4	101	66.9
	IV	314	57.2	220	60.9	341	60.2	73	70.2	453	63.0	111	62.0	381	65.7	93	62.8
Annual Quarterly Average.....		523	56.2	276	58.6	992	60.5	95	65.2	1,138	60.1	144	63.2	1,773	65.0	191	58.3
45-64.....	I	365	27.5	200	27.4	455	19.0	20	11.1	774	25.3	35	12.2	1,096	21.1	128	20.8
	II	350	26.9	149	27.7	580	19.7	21	11.7	756	24.3	27	10.3	1,063	22.5	97	19.8
	III	142	27.9	56	24.7	126	22.0	12	9.9	161	25.9	14	7.9	106	18.8	12	7.9
	IV	142	25.8	93	25.8	117	20.7	11	10.6	171	23.8	18	10.1	113	19.5	15	10.1
Annual Quarterly Average.....		250	27.0	125	26.4	320	20.3	16	10.8	466	24.8	24	10.1	595	20.5	63	14.6
65 and over.....	I	86	6.5	16	2.2	77	3.2	3	1.6	99	3.2	1	0.3	81	1.5	5	0.8
	II	80	6.2	15	2.8	80	2.7	1	0.6	102	3.3	3	1.1	80	1.7	3	0.6
	III	35	6.9	7	3.1	30	5.2	1	0.8	26	4.2	1	0.6	19	3.3	1	0.7
	IV	36	6.6	7	1.9	33	5.8	1	0.9	29	4.0	2	1.1	21	3.6	1	0.7
Annual Quarterly Average.....		59	6.6	11	2.5	55	4.2	2	1.0	64	3.7	2	0.8	50	2.5	3	0.7
Quarterly Totals.....	I	1,325		730		2,402		180		3,060		288		5,196		616	
	II	1,300		537		2,947		180		3,105		263		4,725		491	
	III	509		227		572		121		622		177		565		151	
	IV	549		361		566		104		719		170		580		148	
Annual Quarterly Average.....		921		464		1,623		147		1,878		227		2,767		353	

APPENDIX 6B (Continued)

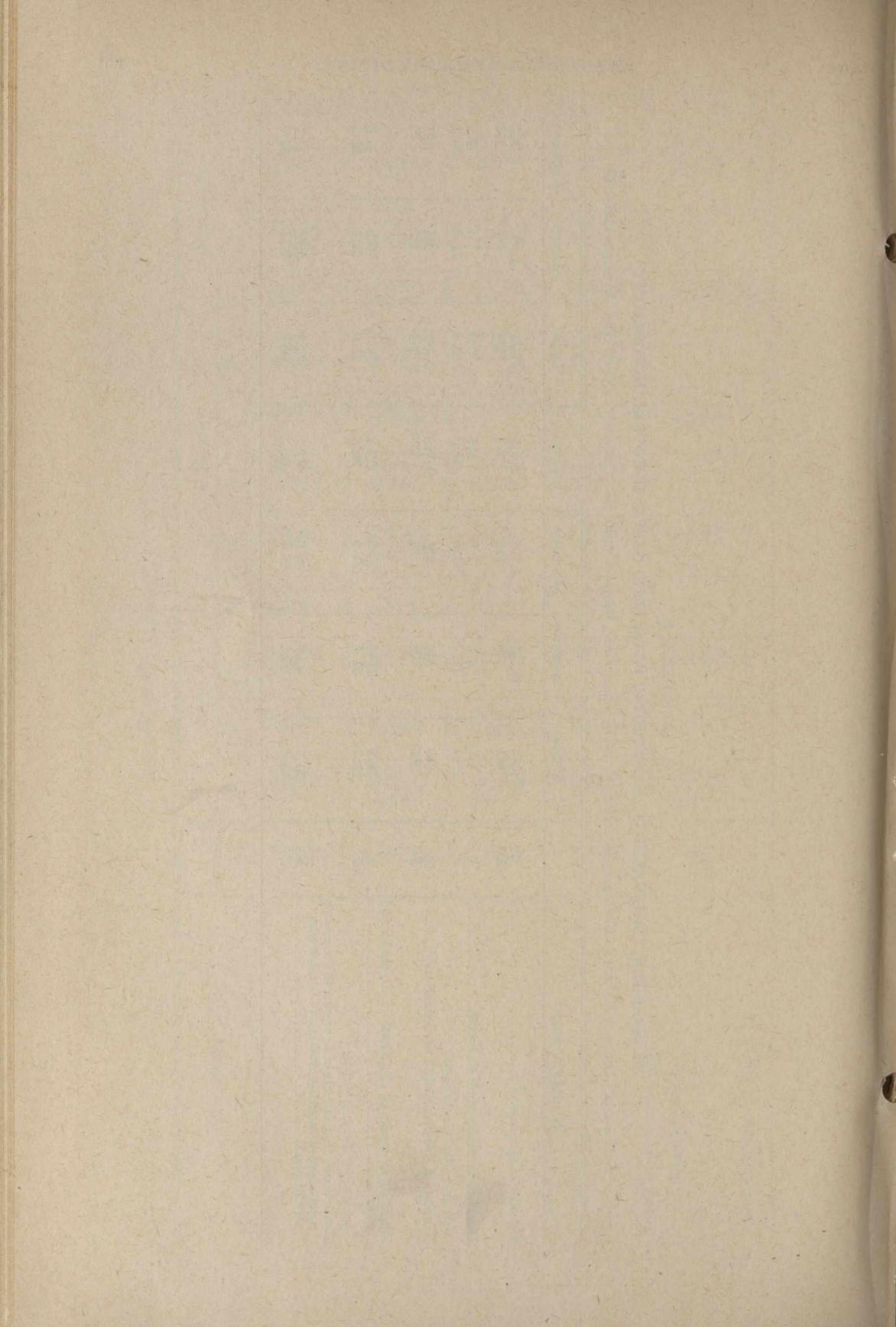
Age Groups	Quarters	Gaspe				Rimouski				Montmagny			
		M	%	F	%	M	%	F	%	M	%	F	%
Under 20.....	I	1,651	13.3	279	35.3	491	11.6	100	25.5	179	9.4	58	25.2
	II	1,658	11.7	239	33.8	504	10.7	91	24.4	225	9.9	38	19.3
	III	183	11.0	68	22.4	113	15.7	62	25.4	52	11.1	21	18.0
	IV	155	9.7	92	27.0	75	10.7	65	23.6	43	9.8	24	20.2
Annual Quarterly Average.....		912	11.4	170	29.6	296	12.2	80	24.7	125	10.1	35	20.7
20-44.....	I	7,962	63.9	468	59.2	2,773	65.7	274	69.9	1,272	67.0	159	68.8
	II	9,510	67.3	431	60.9	3,126	66.4	264	71.0	1,604	70.3	143	72.6
	III	1,157	69.6	217	71.4	465	64.8	172	70.5	310	66.1	88	75.2
	IV	1,072	66.9	231	67.7	454	64.7	197	71.4	287	65.4	90	75.6
Annual Quarterly Average.....		4,925	66.9	337	64.8	1,705	65.4	227	70.7	868	67.2	120	73.0
45-64.....	I	2,597	20.8	43	5.4	865	20.5	17	4.3	404	21.3	13	5.6
	II	2,736	19.4	35	5.0	967	20.5	17	4.6	409	17.9	15	7.6
	III	288	17.3	18	5.9	125	17.4	10	4.1	90	19.2	8	6.8
	IV	329	20.5	18	5.3	151	21.5	13	4.7	93	21.2	5	4.2
Annual Quarterly Average.....		1,489	19.5	29	5.4	527	20.0	14	4.4	249	19.9	10	6.1
65 and over.....	I	245	2.0	1	0.1	92	2.2	1	0.3	43	2.3	1	0.4
	II	233	1.6	2	0.3	109	2.4			43	1.9	1	0.5
	III	34	2.1	1	0.3	15	2.1			17	3.6		
	IV	46	2.9			22	3.1	1	0.3	16	3.6		
Annual Quarterly Average.....		140	2.2	1	0.2	60	2.4	1	0.2	30	2.8	1	0.2
Quarterly Totals.....	I	12,455		791		4,221		392		1,898		231	
	II	14,137		707		4,706		372		2,281		197	
	III	1,662		304		718		244		469		117	
	IV	1,602		341		702		276		439		119	
Annual Quarterly Average.....		7,466		537		2,588		322		1,272		166	

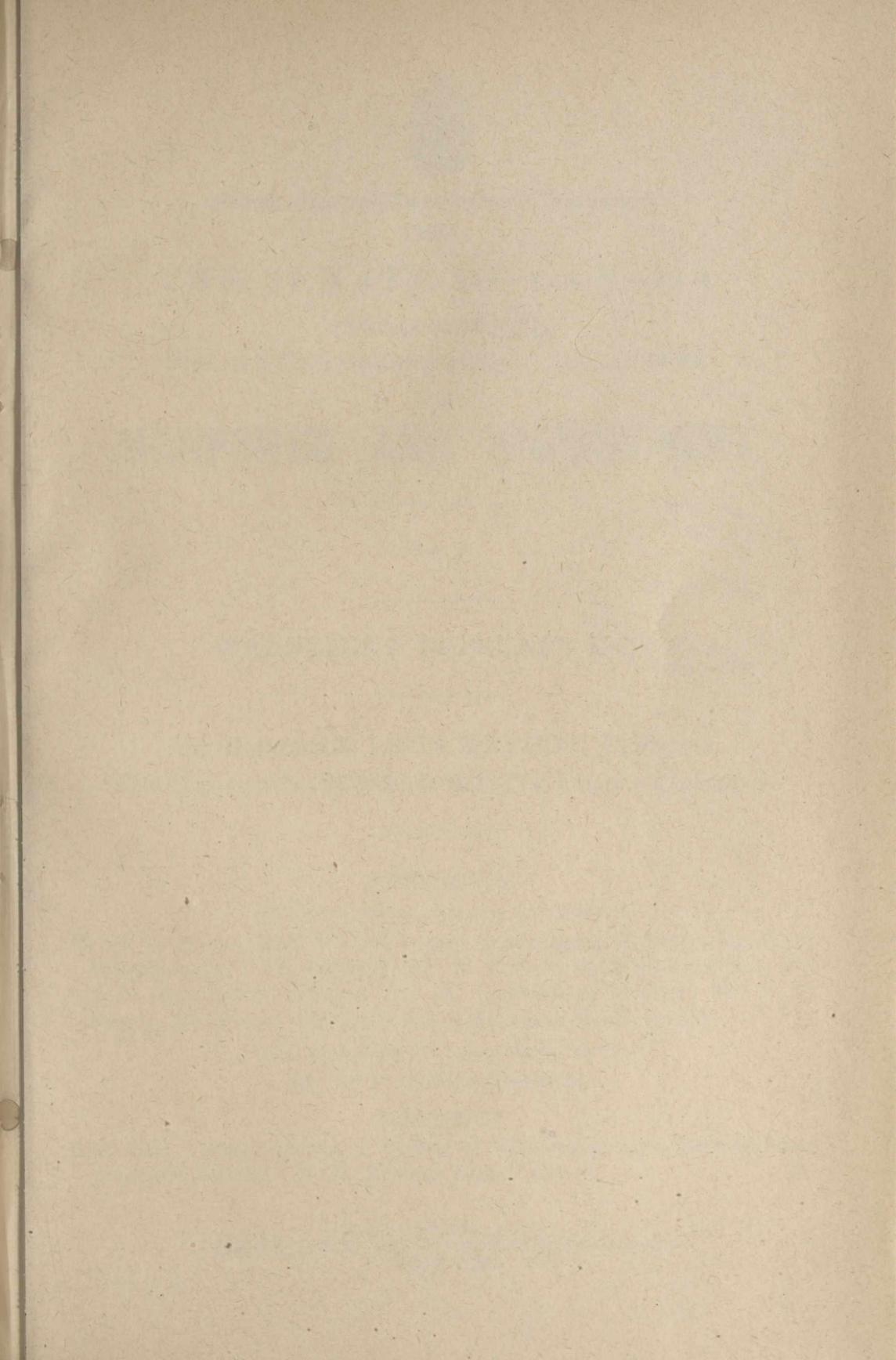
APPENDIX 6C

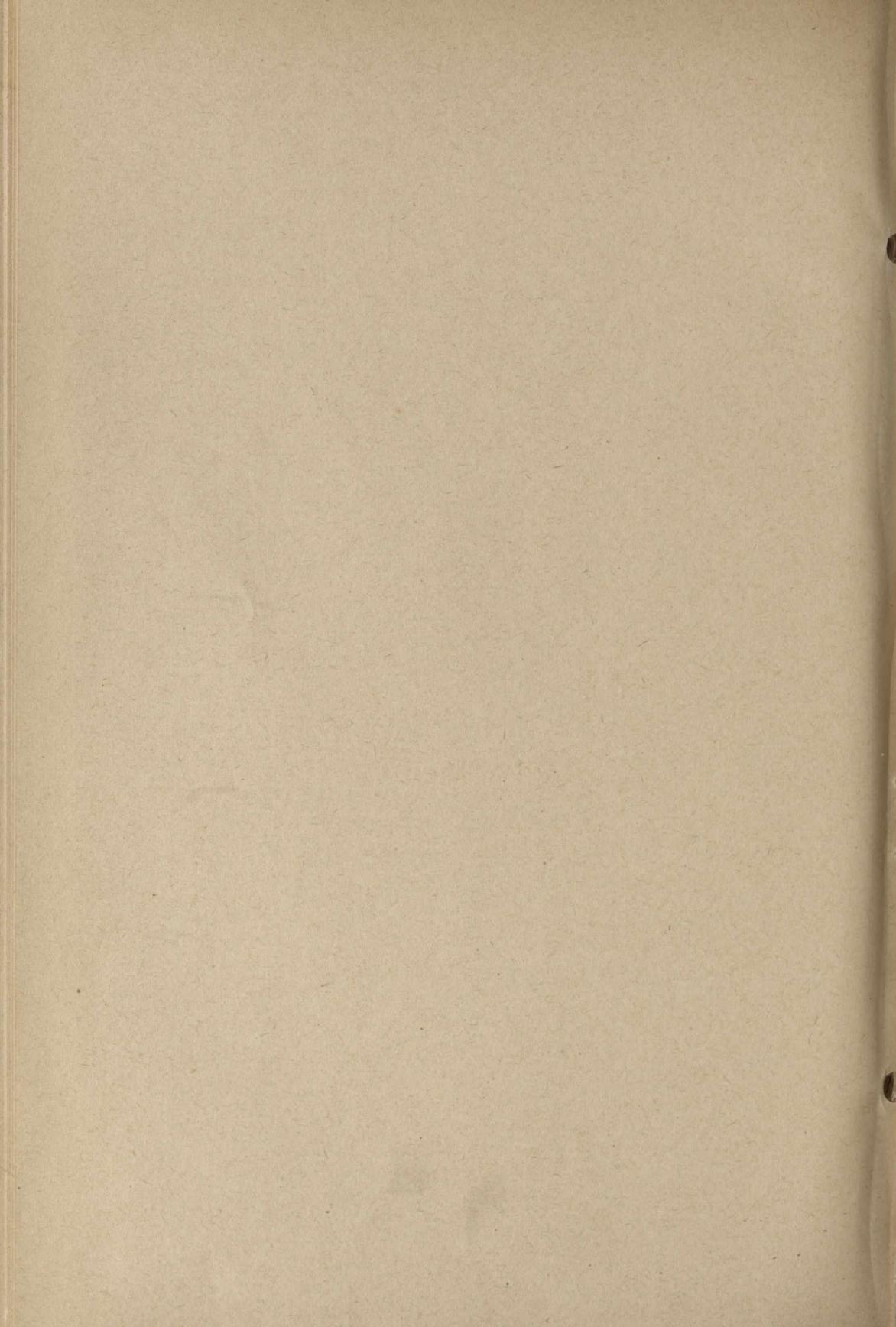
ST. STEPHEN, CAMPBELLTON, NEWCASTLE, BATHURST, GASPE, RIMOUSKI, MONTMAGNY

Duration of Claimants Having an Unemployment Register in the "Live File", Winter Months (November-April) Five-Year Averages 1955-1959

Monthly Averages		St. Stephen	Campbellton	Newcastle	Bathurst	Gaspe	Rimouski	Montmagny
Number of all claimants.....	M	1,354	2,283	2,796	4,615	11,428	4,006	2,072
	F	681	129	212	478	624	327	213
Duration in weeks of all claimants.....	M	9.3	8.0	7.9	8.5	6.9	7.4	6.9
	F	10.4	11.0	11.5	10.2	10.4	11.6	10.6
Number of claimants of 13 weeks and over.....	M	389	554	673	1,179	2,388	941	404
	F	248	38	85	159	211	129	72
Duration in weeks of claimants of 13 weeks and over.....	M	19.8	20.4	20.0	19.2	18.7	18.9	19.6
	F	20.7	21.5	21.6	20.4	21.0	22.1	22.2
Total weeks of claimants of 13 weeks and over as a percentage of monthly average of total weeks of all claimants.....	M	51.7	47.9	44.0	41.3	36.9	39.1	44.1
	F	58.6	67.2	68.7	56.2	62.4	70.1	68.7









Fourth Session—Twenty-fourth Parliament
1960-61

THE SENATE OF CANADA
PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE
ON
MANPOWER AND EMPLOYMENT

No. 8

WEDNESDAY, FEBRUARY 8, 1961



The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Canadian Metal Mining Association

Mr. V. C. Wansbrough, Vice President & Managing Director; Dr. E. B. Gillanders, 1st Vice President; Mr. W. S. Row, 2nd Vice President; Mr. J. D. Barrington, Director; Mr. A. L. Penhale, Director; Mr. R. P. Riggin, Director of Industrial Relations, Noranda Mines Ltd.

Canadian Pulp & Paper Association

Mr. R. M. Fowler, President.

APPENDIX

Statistical Tables relating to Survey of Registrants with National Employment Service. (*Dr. R. Warren James, Vol. 4*)

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i> <i>Shelburne</i>)
Burchill	Inman	Thorvaldson
Cameron	Irvine	Vaillancourt
Choquette	Lambert	Wall
Connolly (<i>Ottawa West</i>)	Leonard	White
Courtemanche	MacDonald (<i>Queens</i>)	Wilson—(33)
Croll	Macdonald (<i>Cape Breton</i>)	
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—

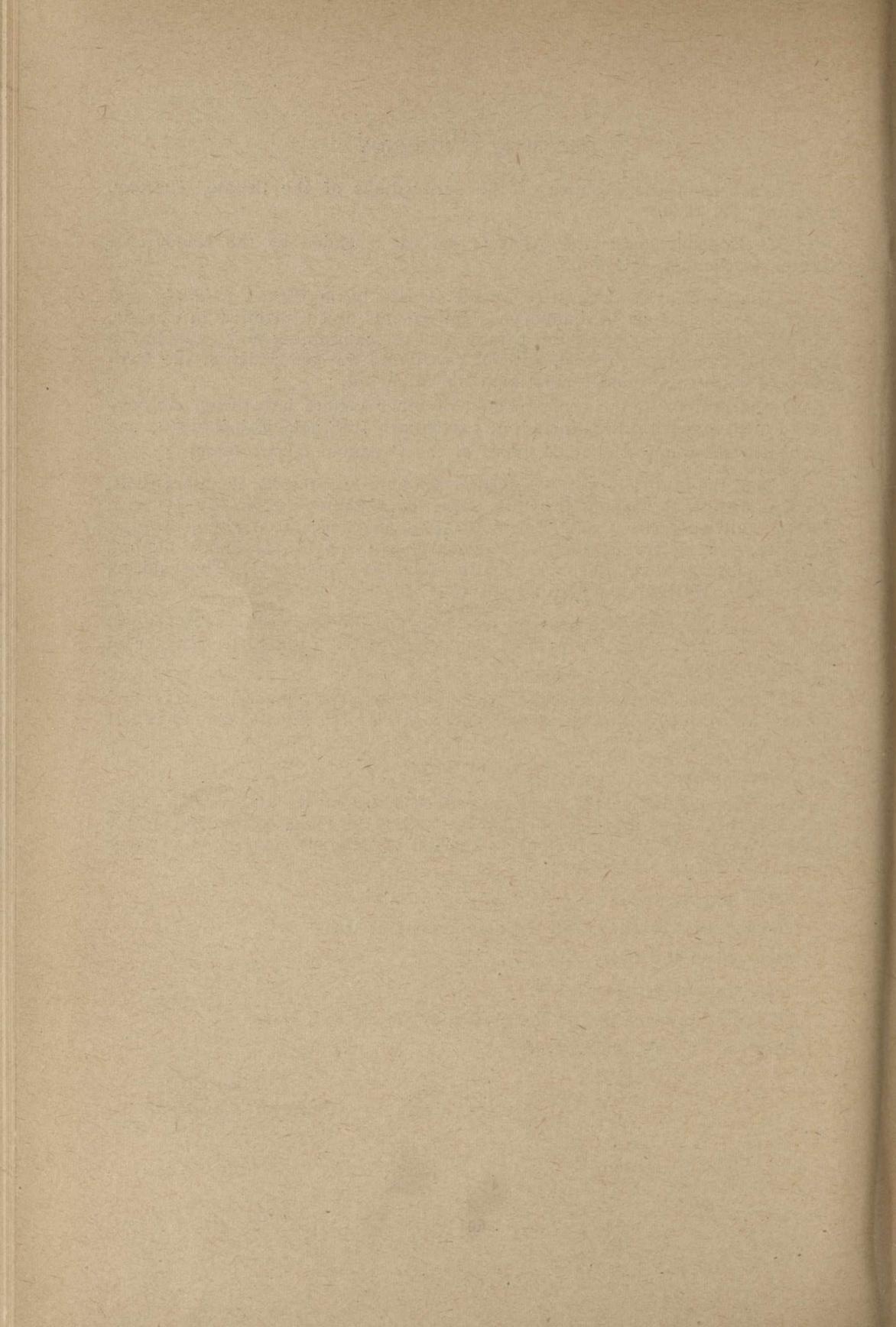
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—

Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.



MINUTES OF PROCEEDINGS

WEDNESDAY, February 8, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 9.30 a.m.

Present: The Honourable Senators Méthot, *Chairman*; Blois, Brunt, Buchanan, Burchill, Cameron, Connolly (*Ottawa West*), Croll, Haig, Higgins, Hnatyshyn, Horner, Irvine, Lambert, Leonard, Macdonald (*Cape Breton*), MacDonald (*Queens*), Pratt, Roebuck and Smith (*Queens-Shelburne*)—20.

The following were heard:

For Canadian Metal Mining Association:

Mr. V. C. WANSBROUGH, Vice President and Managing Director.

Dr. E. B. Gillanders, 1st Vice President. (Executive Vice President, The Rio Tinto Mining Co. of Canada Ltd.)

Mr. W. S. Row, 2nd Vice President. (President, Kerr-Addison Gold Mines Ltd., and Vice President, Noranda Mines Ltd.)

Mr. J. D. Barrington, Director. (President & Managing Director, McIntyre Porcupine Mines Ltd.)

Mr. A. L. Penhale, Director. (President & Managing Director, Asbestos Corp. Ltd.)

Mr. R. P. Riggin, Director of Industrial Relations, Noranda Mines Ltd.

For Canadian Pulp and Paper Association:

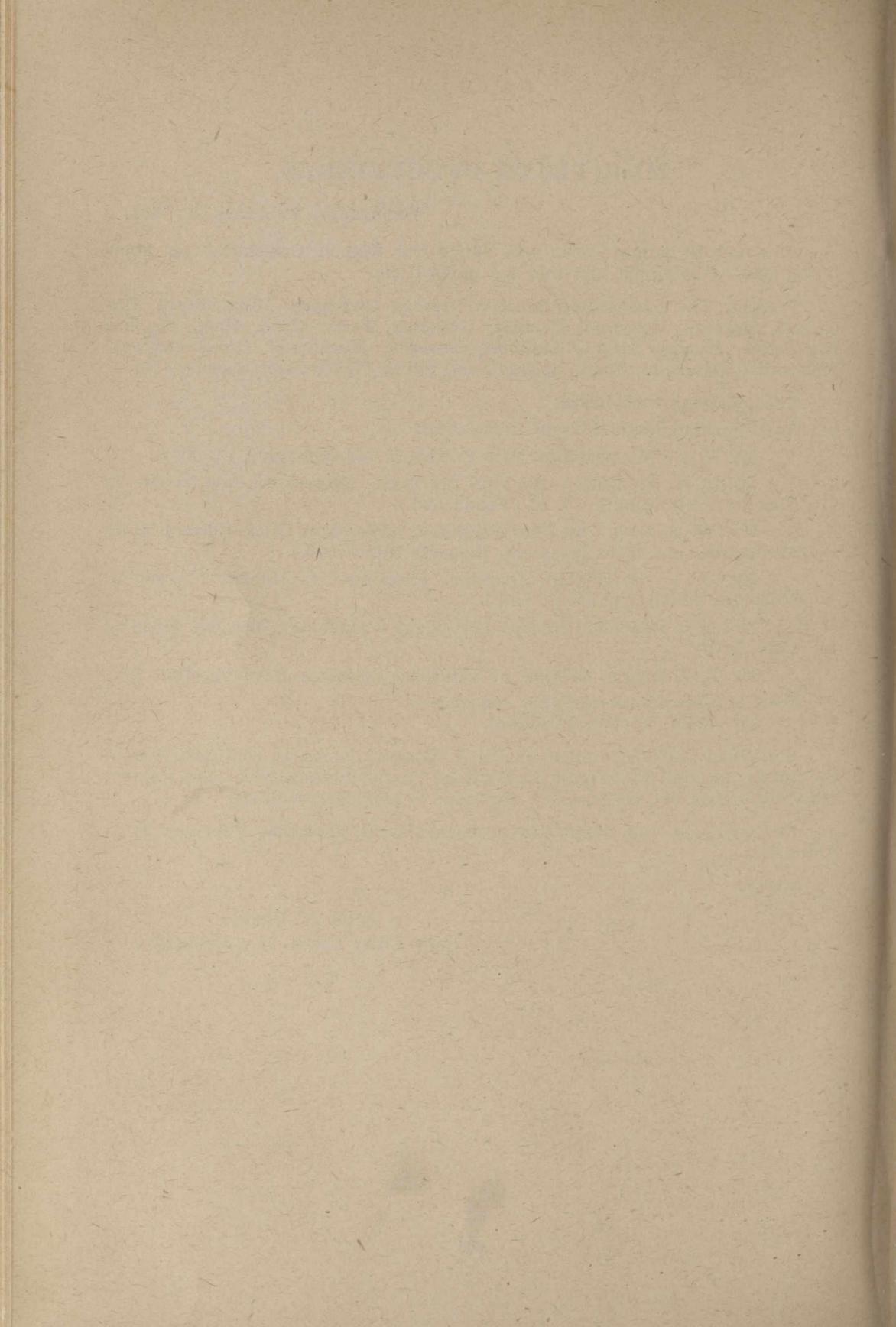
Mr. R. M. Fowler, President.

Statistical Tables compiled by Dr. R. Warren James, in conjunction with the Survey of Registrants with the National Employment Service (*See Vol. 4*), were ordered to be printed as an appendix to these proceedings.

At 12.30 p.m. the Committee adjourned until Thursday, February 9, at 9.30 a.m.

Attest.

John A. Hinds,
Ass't Chief Clerk of Committees.



THE SENATE
SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT
EVIDENCE

OTTAWA, Wednesday, February 8, 1961.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 9.30 a.m.

Hon. Léon Méthot in the chair.

The CHAIRMAN: Honourable senators, we have a quorum. Let us proceed at once. We have the pleasure this morning of having with us Mr. V. C. Wansbrough, Vice President and Managing Director of the Canadian Metal Mining Association, and with him are certain representatives of that association, which I would ask Mr. Wansbrough to now introduce to you.

Mr. V. C. Wansbrough, Vice President and Managing Director, Canadian Metal Mining Association: Mr. Chairman, may I introduce my colleagues. Mr. A. L. Penhale, Director of the Association, and President and Managing Director of Asbestos Corporation Ltd.; Mr. J. D. Barrington, Director of the Association, and President and Managing Director of McIntyre Porcupine Mines, Ltd.; Dr. E. B. Gillanders, 1st Vice President of the Association, and Executive Vice President of The Rio Tinto Mining Co. of Canada Ltd.; Mr. Allen Anderson, President and Director of the Association, and President of Giant Yellowknife Mines Ltd.; Mr. W. S. Row, 2nd Vice President of the Association, and President of Kerr-Addison Gold Mines Ltd. and Vice President of Noranda Mines, Ltd.; Mr. R. P. Riggan, Director of Industrial Relations, Noranda Mines, Ltd.

Mr. Chairman, with your permission I would now read our brief, which is reasonably concise.

The CHAIRMAN: Please do.

Mr. WANSBROUGH: Mr. Chairman and honourable members, we first wish to express our appreciation of the opportunity afforded us to present our views to this Committee on a problem which we all recognize to be one of supreme current and continuing importance to Canada and Canadians.

This submission is made by the Canadian Metal Mining Association on behalf of its member companies. A list of these is attached as an appendix. From it it will be noted that this Association is broadly representative of the mining industry on a national scale.

The Association membership comprises mining companies producing gold, silver, base metals, iron ore, uranium and some industrial minerals, of which the chief is asbestos. It does not include producers of oil, natural gas or coal.

It will be understood that, in addition to mining, many of our member companies also conduct extensive metallurgical operations.

THE MINING INDUSTRY AS AN EMPLOYER OF LABOUR

The mining industry, defined as above for the purposes of this submission, is, of course, a substantial employer of labour.

Direct Employment

In the "Review of Employment and Payrolls, 1959", published by the Labour Division of the Dominion Bureau of Statistics, the monthly average of the number of employees engaged in mining is given as 109,108. Of this total, 28,900 are stated as being employed in the fuel industries, coal, oil and natural gas. For the purpose of the mining industry, as defined in this brief, the average number of men directly employed is 80,200, with another 27,750 engaged in smelting and refining.

The pattern of employment for the eleven-year period 1949 to 1959 is shown by the following figures taken from the same source:

Index Numbers of Employment (1949=100)
by Industrial Division*

	<i>Mining</i>	<i>Industrial Composite</i>
1949	100.0	100.0
1950	106.0	102.1
1951	111.0	109.1
1952	116.9	111.9
1953	110.8	113.1
1954	110.4	109.9
1955	113.7	112.9
1956	122.7	120.7
1957	127.2	122.6
1958	123.5	117.9
1959	123.4	119.7

* Dominion Bureau of Statistics, Labour Division, 1959.

You will notice that we have an index of 100 for 1949 in two columns, comparing and contrasting mining employment with what the Dominion Bureau of Statistics calls an industrial composite, which I suppose is a fair cross-section of secondary industry. The point we would draw to your attention is that the index of employment for the mining industry for these 11 years has risen fairly steadily up until 1957 when it stood at 127.2, with a slight decline reflecting general economic conditions for 1958 and 1959.

This table will suffice to show that, for the eleven years up to 1959, the last year for which figures are available, the growth of the mining industry has furnished increased employment to an extent which compares favourably with other "goods-producing" sectors of the economy.

Indirect Employment

The above-mentioned figures relate to direct employment only. It is well known, however, that mining activities generate a high level of subsidiary employment, in secondary industries furnishing machinery, equipment and a vast variety of supplies, in the construction industries, the transportation industries, and those which supply hydro-electric power, quite apart from the fabricating industries whose raw materials are the products of the mines.

In considering the mining industry in terms of giving employment, it seems to us very important that indirect as well as direct employment should be borne in mind.

In view of the volume of new wealth which the industry annually creates—the preliminary estimate for 1960 is \$1.5 billion (excluding coal, oil and natural gas)—a labour force of approximately 101,000 men seems comparatively small. A far truer picture is obtained, however, as soon as one considers the additional employment created and maintained by that wide range of other

activities dependent wholly or in part on mining, such as the building of new railroads, new communities and large-scale construction programs. The cost of process supplies, fuel, electricity, with freight and smelter charges for the mines, amounted to over \$300 million alone in 1959.

To determine the exact amount of indirect employment generated by mining is a difficult task; but it is usually estimated that, for every man employed in mining, subsidiary employment is created for from five to eight others.

Senator Hnatyshyn: Is that not quite a high ratio?

Mr. Wansbrough: Yes. Some people have put it higher than that. With certain segments of the mining industry I don't doubt it is lower than that, but perhaps my colleagues here would like to comment on it. Would you like to stop at this point and comment on this?

The Chairman: We will come back to it later.

Mr. Wansbrough: We return to consider the direct employment generated by the mining industry.

Official figures, published by the Dominion Bureau of Statistics, have been cited above to show that for the eleven years 1949 to 1959 the mining industry, as a whole, has furnished increased employment opportunities at a rate which compares very favourably with most other segments of Canadian industry.

SPECIAL SEGMENTS OF THE INDUSTRY—GOLD AND URANIUM

There are two segments of the mining industry, however, which have been an exception to the general growth and will call for special mention.

Gold Mining

The gold mining industry, as you are aware, has been in a difficult condition since 1941, as it has had to battle against increasing production costs without any compensating increase in the price of its product. The purpose and function of the Emergency Gold Mining Assistance Act, brought into force in January 1948, has been to ease, in part at least, this cost-price squeeze.

The object of that Act was not to keep operative all gold producers irrespective of their economic conditions; nor has it done so. Three Ontario gold mines have recently closed down or are in process of so doing. Another has announced its intention to cease operations.

I really should add in there, to be perfectly fair, that we have one new gold mine open in Ontario, which is quite an historic event under current conditions.

Senator Brunt: Is that the H. G. Young Mine?

Mr. Wansbrough: Yes, at Red Lake.

The number of men involved in these mine closures is about 670. While every effort has been made to supply alternative employment to these men within the industry, it is unlikely that they can all be accommodated unless there were a more definite indication of a change in the price of gold than exists at present.

Uranium Mining

Another segment of the industry which has been forced to suffer sharp contraction is uranium production. The reason for this will be well known to you.

As a result of mine closures following the Government announcement of November 6th, 1959, employment in uranium mining has been cut back from 12,470 to 6,330 as of the end of 1960.

Senator Hnatyshyn: Is that not mostly in Uranium City?

Mr. Wansbrough: The great majority at Elliot Lake, but this covers all the producing areas: Elliot Lake, Bancroft and the Beaver Lodge area.

Senator Horner: Elliot Lake?

Mr. Wansbrough: Yes, Elliot Lake in particular.

It is likely that further curtailments will occur, as the contracts of other uranium producers expire, between now and March 1962.

That refers to companies that are not able to or do not intend to avail themselves of the stretch-out plan for their contracts.

Many of the men already released have undoubtedly found other employment either in mining or elsewhere. The extent to which the men released by future cutbacks can be absorbed elsewhere in the industry will depend on the general employment conditions at that time.

It is perhaps pertinent to remark that these two segments of the industry, gold and uranium, are both dependent on, and responsive to, policy decisions of the Federal Government and certain Governments in other countries.

EXPANSION PROJECTS

Offsetting the contraction in gold and uranium mining there has been a very considerable expansion in other segments of the industry. Employment on a large scale has been provided by such very extensive projects as that of The International Nickel Company in northern Manitoba, Quebec Cartier Mining in Quebec, expansion projects in the iron mines of Labrador and some of the base metal mines of Ontario.

GENERAL EMPLOYMENT CONDITIONS

With the exceptions mentioned and some recent curtailment in iron ore production as a result of the slow-down in operations in the United States steel industry, the mining industry, taken as a whole, has been giving steady, all-year-round direct employment, at good levels of wage rates and benefits, to about 101,000 Canadians. The industry has not therefore significantly added to the unemployment problem.

EMPLOYMENT PROSPECTS AND PROJECTS

The important question before us, however, relates to the present and the future. What are the prospects for expanded employment opportunities in the mining industry?

This is not an easy question to answer; and any answer is bound to be provisional and conditional.

In the first place we recognize that as a measure of emergency relief an extended programme of public works may be necessary. But, at best, this is a partial and temporary relief. It is not a remedy.

We stress the cardinal fact that jobs are created and multiplied only in an expanding economy. It is to business and industry that governments, at all levels, must look for any effective and long-term solution of the problem of massive unemployment.

The function and contribution of government, it would appear to us, is, in addition to taking any needed emergency measures, to establish and maintain, in so far as rests with its power, a climate favourable to the expansion of business and industry.

In our current circumstances this is no easy task.

INTERNATIONAL COMPETITION

As far as the mining industry is concerned, the great bulk of its products have to be sold on the export market. Everyone is aware of the extent to which the welfare and prosperity of the Canadian economy is dependent on exports; and, further, that we are currently faced with a degree of international competition for markets which this country has never before experienced. The welfare and progress of the mining industry are governed by world demand; we must compete with world-wide prices.

ELEMENTS OF COSTS

Every element of cost has therefore to be searchingly scrutinized and controlled, if industry is to have the means of survival, let alone expansion.

The two heaviest factors of cost are wages and taxes.

Wages:

We in the mining industry are concerned at the steady pressure for wage increases, much of it coming from within our country and much of it from beyond our borders. As regards the latter, efforts have been made, with some success, to impose on industry in Canada wage rates, and I should add fringe benefits, which may be appropriate to the different conditions prevailing in the United States, but which, in our view, are quite inappropriate to current Canadian conditions.

Continuous pressure for increased wages has been a marked feature of labour activity for many years past. Such pressure is maintained with little or no regard to overall economic conditions or to the fact that any advantage accruing from wage increases is rapidly dissipated or completely nullified if living costs rise proportionately.

Senator CONNOLLY (*Ottawa West*): I wonder if I may ask the witness if he can say now or later how many of the men affected are members of international rather than Canadian unions?

Mr. WANSBROUGH: I think we could probably answer that between us, Mr. Chairman. May we leave that also until the end?

Senator CONNOLLY (*Ottawa West*): Please do.

Mr. WANSBROUGH: If such pressure is unchecked and not properly related to economic facts, the inflationary spiral begins again and works to the further disadvantage of both domestic and export industries.

We note the recommendation, recently presented to this Committee, to the effect that the Government should commit itself to massive deficit financing in order to supplement wages and increase consumer spending power. We can think of no way in which, in the prevailing conditions of competitive international trade, Canada and Canadian labour could cut its own throat more rapidly or effectively.

Senator CROLL: Do you think the term "supplementary wages" is a proper term that you can gather from the brief that was presented? "Increased consumer spending", yes; but "supplementary wages", do you recall the brief saying in any part of it or suggesting that? I will leave that question.

Mr. WANSBROUGH: Thank you very much.

We have dealt at some length with wages and labour costs, because, directly or indirectly, these are by far the largest single factor in operating costs. Taxes, at all levels of government, are another.

Taxes:

We are much concerned that the level of taxation imposed by the Federal Government, already at an unprecedented peak, seems likely to mount higher; and this in spite of the fact that no mutually acceptable arrangements have yet been worked out with provincial governments in regard to tax-sharing. Consequently industry faces demands for increased taxation on two fronts, federal and provincial. This situation arises at a time when industries primarily concerned with exports are confronted with a degree of international competition for markets never before experienced in the commercial history of this country.

We are, of course, aware that justified and unavoidable government expenditures at all levels must be financed and paid for, and that governmental expenditures tend to increase in times of economic slow-down. We also believe that a balanced budget should be sought as the prerequisite of a sound economy. Accordingly we would urge the closest scrutiny and control of all government expenditures, particularly those of a non-amortizing nature and non-productive in the sense that they make no contribution to the stimulus of the national economy.

Currently the levels of taxation are such as to leave business and industry without enough margin of reserve to have sufficient resources to reinvest in development and expansion programmes. Relief from the unduly heavy burden of taxation is one of the most direct methods of encouraging the private sector of the economy.

It is appropriate to remark in this connection that it is one of the avowed aims of the Government to increase Canadian financial participation and control in companies operating in Canada, particularly in the field of natural and mineral resources. With this aim we are entirely in sympathy. But at the present level of taxation, both individual and corporate, there remains an altogether inadequate margin of monetary resources in the hands of Canadians and Canadian corporations to finance mineral exploration and development to the extent required to maintain the momentum of the mining industry.

If any significant increase in financial participation by Canadians is to be achieved, some new incentive is required, either by permitting a better level of profits and dividends, or by giving tax advantages to Canadian citizens who invest in Canadian industry.

One important fact must, however, be mentioned. We welcome very greatly the decline in the premium on the Canadian dollar which followed the supplementary budget statement of the Minister of Finance. The effect of the long-continued premium on the Canadian dollar has been most injurious to our domestic and export industries, chief among them the mining industry. It is to be hoped that the fiscal measures and general government policy outlined in the supplementary budget will succeed in keeping the Canadian dollar at or below parity with the United States dollar. This step in itself will be a substantial aid in the struggle to maintain markets and secure new ones, with beneficial effect on Canadian employment.

In the foregoing sections of this brief we have attempted to express our views on some of the larger economic factors which determine the welfare and progress of the industry and therefore its ability to offer and sustain employment.

There are certain specific aspects of the employment question on which we wish to comment.

TECHNICAL TRAINING

It has been pointed out in other briefs presented to this Committee that there is a scarcity of trained craftsmen, tradesmen and mechanics. This is true in the mining industry. We welcome, therefore, the announcement of the Government's intention to expand facilities for technical training. We would also record the fact that "training-on-the-job" programs are common in the mining industry, particularly so because many mines operate in relatively isolated areas. A great many tradesmen, such as mechanics, machinists, welders, carpenters, and so on, learn their skills in the shops of the mines. This is one reason why many of the employees laid off in the uranium mines, for example, are better able to obtain jobs elsewhere than others not so trained.

It would seem to us, therefore, that consideration might be given to supporting such "training-on-the-job" programs when conducted by private industry, as a valuable supplement to other measures designed to promote technical training.

INCENTIVES FOR RESEARCH

Another proposal we wish to advance is that consideration be given to providing further incentives to companies which are prepared to increase their facilities for scientific research. Under our present tax laws there is a limit on the extent to which research can be conducted without incurring tax liabilities. We believe that this matter should be reviewed and that greater incentives, by way of tax-exemption, should be granted to companies wishing to expand their scientific research facilities and activities.

Expenditures on research and development in Canada are very low on a per capita basis compared with other trading nations, some of which provide incentives for expansion of research and development facilities and to encourage research expenditures.

INCENTIVE FOR EXPANSION

Likewise, inducements by way of tax concessions, possibly on a graduated scale, might well be granted to companies on profits accruing from expansion of productive facilities. Some such incentive could have a decidedly stimulating effect.

EMPLOYMENT TRENDS

We note that in former submissions presented to this Committee, particularly the submission of Mr. F. T. Denton, the attention of the Committee has been drawn to the fact that in the post-war period in Canada the service-producing industries have absorbed a very much increasing proportion of our total labour force, while our "goods-producing" industries have, by comparison, contracted substantially in affording employment opportunities.

We believe that this analysis should strike a warning bell. Some growth in the "service-producing" industries is obviously desirable and a proper accompaniment to a rising standard of living. But a reasonable balance is also desirable, and it would seem that some stimulus is now called for and appropriate to encourage and promote the "goods-producing" industries, particularly in our view those primary industries whose function is to produce new wealth, the chief of them being the mining industry.

SUMMARY

We conclude this review by summarizing our principal points as follows:

1. In a time of unusually high unemployment, such as we are now experiencing, special measures of government-sponsored relief are justified and necessary.

2. These should, however, be recognized for what they are, temporary expedients to meet emergency conditions.
3. One practical avenue of advance is to provide increased facilities for technical training and for acquiring technical skills.
4. Public facilities in this regard could well be supplemented by the expansion of the training facilities which already exist in many mining companies.
5. Job opportunities are created and multiplied only in a vigorous and expanding economy.
6. It is to the private sector and not the public sector of the economy that we must look for any long-term improvement in industry and commerce, on which expanded employment depends.
7. Wage rates, taxes and other significant elements of cost must be rigidly controlled if industry is to remain vigorous and competitive.
8. This particularly applies to our export industries, on which our economy depends for about one quarter of our annual national income and which provide direct employment for about one in every four Canadian workers.
9. At no time have our export industries, of which mining is the chief, been faced with such intense international competition, which is likely to increase rather than decline.
10. Certain inducements by way of tax concessions might well be instituted to encourage extended scientific research and plant expansion.
11. Apart from two special segments of the mining industry affected by unusual circumstances beyond their control—gold and uranium—the mining industry as a whole has continued to furnish full-time, all-year-round employment to approximately 101,000 Canadians.
12. No considerable expansion of its labour force is likely in the near future; indeed, the maintenance of the current output of the industry will largely depend on the success with which it can maintain its export markets.
13. However, the mining industry, to a greater extent than any other primary industry, has widened our industrial frontiers and has been the prime factor in the establishment of many new communities ranging in size from small outposts to large cities.
14. In this and other respects the industry is unique in the number and extent of other economic activities which it generates, so that subsidiary employment is multiplied in manufacturing, construction, transportation and supply industries. Stimulus given to mining therefore radiates out with beneficial effect throughout the national economy.
15. Relief from the excessive taxation, personal and corporate, is necessary if there is to be any adequate reserve of funds for mining exploration and development expenditures, especially if a greater proportion of these costly and venturesome activities is to be financed from Canadian sources.
16. The search for, and discovery of, new ore bodies is a vital activity, without which the mining industry has no means of perpetuating itself. Without adequate sources of funds for exploration and development, the continuity of the industry cannot be assured.

Our general conclusion, therefore, is that the mining industry can play a significant part in the maintenance and expansion of employment opportunities both by direct employment and, to a greater extent, by enlarging the areas of employment in other industries. In order to do so, however, it must be able to sell the vast bulk of its products on world markets at competitive prices. And to ensure its continuity and growth, it must be given the opportunity of obtaining adequate financial resources to discover and develop new properties. These are the conditions of progress, and without them the industry will not be able to realize its full potential either as a producer of new wealth or as an employer of labour.

This is respectfully submitted, Mr. Chairman.

We are filing with our submission a list of the member companies of the Canadian Metal Mining Association as of this date.

CANADIAN METAL MINING ASSOCIATION

MEMBER COMPANIES—February 1961

- | | |
|---|---|
| Algoma Ore Properties, Limited | East Malartic Mines, Limited |
| American Smelting and Refining
Company—Buchans Unit | East Sullivan Mines Limited |
| Asbestos Corporation Limited | Elder Mines Limited |
| Aunor Gold Mines Limited | Eldorado Mining and Refining
Limited |
| Barnat Mines, Limited | Falconbridge Nickel Mines
Limited |
| Bell Asbestos Mines Ltd. | Faraday Uranium Mines Limited |
| Bicroft Uranium Mines Limited | Gaspe Copper Mines Limited |
| Bralorne Pioneer Mines Limited | Geco Mines Limited |
| Broulan Reef Mines, Limited | Giant Yellowknife Mines Limited |
| Caland Ore Company, Limited | Granby Mining Company, The |
| Campbell Chibougamau Mines
Limited | Gunnar Mining Limited |
| Campbell Red Lake Mines
Limited | Hallnor Mines, Limited |
| Canadian Dyno Mines Limited | Heath Steele Mines Limited |
| Canadian Exploration, Limited | Hilton Mines Ltd. |
| Canadian Johns-Manville Co.,
Limited | Hollinger Consolidated Gold
Mines, Limited |
| Canadian Malartic Gold Mines
Limited ¹ | Hudson Bay Mining and Smelt-
ing Co., Limited |
| Cassiar Asbestos Corporation
Limited | International Nickel Company of
Canada, Limited, The |
| Cochenour Willans Gold Mines
Limited | Iron Ore Company of Canada |
| Coniaurum Mines Limited | Johnson's Company Limited |
| Consolidated Discovery Yellow-
knife Mines Limited | Kerr-Addison Gold Mines
Limited |
| Consolidated Howey Gold Mines,
Limited | Labrador Mining and Explora-
tion Company Limited |
| Consolidated Mining and Smelt-
ing Company of Canada Limited,
The | Lake Shore Mines Limited |
| Delnite Mines, Limited | Lamaque Mining Company
Limited |
| Denison Mines Limited | Leitch Gold Mines Limited |
| Dickenson Mines Limited | Little Long Lac Gold Mines
Limited |
| Dome Mines Limited | Macassa Mines, Limited |
| Dominion Magnesium Limited | MacLeod-Cockshutt Gold Mines,
Limited |

Madsen Red Lake Gold Mines Limited
 Magnet Cove Barium Corporation
 Malartic Gold Fields Limited
 Manitou Barvue Mines Limited
 Maritimes Mining Corporation Limited
 Mastodon-Highland Bell Mines Limited
 McIntyre Porcupine Mines, Limited
 Mining Corporation of Canada, Limited, The
 New Calumet Mines Limited
 Newmont Mining Corporation of Canada Limited
 Nipissing Mines Company Limited, The
 Noranda Mines, Limited
 Normetal Mining Corporation, Limited
 Opemiska Copper Mines (Quebec) Limited
 Pamour Porcupine Mines, Limited
 Paymaster Consolidated Mines, Limited
 Pickle Crow Gold Mines Limited
 Preston Mines Limited

Quebec Iron and Titanium Corporation
 Quemont Mining Corporation, Limited
 Rayrock Mines Limited
 Renabie Mines, Limited
 Rio Algom Mines Limited
 Rio Tinto Mining Company of Canada Limited, The
 San Antonio Gold Mines Limited
 Sheep Creek Mines Limited
 Sherritt Gordon Mines Limited
 Sigma Mines (Quebec) Limited
 Steep Rock Iron Mines Limited
 Sylvanite Gold Mines, Limited
 Teck-Hughes Gold Mines, Limited, The
 United Asbestos Corporation Limited
 United Keno Hill Mines Limited
 Upper Canada Mines Limited
 Ventures Limited
 ViolaMac Mines Limited
 Waite Amulet Mines, Limited
 Willroy Mines Limited
 Wright-Hargreaves Mines, Limited
 Yukon Consolidated Gold Corporation Limited, The

The CHAIRMAN: Thank you, Mr. Wansbrough. Have honourable senators any questions to ask in connection with Mr. Wansbrough's submission?

Senator CROLL: Mr. Chairman, may I come back to the suggestion of Mr. Wansbrough in regard to supplementing wages. There is a passage in the brief that suggests we ought to increase consumers' spending power. I do not recall any suggestion that wages be supplemented by the Government or by any other body. Would you care to comment on that?

Mr. WANSBROUGH: I do not think, Senator Croll, that is what I have implied, at least I hope I have not misrepresented that in any way. What I understand is the meaning of it is that it is meant to supplement the purchasing power of wages by increasing consumer purchasing power. I did not mean to supplement wages by Government subsidy.

Senator CROLL: That is what I had hoped you meant.

A brief that was presented to our committee on January 26, at page 310, comments on the fact that our export figures for a great many things are up, and here are a few of them: "aluminum and its products are up; brass and products, up; copper and products, up; lead and products, up; nickel, up; precious metals other than gold, up; zinc and products, up;"—those are just a few which relate to your industry. These remarks would indicate that all these exports were increased during the year 1960.

Mr. WANSBROUGH: This relates to exports only.

Senator CROLL: Exports only, yes.

Mr. WANSBROUGH: Does it relate to volume or to dollar value, because it is possible for the volume to go up and for prices to go down.

Senator CROLL: Well, I have not gone into it as I just looked it up a moment ago. The brief gives a long list of products of which we had increased exports during the year 1960, and these are some of them that I thought were applicable to your industry.

Mr. WANSBROUGH: I think there may be among my colleagues someone who would like to comment on that point.

Senator CROLL: I think it would be unfair to ask them to do so on the spur of the moment. Perhaps if they would care to look at the brief of January 26 and comment later, it might be preferable.

Senator LAMBERT: Mr. Chairman, may I ask Mr. Wansbrough with reference to his remark in the brief and in his concluding summary, where he makes reference to the possibility of increasing Canadian capital investments in the mining industry. Has he got exact figures to show what percentage of the capital investment in the Canadian mining industry is Canadian and what percentage is from the United States or any other outside country. Am I right in assuming that the greater percentage of capital investment in the mining industry in Canada is from outside?

Mr. WANSBROUGH: I have seen such statements. They have been made quite frequently lately to the effect that something like 65 per cent of Canadian mining companies, taken as a whole, is in the hands of United States citizens. I have not had any opportunity myself of checking the accuracy of that statement but I would be interested to hear from my colleagues as to what they themselves think on that point.

Senator LAMBERT: Glancing at the list of member companies in your association, which are mining companies of any consequence, I think that 65 per cent is rather an underestimation of the foreign or American capital that is represented in this industry. I would like to have a figure authoritatively, though.

Mr. WANSBROUGH: Through the courtesy of the Pulp and Paper Association the information has been supplied. I am taking this from a publication of the Canadian-American Committee which obviously is highly authoritative and it states:

It states that the Americans owned 39 per cent of the book value of all manufacturing establishments, 58 per cent of petroleum and natural gas, and 46 per cent of mining and smelting. May we record a vote of thanks, Mr. Chairman, to Mr. Fowler for supplying us with that information? There may be some comments from some of my colleagues. I remember in a recent meeting that Mr. Barrington, the president of McIntyre, stated that there was quite a clear trend, for some years, in the mining industry towards a greater degree of Canadian financing, ownership and participation.

Mr. BARRINGTON: This is certainly true with our own company, 65 per cent Canadian.

Senator BRUNT: Might I refer you to page 12 of your brief, the paragraph headed, "Incentives for expansion"? If this was done would it not provide an unfair advantage to those industries that expanded, particularly if over-production became evident at the time the expansion took place?

Mr. WANSBROUGH: I wonder if I might pass your question on to one of our delegation who is largely responsible for this situation, Dr. Gillanders?

Dr. GILLANDERS: I suppose that every industry actually, as the result of the introduction of new products, has some opportunity to expand. I think the thought behind this was that regardless of whether it was a domestic or

export industry, if you produce new wealth and more employment it would be worth the Government's while to give them some incentives towards attaining that goal.

Senator BRUNT: You would apply it to all industries?

Dr. GILLANDERS: Yes.

Senator BRUNT: What about industry that has been established here for years? Suppose we have two plants making diesel engines, and even though there is over-production one company decided to increase their production, the productivity of the number of diesels they produced, you would still give them a tax advantage on the increase?

Dr. GILLANDERS: Yes.

Senator BRUNT: Even though the second company might not be able to finance an increase?

Dr. GILLANDERS: If they had a good enough proposition they could probably finance it.

Senator LEONARD: Are you thinking in terms of something like accelerated depreciation?

Dr. GILLANDERS: The thought was more that the Government would not lose anything in the way of revenue if they were getting roughly the same revenue from the expanded production. Accelerated depreciation is really a pretty short-term advantage.

Senator CONNOLLY (*Ottawa West*): You would have a little trouble trying to limit that arrangement as far as time is concerned. Would this be for only one year, or a relatively short period?

Dr. GILLANDERS: Yes, that certainly would be a problem.

Senator BRUNT: This is a very good brief, but I hardly go along with that.

Senator CONNOLLY (*Ottawa West*): Oh, I do not know.

Senator CROLL: What form does it take in your mind? What is running through your own mind? Just give us something to chew on, will you?

Dr. GILLANDERS: An example has been given of diesel engines. If the company could increase its output of diesel engines, say, by 50 per cent, and assuming that their profits were up by the same figure, 50 per cent, as a result of this expanded production, then they would get a tax advantage on that additional 50 per cent of profits.

Senator CROLL: Do you know of any other country that is using that method?

Dr. GILLANDERS: As a matter of fact, I am not sure. Perhaps Mr. Penhale knows.

Mr. PENHALE: No, I am sorry.

Dr. GILLANDERS: In Europe they are using a great many gimmicks.

Senator CROLL: I asked that, because there was a suggestion made here by someone, at one meeting, that west Germany was using some such method.

Senator BRUNT: That is on their export business.

Dr. GILLANDERS: Yes, they remit taxes on that export business. If a domestic industry increases its production, why should the export industry only get the advantage?

Senator BRUNT: You give it to the export industry so that they can compete more favourably in the export markets.

Dr. GILLANDERS: We still have to compete in the domestic market against foreign imports.

Senator BURCHILL: I think it would be a very difficult matter to administer. If you opened the door, by granting the mining industry, say, a tax concession, then Mr. Fowler is going to come along and say, "All kinds of pulp and paper mills in Canada are looking for money, are trying to find ways and means of expanding their production"?

Dr. GILLANDERS: If you can produce it and sell it, why not help them?

Senator BURCHILL: Then you have to open the door to every industry.

Mr. WANSBROUGH: Yes, that is the intention. We were not hoggishly confining this to the mining industry, but it is for the benefit of everybody.

Senator CONNOLLY (*Ottawa West*): You are suggesting that within the limits of the tax act there are opportunities for helping the expansion of the economy?

Mr. WANSBROUGH: Yes. It is a parallel suggestion with our suggestion relating to inducements for additional scientific research. This is a productivity incentive.

Senator HAIG: In the case of International Nickel, the majority is owned by the United States?

Mr. WANSBROUGH: Does anybody know exactly the answer to that question? I wish we had the representative of the nickel company here. I know the officials of the nickel company are very proud of the fact that they have a good proportion of Canadian shareholders, and I think their board is at least half Canadian.

Mr. FOWLER: Gentlemen, it just happens that I do know this. In connection with the preparation of this pamphlet Mr. Wansbrough referred to, which I gave to him, before the Canadian-American committee a question arose in that investigation as to where the ownership in the nickel company rested, and Mr. Wingate told me there have been some shifts back and forth, but they consider today they have a majority of Canadian ownership in the nickel company.

Mr. WANSBROUGH: Thank you, Mr. Fowler.

Senator CONNOLLY (*Ottawa West*): Could you give me an answer to the question that arose out of the discussion at the top of page 8, on how many of the companies are internationally controlled?

Mr. WANSBROUGH: Among our delegation we have Mr. Riggan, director of industrial relations, Noranda Mines, who may be able to say something in that regard.

Mr. RIGGIN: Since the question was asked, Mr. Chairman and honourable senators, I have been giving it some thought. I would estimate, roughly, that in the mining industry your international unions are for about 70 per cent. You have a large group, and Mr. Penhale can tell us about them. You have the Federation of National Trade Unions which, of course, represents quite a few. You have the old C.C.L., and there are some mines that are unorganized and some mines which have independent unions or associations. I would say that 70 per cent are international unions—mostly steel workers, of course, and the mine mills on the west coast, in Sudbury, and now in Manitoba. If I might add one comment to the senator's question about the administration of this tax situation, we should not forget that at one time we did administer the excess profit taxes.

Senator CONNOLLY (*Ottawa West*): Coming back to the union question again, would you say, from your experience, that when the negotiations are

taking place in connection with wage levels, the argument advanced is that the levels of wages and fringe benefits should be comparable in this country to those prevailing in the United States, regardless of what other conditions might apply?

Mr. RIGGIN: This certainly occurs, particularly in the iron ore industry, and if any one of you are particularly familiar with the steel workers organization you know they make no bones about it. They have actually settled wage rates in this country for at least two companies. Mr. MacDonald reported this himself regarding Bethlehem Steel at Marmora and the Iron Ore Company. In the rest of the industry we certainly hear this argument from time to time, but I think it is fair to say, too, that it is not pushed to the same extent in base metals, as far as my experience is concerned, and certainly not in the gold mining industry as it is in the mining ore industry.

Senator CONNOLLY (*Ottawa West*): So that is generally what you mean when you say you are concerned at the steady pressure for wage increases, much of it coming from within our country and much of it from beyond our borders? Is that what you mean?

Mr. WANSBROUGH: That is exactly it, sir.

Mr. GILLANDERS: From the point of view of employment would it not be a more realistic approach to have technological advances, and so on, that allow greater wages to be paid to be used as a competitive factor in international trade rather than having those advantages dissipated in wage increases?

Senator CROLL: This has just occurred to me while you were talking; who do you compete against?

Mr. GILLANDERS: You are talking to the wrong person.

Senator CROLL: I am talking about the industry. Take nickel; who does nickel compete against?

Mr. GILLANDERS: Copper is probably a better example.

Senator CROLL: We will get to copper.

Mr. GILLANDERS: Copper certainly competes against the whole world.

Senator CROLL: There is copper, nickel—give us the list of metals.

Mr. GILLANDERS: There is lead and zinc.

Mr. WANSBROUGH: I think we are in a position, so far as nickel is concerned, where Canada has a larger proportion of the source of supply than applies to any other mineral. If I might say so in a spirit of jocularly, I think the chief competition with respect to nickel is from the United States Government which has been trying very hard to promote other alternative sources of nickel, and which has been set back rather by the Cuban fiasco. Nickel is really competing with other metals. It is competing against a great variety of other metals because a vast amount of nickel today is alloyed with other metals. However, shall we go down the list?

Senator CROLL: Yes.

Mr. WANSBROUGH: Mr. Riggins, the vice-president of Noranda, might want to say something on the copper situation.

Mr. RIGGIN: In copper you are competing with all the other world producers in Rhodesia, the Belgian Congo, Peru, Chile, and the big producers in the United States. With respect to Rhodesia, the Belgian Congo, Peru and Chile you are competing there with producers who have wage rates which are only a fraction of the Canadian wage rates.

Senator CROLL: Mr. Riggins, when you say that then it is eminently true, I am sure, on the other hand, that you must also relate the wage rates to productivity.

Mr. RIGGIN: That is true, but those countries have available to them all the most modern equipment, and while the native in those countries may not be as skilled as the Canadian their skill is far greater in proportion to the skill of the Canadian and the same relationship between the wages rates. They can produce for less than the Canadian producer.

Senator LAMBERT: Would copper represent amongst the base metals the largest item of production?

Mr. RIGGIN: Copper is one of the very large items of production.

Mr. WANSBROUGH: No, nickel is the single largest, and uranium comes next but it is on the decline, and then copper.

Senator LAMBERT: The reason I ask that is that the market demand for copper seems to have been declining in spasms since the end of the war. What is the future for copper in relation to these newer metals, and also the compounds that are being produced?

Mr. RIGGIN: I do not know whether Mr. Wansbrough has the figures, but I believe the copper demand has been increasing, actually, but production has been increasing even more rapidly so that today when there is full production in the copper mines there is a considerable margin of surplus in world production.

Senator BRUNT: Is it not a fact that in the United States today there is so much lead and zinc being produced that they are considering increasing the duty on lead and zinc?

Mr. WANSBROUGH: Yes, the lead and zinc situation is different again. I might say in general that one important aspect of it is—and this is probably known to you—that every metal, with the exception of silver, is very much in over-supply today. We think gold is also in under-demand. As regards lead and zinc, in October, 1958 the United States established a quota system on imports from all countries, in addition to maintaining the tariff on those two metals, and that still is not enough to economically keep active many of the declining mines in the western States, so there has been a very strong lobby to increase the lead and zinc duties. Two bills to that effect just failed to get through Congress last fall, and new bills to the same effect, which would mean a tremendous increase in the duties on both of these metals entering the United States, have already been thrown into the congressional hopper since January, so that we are fully expecting further restrictive measures as regards those metals. Those metals, of course, are produced in very many parts of the world. There is a very strong play on world prices with respect to the price of lead and zinc.

Iron ore is interesting partly because of the reasons that have already been mentioned in regard to the international unions and the high degree by which our iron ore companies are controlled by the United States steel companies. This is the door through which the wage rates come. We recently went through a hearing before the United States Tariff Commission because a question was referred to it by the Senate Finance Committee in the United States with respect to the imposition of a quota of 10 million tons on iron ore going into the United States. We furnish them with about that much alone from Canada. Venezuela is about as large a producer as we are now, and countries like Liberia are producing iron ore, and so are many other countries. Our iron ore people are very much concerned about the competitive position in which they stand, even though the large iron ore companies have pretty firm contracts with the steel companies which are their consuming partners. Even so, those contracts do not last forever, and I know that many companies are much concerned that when some of their present European contracts lapse Liberia is going to be in a highly advantageous competitive position in the American market.

With respect to asbestos, Mr. Penhale is the most qualified to tell us about the international competitive position.

Mr. PENHALE: In the asbestos industry Canada has traditionally enjoyed a—I would not say a monopoly because that is not a good word to use, and it is certainly not true by any means; it is much less applicable today than it ever was before—traditionally we have enjoyed a large percentage of the world's supply of asbestos. We have furnished most of the world's demand over the years, but that position is changing.

We are now subject to increased competition, and quite serious competition, from other geographical areas, particularly Russia. Prior to the war Russia produced and exported a relatively small tonnage of asbestos—very small in relation to Canadian exports. During and since the war they have expanded their production greatly until today they are now producing at the rate of about a million tons a year, which is not too different from the Canadian production.

Senator LAMBERT: What is the quality of their product as compared with ours?

Mr. PENHALE: If this comment does not get to our customers, I would say that basically it is a very good asbestos product. It is no better than the Canadian—that is generally speaking, because there is quite a variation, of course, in the Canadian grades—but it is a good quality that could compete on an even basis. They undersell the Canadian producer, presumably as a matter of policy.

Senator CONNOLLY (*Ottawa West*): What markets is this Russian competition taking?

Mr. PENHALE: The Russian competition is found particularly in Western Europe, as far as we are concerned.

Senator CONNOLLY (*Ottawa West*): The United Kingdom?

Mr. PENHALE: They offer in the United Kingdom but actually they have had very little success there.

Senator CONNOLLY (*Ottawa West*): Within the common market countries?

Mr. PENHALE: In the common market countries. The principal users of Russian fibre are West Germany, Belgium and France.

Senator CONNOLLY (*Ottawa West*): Have those countries dependencies of their own from which they could draw supplies?

Mr. PENHALE: West Germany, no. The French users operate a small asbestos mine in Corsica. It is a low-grade proposition and we do not regard it as serious competition. It competes in the very short fibres but not in the general range.

Senator CONNOLLY (*Ottawa West*): Would that Russian competition run into difficulty if the operations in the common market reduce prices as a result of development in the dependencies of the common market countries?

Mr. PENHALE: I do not follow that, sir.

Senator CONNOLLY (*Ottawa West*): I am just wondering what kind of competition Russia can expect within the common market when the common market tariff is eliminated between the common market countries?

Mr. PENHALE: I think it is hardly applicable in the case of asbestos because asbestos, as a raw material, enjoys free entry into pretty nearly all markets. Certain countries do impose a very moderate tariff or excise tax for revenue purposes, but there is no discriminatory tariff anywhere.

Senator LAMBERT: West Germany, for example, would need it. They have no other source.

Mr. PENHALE: They have no source of supply. In fact, no country has an adequate source of supply. We also have competition from South Africa and Rhodesia.

Senator Hnatyshyn: Has West Germany a large market compared to the others?

Mr. PENHALE: West Germany is a very important market.

Senator Lambert: Would we export any goods there at all?

Mr. PENHALE: Oh, yes, we do substantially.

Senator Connolly (*Ottawa West*): Mr. Chairman, I wonder if we could go a little further afield on the question of export industries here? On the top of page 14 the brief says:

Our export industries, on which our economy depends for about one-quarter of our annual national income . . .

What percentage of the output of the mining industry is exported?

Mr. Wansbrough: I suppose we would have a different percentage figure for each metal, really, but I should say the overall figure certainly runs up to 75 or 80 per cent of the total output of Canada.

Senator Connolly (*Ottawa West*): As exports?

Mr. Wansbrough: Yes.

Senator Connolly (*Ottawa West*): Could you say what percentage goes to the United States and what percentage goes to Western Europe?

Mr. Wansbrough: I couldn't say as to Western Europe. There again, no overall figure would apply to all the mine products. I hardly know where to begin because the United States is certainly, by long odds, our largest export market traditionally, but it is a market which has been contracting for two reasons. One reason is the economic sag, and a very clear result of the cut-back to 50 per cent in the manufacture of steel has been responsible for reduction in iron ore exports. A second reason has been a movement in a protectionist direction. The tendency is to seek markets elsewhere as much as possible, so it would be fair to say that, if we analysed the figures, we would find that the percentage of exports on metals from Canada has been increasing towards the United Kingdom and Europe, for it has had to find other outlets than those that are being frozen.

Senator Connolly (*Ottawa West*): What effect do you think the operations within the trading blocs, particularly the common market, might have upon your industry, and what are the prospects for increases in the exports of Canadian mine products to those areas?

Mr. Wansbrough: We have in our delegation today two members of the trade commission that went over a month or so ago to the European Economic Community, in the persons of Dr. Gillanders and Mr. Penhale. Perhaps they could comment on that.

Dr. Gillanders: I think it is a case of greater competition rather than tariffs. Tariffs probably would not be too severe in the common market bloc but they certainly made it very clear that while Canada enjoys a lot of good will in Europe, everything they buy is going to be decided on the question of price.

Senator Connolly (*Ottawa West*): I know this is too broad a question to ask, but are you looking for severe competition for some of these products of Canadian mines from certain quarters?

Dr. Gillanders: There certainly will be severe competition. They draw these raw materials from all over the world.

Senator CONNOLLY (*Ottawa West*): Particularly from their own dependencies, perhaps?

Dr. GILLANDERS: Yes, and they will buy them where they can get them the cheapest.

Senator CROLL: In dollar volume you said about 75 per cent of the production of the industry was for export, approximately?

Mr. WANSBROUGH: Yes.

Senator CROLL: In dollar volume what was the value of the export of the industry last year, 1959-60?

Mr. WANSBROUGH: I might have the figures here if I stopped to look them up, but I would like to say one thing, not by way of evading the question, Senator Croll, but it is a little difficult to estimate for this reason. Export figures published by the Dominion Bureau of Statistics include not only metals but metal products, and some of it, therefore, is semi-processed or a little bit more. This raises a puzzle that has always been in my mind, as to how it is in recent years the export figures for mining industries are in excess of the annual production of the mining industries. You see, exports include products in various degrees of processing. For the mining industries in the terms in which we use it in this brief, which excludes aluminum and fuels, and so on, the dollar value of last year's production is estimated to be \$1.5 billion. The total volume of exports of metals and metal products is just about the same figure.

Senator CROLL: That is for 1960?

Mr. WANSBROUGH: Yes.

Senator CROLL: What about 1959?

Mr. WANSBROUGH: Slightly less. I think the documents you referred to before are quite correct in that our exports have been increasing, but I am sorry I cannot say how much of that increase is in metals as such and how much is in further processed articles. Might I add one other point? Mr. Penhale referred to Russian competition as regards asbestos, and this is a matter which we have had occasion to discuss with Senate committees before. It is not only in asbestos we are finding competition from behind the Iron Curtain. Iron Curtain lead and aluminum, with which we are not specially concerned, and some other minerals, not in substantial quantities but periodically in the last two or three years, have entered the markets of the West, and always at a price that undercuts western prices. The view we are coming to is that this is being done, not as a matter of economic aggression, but simply because from time to time the Soviet Union has needed foreign exchange and anything she can sell to get foreign exchange she will sell it. If it happens to be metals, it is metals. I personally have also come to the conclusion that they could carry this very much further as an actual matter of deliberate policy and as an aggressive attack on our markets if they so desired, and I think they are in a position to do that. So when we say somewhere in this brief that we expect the intensity of international competition to increase rather than decline, it is that factor that we had particularly in mind which we have not been prepared for.

Senator CROLL: I have a question for Mr. Penhale. You said that the product that the Russians were putting on the market in asbestos was a comparable product, and it had a market. Many of the gentlemen here have indicated that the competitive factor is price for comparable product. Now, West Germany, and I think you said France, pick up some of this Russian asbestos. Britain does not. Why?

Mr. PENHALE: Well, perhaps because there is a certain amount of sentiment, and for one other reason too; that is to say, while the Russians do undersell us, that is, they price their fibre below the Canadian prices, Canadian fibre basically is not any better than Russian but it is better prepared.

Senator CROLL: I do not know what that means.

Senator LAMBERT: More refined.

Mr. PENHALE: Rating standards are higher.

Senator CROLL: You have just attributed another ingredient to British business—sentiment. I didn't know there was much to it.

Mr. PENHALE: Well, there is not a great deal. I do not suppose that applies purely to the asbestos industry, but we have found a little sentiment among our United Kingdom contacts which is not noticeable in some other countries.

Senator CONNOLLY (*Ottawa West*): Are there any long-term contracts with British customers?

Mr. PENHALE: No.

Senator CROLL: Mr. Wansbrough just said something which we thought we knew, and he has merely reminded us that delivery in this business is also important, that Russia puts on the market spasmodically a certain amount of goods.

Mr. PENHALE: Well, that is a fact. Dependability of deliveries is, of course, a factor.

Senator PRATT: It is a factor in Russian competition. But they do not confine themselves to what is the competitive position in one article or another the same as other nations would; they average out, anyway, don't they? You see instances where their sales have been entirely uneconomic from the point of view of that one commodity.

Mr. PENHALE: They take a loss on one commodity if it suits them, yes, and charge it against something else. I don't know anything about their book-keeping.

Senator PRATT: But it is not straight competition in any one particular industry?

Mr. PENHALE: No, that is right.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, I noticed that one of the gentlemen here said that the aluminum industry was not included in these representations. Is there any other segments of the metals industry that is not represented here?

Mr. WANSBROUGH: We are not empowered to speak for the aluminum industry, because they do not happen to be members of our association, and, indeed, hardly a mining company in the Canadian sense of the term. It is more of a metallurgical process. So they will have to speak for themselves. I cannot think, however, apart from the specific exclusions we have made, coal and minerals and fuels, of any other segment of the mining industry that is not included in the ranks of our association.

Senator BUCHANAN: What is the outlook for gold in the immediate future?

Mr. WANSBROUGH: Not so good. We thought it might be a few weeks ago, but since President Kennedy has made a definite, emphatic statement in his address that it is not his intention whatever of seeing the price of gold change, I would say the hopes that might have been nourished have dissipated for the time being.

Senator BUCHANAN: Can we not have some influence on the pricing of gold in some way or another?

Mr. WANSBROUGH: That is a question we have put to successive ministers of finance in this country, and while they have been unwilling to sort of disclaim any responsibility in that direction, they have also been unable to produce any results.

Senator BUCHANAN: Do you think it practical that they could be made to produce results?

Mr. WANSBROUGH: I will give you my personal answer, which is no. I do not think we would wish or could indeed make a strong attack personally on the price of a commodity which is the basis of so much international financing, and becomes a vacuum, and all the rest of it, as gold is still in the United States. Canada, after all, is a member of the International Monetary Fund, which is pretty adamant in its views on the matter.

Senator BUCHANAN: Well, one nation seeks to control it, and at the present time it just says the price has to be so much, no matter what the world says.

Senator CROLL: You have indicated, Mr. Wansbrough, that there is an over capacity in the industry. Why should we give special tax concessions to create an even greater over capacity? I am speaking now of why should the Government, or the people, grant the tax concessions to create an even greater capacity?

Mr. WANSBROUGH: I think probably some members of our delegation could speak to that better than I could, but I do think, if I may add one word, that mining in particular has got to be a long-term industry, and I know my colleagues who have spent their lives in the industry would agree that that is not unreasonable. Why, for example, when the markets for nickel are not all we would hope, would a company like International Nickel Company put out literally hundreds of millions of dollars to open a new property in Manitoba? They have by research created that market all along in their history. The answer is because it takes years from the discovery to bring it to a productive state. I think this is true of all mining, and we cannot assume, I hope none of us will, that this state of oversupply is something that is going to be with us for many years because of the business cycle, and all that sort of thing. I think this is part of the answer, Senator Croll. The other has already been touched on, that so much of our products of the mines are sold to the export market that we have got to go on competing as best we possibly can. However, I think I am talking too much, and I would like one of my colleagues to comment on your question.

Senator CONNOLLY (*Ottawa West*): Is there not something to be said for this, that this industry—I do not say any more than any other, but to a very great extent—has been characterized in this country by most imaginative enterprise, and if not, then we would not have this tremendous industry in this country?

Mr. WANSBROUGH: I think my colleagues will agree with that.

Senator SMITH (*Queens-Shelburne*): Before we continue, may I point out that we had a witness before the committee just a week ago, representing the Council of the Forest Industries of British Columbia. One of Mr. Nicholson's recommendations was that Canada should have a policy directed towards eventual free trade of commodities such as forest products. What are the views of the metal and mining industry with regard to present tariff barriers, if they are serious, and would you also recommend an eventual free trade policy in order to increase the market opportunities for your product?

Mr. WANSBROUGH: I do not think as far as the members of our board of directors are concerned we have actually thrashed that question out, and I do not know that there would be unanimous agreement if we did. But I think

one obvious answer is that being so highly dependent on exports as we are, we are naturally in favour of the freest channel possible in international trade. However, I think there are probably several people here who would like to express a view on that.

Senator SMITH (*Queens-Shelburne*): Well, if your board has not made a decision on that, let me ask you this: What are the tariff areas that your products now face in the export market? Are they serious at the present time?

Mr. WANSBROUGH: Well, that is very much a matter of judgment, certainly, as to how serious they are. We think that it is certainly unfortunate that lead, zinc, copper all have to pay duty going into the United States.

Senator SMITH (*Queens-Shelburne*): How much is the duty, roughly?

Mr. RIGGIN: 1.7 cents per pound.

Mr. WANSBROUGH: 1.7 cents per pound, a figure in that vicinity.

Senator HORNER: Is not the difficulty due to the quota that is placed on the export of various metals, for instance lead and zinc?

Mr. WANSBROUGH: Yes.

Senator HORNER: That is more serious than any duty, is it not?

Mr. WANSBROUGH: I do not think so. That is the view many of our people hold. We do not like a quota but it was fairly devised. It was a separate quota for each country. As I recall offhand the quota reduced the figure to 80 per cent of average shipments over a period of five years. That was not too serious. It might have been worse.

Senator HORNER: There being quite a number of prominent mining men present, I wonder if any would like to comment on this. A short while ago I noticed an article in the press which stated that a new use had been found for uranium as an additive to steel to prevent rust or corrosion in that metal. Is there any information available on that possibility?

Dr. GILLANDERS: It has not reached a state of finality as yet. Work on this project was done by the Mines Branch in conjunction with the Eldorado organization, and the producers have formed an association to try to find new uses for uranium, and what you mentioned, Senator Horner, would become part of the program. Uranium seems to impart certain properties to steel but it actually has not reached the stage as to knowing how much could be marketed. But the program in that direction and in other directions is being actively pursued now.

Senator HORNER: Thank you.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, in Mr. Wansbrough's brief, in the early part of it, he spoke about importing machinery. Mr. Wansbrough, do you have any special customs problems about importing mining machinery into Canada? Do you enjoy any kind of rates that help the industry or are you subject to heavy rates of duty on your equipment?

Mr. WANSBROUGH: Actually it would be fair to say that we are very well treated in that regard. I am speaking offhand, but machinery that does come in from abroad to be used in the mines either has a very low rate of duty or no rate of duty at all.

Senator CONNOLLY (*Ottawa West*): That would be machinery used for productive purposes?

Mr. WANSBROUGH: Yes, machinery used for productive purposes. We had a great advantage from what is called the end-use principle in the tariff whereby any machinery that comes in for production purposes is given great consideration. However, I fear the difficulties in that regard are likely to be increased and multiplied at an early date.

Senator CONNOLLY (*Ottawa West*): They are likely to be multiplied?

Mr. WANSBROUGH: Yes.

Senator CONNOLLY (*Ottawa West*): At a very early date?

Mr. WANSBROUGH: If I am not speaking entirely out of turn, I am referring to the information contained in the baby budget that was brought down in December whereby this whole question of importation of equipment and many other products has been referred by the Minister of Finance to the tariff board for study, and a hearing on this will be held later this year. We think this aspect of the question is in a state of flux and uncertain.

Senator CAMERON: On this question of incentives for research, Mr. Chairman. Canadian business is becoming much more research-minded, but I have not seen any specific suggestion as to the extent of the incentive or exemption that is suggested. Is there any suggestion as to how much should be allowed—in a definite amount or in a percentage of the net profit or what?

Mr. WANSBROUGH: I do not think we have come to any precise recommendation in that regard, it is just in principle, Senator Cameron, not in detail.

Senator CONNOLLY (*Ottawa West*): Mr. Chairman, with further reference to the question I asked a few moments ago about machinery, what I want to get clear is this: These new items that you do import, that you find necessary to use in your industry, you must import. Do you say this, that while the general purpose of a piece of equipment or a machine is generally to assist in some mining operation there may be in it improvements and refinements which may throw it into a category that can be ruled as not made in Canada when in fact effect those refinements and improvements are not available from Canadian sources. Is this what you are mainly concerned with?

Mr. WANSBROUGH: I think that certainly is one of the items of concern, yes.

Senator BURCHILL: Is a large proportion of your machinery requirements imported from the United States?

Mr. WANSBROUGH: Yes.

Senator BURCHILL: Of a kind not made in Canada?

Dr. GILLANDERS: There is quite a high proportion made in Canada—drills, hoists, motors, electrical equipment.

Senator CONNOLLY (*Ottawa West*): Basic stuff is made here?

Dr. GILLANDERS: That is right.

Senator CONNOLLY (*Ottawa West*): But it is the new techniques that are applied to machinery that you are mostly concerned about?

Mr. WANSBROUGH: Yes.

Mr. Chairman, may we express our thanks to the committee and also our thanks to Mr. Fowler for his invaluable assistance.

The CHAIRMAN: Thank you, Mr. Wansbrough and to your delegation. Your brief has been most informative and will be valuable in the deliberations of our committee.

Gentlemen, we will now hear from Mr. R. M. Fowler, who is President of the Canadian Pulp and Paper Association.

R. M. Fowler, President, Canadian Pulp and Paper Association:

Mr. Chairman and honourable senators, I am appearing before you on your Chairman's invitation which he extended some months ago. I am, as you know, President of the Canadian Pulp and Paper Association. I have with me one of my associates, Mr. M. S. M. Hamilton who originally came from Sault Ste. Marie. He has been responsible for much of the work of preparing this brief along with other members of our staff.

1. This memorandum is submitted on behalf of the Canadian Pulp and Paper Association, whose membership includes virtually all the producers of pulp and paper products in Canada. In the interval between this committee's invitation to appear before it and today, the Prime Minister of Canada convened a conference in Ottawa on October 10th and 11th, 1960, to discuss the problems of unemployment in Canada. For that conference we prepared, at the Prime Minister's request, a detailed memorandum and this document is necessarily a repetition of the views expressed in October with some amplification in the light of further study and further information that is now available.

2. The hearings of this committee, and particularly the research work done by Dr. J. J. Deutsch and his staff, have added greatly to Canadian knowledge on the subject of the causes and possible remedies for unemployment. Industry in Canada, for which perhaps I might speak—and also labour and Government—are indebted to this committee and its staff for providing a mass of sound and detailed information which was formerly unavailable. Up to the present time, it has probably been impossible for anyone—certainly it has been impossible for us—fully to assimilate and weigh all this information. It requires study, not only by this committee but by everyone who is seriously interested in Canadian economic problems.

I think we are greatly indebted to you, sir, your committee and its staff, for the great amount of further information we now have. We do suggest, however, that a further co-ordinated and continuing study which would enlist the co-operation of all elements in Canadian economic life—industry, organized labour, agriculture, the universities and governments at all levels. Through the efforts of this committee a useful start has been made—but it is only a start. We venture to suggest that, while the committee's report will be valuable and eagerly awaited, some more permanent machinery for economic collaboration is required in Canada. Specifically, we urge the creation of an Economic Advisory Council, or whatever name you would like to call it, with members drawn from industry, labour, agriculture, the universities and government, with adequate staff to continue and expand the economic studies begun by Dr. Deutsch, and with the broadest possible terms of reference.

Senator CONNOLLY (*Ottawa West*): Under a minister?

Mr. FOWLER: I have not worked it out in quite that detail, Senator Connolly. I think that is a matter of internal arrangement.

It should not be restricted to particular problems such as productivity, or technical training or automation but should have wide authority to engage in, and report on all aspects of Canadian economic problems. There is no danger, as is sometimes suggested, that such a Council would be contrary to Canadian constitutional practice or would usurp the functions of government. Its role would be advisory only—to gather and analyse facts bearing on Canadian economic problems, and to suggest policies not only for government consideration and decision, but also, what may be even more important, for the individual guidance and voluntary action of industry, labour, agriculture and other elements in the Canadian economy.

Senator CONNOLLY: That answers my question.

Mr. FOWLER: Its function would be educational in a field where knowledge and co-ordinated information is now seriously deficient—you had a great deal of basic work to do before you could even get started—both for the formulation of Government policies where Government action is required, and for private and voluntary action based on sound information and research.

Before I am through I am going to say something about the role of voluntary and private action in this field of unemployment.

Such a Council would have a further value and provide something that is now lacking in Canada. It would bring together in a co-operative enterprise for the good of Canada many elements of the Canadian life that are now unconnected and frequently in conflict. If these elements—management and labour, for example—or even primary and secondary industries—could be brought together for joint study of national problems, they would have much better understanding of each other's points of view and would presumably reach wiser solutions when they face the necessary and desirable periods of conflict between them. It could be a factor for greater unity and understanding in Canadian life.

I want to make clear, Mr. Chairman, that in making this proposal I do not mean to suggest we should try to eliminate all frictions and conflicts in Canadian life and make everything all sweetness and light. We cannot do that in the first place and we would make it a pretty dull life, probably, if we did. I think that disagreements and conflicts are inevitable and are a desirable characteristic of any social order, but we do need instruments of communication so that men can get in touch with each other when they wish to join together in a common cause. In this case the common cause is improving the Canadian economy and the lot of individual Canadians. I believe that in many, indeed, in all elements of our society, there exists that desire to co-operate, but the instruments for doing so are not as good as they might be. I suggest that an economic advisory council would be one such instrument.

3. In the absence of such a unifying medium in Canadian economic life, all that anyone who appears before you can usefully do is to present views on the problems of unemployment from his own narrower standpoint. I will endeavour to do this from the point of view of the Canadian pulp and paper industry and first, we will give briefly the familiar background of this industry's role in the Canadian economy.

In 1960 the gross value of the industry's output was approximately \$1.5 billion. It produced about 11,200,000 tons of pulp which found its way into over 6,700,000 tons of newsprint, nearly a million tons of paper-board, over 300,000 tons of fine and coated papers, 118,000 tons of other printing papers, and 140,000 tons of specialty papers and over 300,000 tons of wrapping paper. In addition, 2,600,000 tons of pulps were exported. The total output of the industry in 1960 established a new record and was about 5% higher than in 1959. Of this output, more than 75% was fully processed within Canada into a variety of products. About 80% of the output was exported, mainly in the form of newsprint and pulps and these exports accounted for 21% of all Canadian exports and 30% of all commodity exports to the United States.

The Canadian pulp and paper industry employs 75,000 people permanently in its mills and seasonally employs some 250,000 workers in the woods during the cutting season. In addition, it provides employment to many tens of thousands of Canadians in related and allied industries, which supply electric power, food, chemicals, transportation and other services needed by the pulp and paper industry.

I may say there, Mr. Chairman, that we did make the attempt to ascertain what the direct and indirect employment provided by this industry was, but you get into great difficulties in trying to get indirect employment in any real, meaningful way. For instance, we use one out of every ten railway cars used in Canada to move our products in and out; well, is this one-tenth of the labour on the railways or not, or merely a marginal amount? It is this kind of trouble you get into when you try to measure the direct and indirect. So we gave it up as we felt it was something we could not back up.

4. The growth of employment in the pulp and paper industry has been remarkably steady, despite the introduction of much mechanization or automa-

tion and improved productivity. Over the past ten years employment in this industry has fully kept pace with the growth of the Canadian labour force.

This statement is proved by the following table:—

1949 = 100			
EMPLOYMENT IN PULP AND PAPER AND ALL MANUFACTURING INDUSTRIES			
Year	Pulp and Paper*	All Manufacturing*	Labour Force**
1939.....	62.5	56.3	92.0
1940.....	70.3	65.1	91.1
1941.....	77.3	82.6	88.3
1942.....	80.0	101.6	90.4
1943.....	77.4	111.5	90.3
1944.....	79.3	110.6	90.0
1945.....	82.6	100.0	89.4
1946.....	92.9	91.0	95.5
1947.....	102.5	97.2	97.8
1948.....	105.8	100.1	98.7
1949.....	100.0	100.0	100.0
1950.....	99.8	101.4	102.1
1951.....	109.7	108.1	103.3
1952.....	111.2	109.9	105.3
1953.....	111.7	113.0	106.8
1954.....	117.9	107.3	108.7
1955.....	121.9	109.8	111.0
1956.....	126.3	115.8	114.4
1957.....	124.4	115.8	118.8
1958.....	120.9	109.8	121.2
1959.....	124.2	111.1	124.4

SOURCES: *Employment and Payroll Statistics, D.B.S.;

**Labour Force Survey, D.B.S.

Between 1949 and 1959, Canadian pulp and paper production increased by 41.8% while employment went up 24.6%. There was thus a substantial increase in productivity, while at the same time employment in the industry increased in step with the growth of the total Canadian labour force.

This industry is perhaps a good example of balanced growth in both domestic and export trade. It is a mixed industry with 80% of its total production going to export markets and the remaining 20% being consumed in Canada. The export commodities are mainly traded freely, without tariffs, throughout the world and have been able to maintain their place in Canadian and world markets against international competition. The domestic branches of the industry generally receive tariff protection in Canada and face tariff barriers in most other countries. These commodities, the domestic ones, have grown to meet expanding Canadian needs, and are likely to continue to grow at the pace of Canadian population and economic growth. If free entry into foreign markets could be gained for pulp and paper commodities that are now effectively excluded by foreign tariff barriers, it is probable that the domestic branches of the industry could grow even faster; but that does not appear to be an immediate possibility.

Senator CONNOLLY (*Ottawa West*): It is a matter of trade negotiations?

Mr. FOWLER: It is a matter of trade negotiations and it is also a matter of trade negotiating power, and the great market is the United States and their powers for negotiation are limited. A paring off of a percentage point or two in the rate will not open the market and cause the complete rationalization that would be needed in order to open the market. In the matter of fine papers, we make 500 separate kinds, perhaps in the same mill in a year. It is a totally different structure of production than you would get in a large, mass-produced industry making fine paper with a large market to supply.

Admittedly the whole industry has been favoured by a rapid rise in world needs for pulp and paper and this growth is likely to continue. Estimates made in 1959 by the Food and Agriculture Organization of the United Nations

indicate a growth in total world demand for paper (including newsprint) and paperboard from 56,000,000 metric tons in 1955 to 88,000,000 metric tons in 1965, to 134,000,000 metric tons in 1975.

Those, I may say, appear to be rather conservative estimates now, because the figures, in the period of these estimates that we have lived through, are exceeding the original estimates.

Undoubtedly much of this growth will have to come from domestic industries throughout the world; the massive amounts of foreign exchange to meet the needs of other countries through imports are unlikely to be available. On the other hand, the capital requirements to provide domestic production of rising demands for pulp and paper throughout the world are enormous.

These points are well illustrated by another FAO report of a conference in Tokyo last October which examined the trends of pulp and paper supply and demand in the Far Eastern region. Consumption at present in this region is 6.5 million tons. The conference estimated that 1965 requirements would exceed 11 million tons and by 1975 they will reach nearly 25 million tons, on a conservative estimate. To add 18 million tons of paper imports annually to the Far Eastern area, apart from questions of availability and transport, would require roughly four billion dollars annually in foreign exchange expenditure, by those countries—which is an unlikely amount for them to have available for pulp and paper imports. Yet to create productive facilities in the region to meet these needs will require about 200 million dollars of capital investment annually to 1965, and 350 million dollars annually in the ensuing decade.

These are quite enormous sums. So we have them working in opposite directions.

Therefore there is every reason to believe that Canada can continue to export increasing quantities of pulp and paper to foreign markets—not only to the Far East but also to Europe, South America and Africa—provided always that the channels of international trade are kept open and not blocked by unwise and restrictive trading policies.

This industry has been and can continue to be one of the strong employment sectors in Canada and, in the face of a serious unemployment problem today, we suggest nothing should be done to damage that strength.

5. The specific point made in the preceding section may indicate a principle of more general application. It might be argued that the pulp and paper industry has been specially fortunate in having a growing market demand large enough to allow increased productivity, and therefore competitive efficiency, and at the same time to create new jobs at a rate in step with the growth of the Canadian labour force. However, a preliminary study of other industries suggests that the record of the pulp and paper industry in providing employment is not unique.

For example, the index numbers of employment in the Canadian aluminium industry show the same steady advance in jobs provided, in step with the growth of the labour force. The table following sets out the index numbers of employment in major industry groups, and compares them with the index numbers of the total labour force. It is a complicated table, so you may wish to study it. If you run it down to the "B" section on "Manufacturing", you will see that the first seven or eight which include non-ferrous metal products, electric apparatus and supplies, non-metallic mineral products, products of petroleum and coal, and chemical products, and so on, down to item "K", all of them keep up pretty well with the growth of the labour force, which is in the final line. It is the ones below this where the growth of employment is below the growth of the labour force.

CANADA INDEX NUMBERS OF EMPLOYMENT* (1949=100)

INDUSTRY ANNUAL AVERAGE 1950-1958

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1958 Mo. Aver. of Employees	Est. Indus. Coverage
A Industrial Composite.....	102.1	109.1	111.9	113.1	109.9	112.9	120.7	122.6	117.9	2,678,687	
1. Forestry (chiefly logging).....	104.8	140.3	119.5	98.3	96.3	102.9	113.2	99.3	75.9	52,927	75%
2. Mining.....	106.0	111.0	116.9	110.8	110.4	113.7	122.7	127.2	123.5	109,569	96%
3. Construction.....	103.1	110.7	123.1	118.1	110.6	115.0	131.8	135.7	126.2	255,962	81%
4. Public Utility Operation.....	101.2	103.7	108.0	112.4	116.1	119.2	126.3	133.6	137.6	59,113	67%
5. Finance, Ins., Real Est.....	105.9	116.2	122.1	122.4	128.0	132.1	137.1	145.0	149.3	141,451	82%
6. Service.....	101.0	103.3	107.0	108.8	111.7	115.0	125.1	131.9	135.1	127,911	40%
7. Transp., Storage, Comm.....	100.2	106.8	110.9	111.2	109.0	110.8	118.3	120.4	115.5	359,446	89%
8. Trade.....	103.6	107.4	110.4	113.1	114.8	118.7	126.3	131.8	131.6	428,124	60%
B Manufacturing.....	101.4	108.1	109.9	113.0	107.3	109.8	115.8	115.8	109.8	1,144,184	89%
9. a) Non-ferrous metal prod.....	98.6	109.8	110.6	118.3	117.4	125.3	132.5	128.3	122.3	52,564	—
b) Elec. apparatus and supp.....	108.8	120.4	122.1	136.3	132.9	137.4	152.2	150.4	135.7	74,770	—
c) Non-metallic min. prod.....	105.5	113.7	110.8	113.7	114.8	123.6	134.0	132.2	133.2	33,989	—
d) Prod. of petroleum, coal.....	106.3	113.5	119.6	119.4	120.9	125.6	133.5	140.0	139.7	15,369	—
e) Chemical products.....	102.7	110.3	114.1	117.3	121.1	122.2	127.7	133.5	131.2	56,016	—
f) Misc. mfg. industries.....	102.3	101.2	98.5	107.6	104.8	102.8	108.8	113.7	119.9	27,370	—
g) Transp. equipment.....	99.6	117.4	138.7	153.1	133.9	131.2	141.6	142.1	123.8	139,511	—
h) Ptg., publ., allied ind.....	104.3	105.4	104.3	107.1	110.0	111.8	115.3	119.6	119.1	53,063	—
j) Paper products.....	101.0	108.6	108.4	110.2	114.8	118.2	123.7	123.5	121.1	88,665	—
k) Tobacco and tobacco prod.....	95.3	87.8	85.9	87.0	87.7	88.6	89.0	91.2	99.1	10,102	—
l) Rubber products.....	103.6	108.3	102.8	108.3	102.7	109.6	114.3	110.4	99.5	19,632	—
m) Leather products.....	95.3	91.5	94.0	96.0	87.8	86.8	89.5	88.6	86.0	27,497	—
n) Wood products.....	104.6	108.0	102.0	104.7	101.0	107.3	110.3	105.5	102.6	88,045	—
o) Textile products.....	102.3	104.3	93.4	93.2	80.4	85.4	86.8	84.4	77.5	57,742	—
p) Clothing.....	99.8	100.6	101.0	100.8	91.5	91.9	94.0	94.2	90.7	92,336	—
q) Iron and steel products.....	99.2	111.0	113.2	111.0	99.8	102.9	112.4	113.4	102.6	162,534	—
r) Food and beverages.....	101.2	103.0	105.2	104.6	105.6	106.9	109.6	111.4	112.3	144,976	—
Index of Total Labour Force**.....	102.1	103.3	105.3	106.8	108.7	111.0	114.4	118.8	121.2	—	—

* Employment and Payroll Statistics.

** The Labour Force Survey, D.B.S.

Contrary to popular belief, this table seems to show that employment in those Canadian industries that are basic to Canada, that can successfully meet international competition at home and abroad, and that deal in products derived from our natural resources, are not inconsequential employers of labour. Instead they seem to be good creators of jobs, and as they grow they keep pace with the growth of the labour force. It is, I suggest, a confirmation of the theory of international specialization—that we should do those things which we have natural advantages for doing. This theory yields in practice not only general economic advantages, but also creates sound and satisfactory levels of employment.

It would seem to follow that these are the areas of activity on which Canada should concentrate, not only to stimulate wealth for the nation but also to create jobs for her citizens. Policies which would injure these vital areas are bad policies; policies which stimulate and support the basic industries are sound and good and contribute to the solution of present unemployment.

6. While this industry, whether because of good fortune or good management, can take some satisfaction in the fact that it has not contributed to present unemployment in Canada, it cannot close its eyes to the serious national problem that now exists. Unemployment is serious in Canada today—more than it has been and more than it should be. It may well be that there are defects and gaps in the statistics and that our methods of measuring unemployment are not strictly comparable to those used in other countries. It may also be true that there are defects in our unemployment insurance system which tend to increase the statistical totals of unemployment. Both types of defect should be corrected, but if this could be done in one sweep tomorrow the fact would still remain that we have a larger degree of unemployment than any Canadian would like to see.

We suggest that there are two basic reasons why present levels of unemployment must be greatly reduced and eliminated.

The first is the human reason that the distress of real unemployment cannot be allowed to continue. In the modern industrial state, there is a responsibility of society to provide work for people who want work. It is no answer to make statistical arguments that the existence of some degree of unemployment makes other economic problems easier to handle—such as, for example, the control of inflation. Nor is it any answer to say that present unemployment afflicts only a minority of Canadians; for that minority it is still a major misfortune. These human losses are also national losses; the goods and services that a man could have produced on a day when he is unemployed are lost forever and the total wealth of the nation is reduced by that amount.

The second reason is not, like the first, domestic but international; and may be even more important. As long as anything like the present level of unemployment persists in Canada (and the United States) it is the greatest advertisement abroad of the inadequacy of our economic system. It is comfort to our enemies and an enigma to the uncommitted nations.

7. If we are to find sound solutions for present unemployment, the work of this committee and its staff in seeking to determine its nature and basic causes is of vital importance. That work is much more detailed and exhaustive than we have been able to undertake and there would be little value in attempting today to summarize studies that have already been presented to you in detail.

Approaching the problem without anything like the detailed research and study your staff has given to it, we began by asking if this was merely a cyclical recession based, for example, on inventory adjustments such as has become familiar in the post-war period. If it were only this the familiar remedies of some public works, extra winter work and some cash relief might

be enough to deal with a temporary decline and we could reasonably expect the unemployment problem to disappear when the next upturn comes.

We felt, however, that the problem was much more than a cyclical decline or inventory readjustment. We seem to have today a cyclical recession superimposed on more fundamental readjustments in the economy. In simpler words, this means that our rate of growth has declined or perhaps disappeared. The statistical evidence for this conclusion is strong. If the period between 1950 and 1959 is broken into three equal periods for comparison (1950-53, 1953-56, 1956-59), which happen to be reasonably comparable segments of the business cycle, and either physical volume or constant dollar data are used, it is clear that business activity in Canada has been slowing down. For example, gross national product in constant dollars in 1953 was about 20% above 1950; in 1956 it was about 15% above 1953; but in 1959 it was less than 5% above 1956. In terms of real per capita income the average Canadian of today is worse off than he was in 1956. Industrial production rose about 20% between 1950 and 1953, and between 1953 and 1956 but only about 7% between 1956 and 1959. Gross business investment in constant dollars was 25% higher in 1953 than in 1950, about 20% higher in 1956 than in 1953 but was lower in 1959 than in 1956. The comparisons for real labour income, personal consumption expenditures, and physical volume of exports show a similar trend.

Senator CONNOLLY (*Ottawa West*): Are these based on D.B.S. figures?

Mr. FOWLER: They are based on D.B.S. figures, and based on constant dollar figures.

No doubt many of the causes for this slow-down in the Canadian rate of growth were beyond our control. In the period from 1945 to 1956 Canadian industry expanded to meet rapidly rising demands, not only from natural or traditional markets but also from industrialized nations in Europe that suffered war damage and were temporarily unable to supply their own needs. In the end, there was over-expansion in Canada and we now have excess productive capacity in almost every industry. There was a similar over-expansion of productive capacity in the United States. At the same time, there was even more rapid industrial growth in Western Europe and Japan, and their new and highly efficient facilities took over the supply for their domestic markets which we had temporarily provided and also they entered our own and other traditional markets as effective competitors. We were faced with increased competition both in overseas markets and in North American markets. During the long period when increased production was the only objective, Canadian costs rose and they are a disability when intense competition has reappeared both internally within Canadian industries and with producers of other countries here and abroad.

This argument is not directed towards assessing blame for the past, but only to try to define the nature of our economic problems as a guide for the future. If Canadian economic growth has been arrested, everything should be directed towards getting growth started again as rapidly as possible and in as large volume as possible. This is the only real solution for present unemployment.

8. What kind of basic policies might be chosen to stimulate growth? No one person can answer this question but anyone who talks this way should be prepared at least to give examples of the kind of thing that might be done. We suggest the following:

(a) Recognize, and make Canadians recognize, that the present rate of economic growth is unsatisfactory and must be stimulated. Anyone that talks

publicly on this subject, should stop saying that we are prosperous and that this is no more than a temporary squall that will soon blow over. I suggest our future will be good only if we make it so.

(b) Expand the money supply moderately and gradually with a view to easing Canadian interest rates and providing a little more financial elbow-room for industry to grow and become more efficient. Monetary policy should be sufficiently clear and definite that the banks will feel free to use any increased liquidity that may be created.

(c) Make it a specific and urgent objective of Canadian policy to keep the Canadian dollar at or slightly below parity with the American dollar. The protracted period when there was a substantial premium on the Canadian dollar caused serious distortions in the economy and was perhaps a major contributor to recent unemployment and the slowing down of growths. It was obviously costly to the export industries and reduced their competitive power in foreign markets. It was even more serious to domestic industries, in increasing the competition from imports, by reducing whatever tariff protection Canadian industries had enjoyed.

It is true that in recent weeks the premium on the Canadian dollar has virtually disappeared. It could, however, return. If we are successful in reducing the adverse balance in our trade with the United States and continue to need and obtain American capital investment, both these factors would press upward on the Canadian dollar and action would then be needed to hold it at parity with the American dollar. This action need not take the form of massive purchases of American dollars or the resumption of wartime foreign exchange controls. As recent experience tends to show, this is a sensitive market and it can be influenced by less extreme measures. The mere declaration of government policy in favour of parity has and I suggest has had an important influence on the exchange rate. A reduction of interest rates by some expansion of the money supply or by other means would reduce the flow of temporary "hot money" to Canada.

This is one of the least desirable forms of capital inflow that we have, that which is attracted by high interest rate. We could create and provide new facilities to provide a source for municipalities and provinces to borrow for their needs in Canada, without compulsion, and thus reduce the risks of excessive reliance on this potentially dangerous form of capital in-flow. Possibly, too, some system of pre-registration of corporate investment intentions could be established to allow some influence over the flow of foreign investment to Canada without formal control. Such steps as these are fully within the constitutional powers of the Federal Government and would tend to avoid the reappearance of a premium on the Canadian dollar. They have the advantage that they would not involve serious burdens or irrevocable actions.

Senator CONNOLLY (*Ottawa West*): Would you say something about the passage in your brief on "a system of pre-registration of corporate investment intentions."

Mr. FOWLER: I have not worked it out too well. The thing I am thinking of is this, that it is a pretty narrow market, and one corporation that wants to borrow or import \$30 million or \$40 million from the United States at the same time as another corporation who wants to do it, it works out to be quite a big chunk being negotiated for at the one time. As I said, the market is a narrow one. I think if there was some system of bringing this information together on a voluntary basis, most businesses would be perfectly amenable to advice to, say, "Don't bring it in this month, bring it in next month."

Senator LAMBERT: Was this not what was done during the war, when requests for money were regulated to a great extent?

Mr. FOWLER: Yes, but in the war we had so many more machines for doing this—we had exchange controls, and the machinery was there for the voluntary or persuasive control of this.

Senator LAMBERT: And there was a war on which made it acceptable.

Mr. FOWLER: I think it would still be acceptable.

Senator LAMBERT: I think that is a very important point.

Mr. FOWLER: I think people and business would like to see this worked out on an even flow basis. I think we could make a voluntary effort and if we fail what have we to lose?

Senator CONNOLLY (*Ottawa West*): When foreign exchange control was in operation there were huge gobs of American capital coming in here particularly for the development of petroleum and natural gas industry. There was some knowledge of what was happening because so many of those here had to deal with the Foreign Exchange Control Board to find out what arrangements could be made to get it back or to get the income on their investment back, and they did have this source of information.

Mr. FOWLER: It is the same point I was making earlier in connection with an Economic Advisory Council, that is, we need more machinery in Canada for voluntary action than we have had up until now.

Senator PRATT: Your main point, though, in reference to what amounts to registration or control of money is more to separate speculative money from actual investment funds, is that right?

Mr. FOWLER: I happen to think that we have benefited greatly from the inflow of capital we have had in this country, and we are going to need more of it in the future.

Senator PRATT: But you would not want any policy that would close down on money coming in for capital investment?

Mr. FOWLER: I suggest we would be very sorry indeed if we have it, but I do think there are differences in the kind of the inflow. We have what might be called short-term hot money coming in here attracted by high interest rates, and that is the kind I think we could do without. Similarly I think our long-term municipal and provincial borrowings in the States are apt to create some pretty serious difficulties in the future. At least we do not know what the outcome will be later.

Senator CONNOLLY (*Ottawa West*): The point is you do not know when these things happen.

Mr. FOWLER: I feel that the inflow of business investment which comes here in the form of bricks, mortar and machinery is the kind of investment we want and are going to need, and which we ought to encourage.

Senator LAMBERT: Would you suggest, in regard to the other classes of capital borrowings, municipal and provincial borrowings particularly, should be channelled through a single financial control here?

Mr. FOWLER: I want to make one thing clear. I think this can be done on a voluntary basis. I think municipalities and provinces, just like individuals in this country would like to do something to help if it seemed sensible for them to do, and if we can provide them with a source of money in Canada at a rate equal to what they can borrow for in the United States I would say they would not be crazy enough to borrow elsewhere. But we need something to help them do that. We have an Industrial Development Bank, let us have a municipal development bank.

Senator CONNOLLY (*Ottawa West*): Or a provincial development bank.

Mr. FOWLER: Yes, and you could call it what you like.

Senator LAMBERT: It would be a matter of encouragement rather than of legislative direction.

Mr. FOWLER: Yes.

(d) To stimulate economic growth, a revision of our tax system is overdue. The present tax structure grew up in very different economic conditions than exist today and taxes at present high rates have a powerful influence on growth. We could make a much more imaginative use of accelerated depreciation on a selective basis to assist domestic industries that are in competitive difficulties and to locate industries in areas that are chronically in trouble. We could introduce tax incentives to stimulate export trade such as are employed by a number of other nations with whom we compete in world markets. We could consider revisions of personal income tax provisions with a view to stimulating demand which should be our major objective.

Senator CONNOLLY (*Ottawa West*): You say: "We could consider revisions of personal income tax provisions with a view to stimulating demand which should be our major objective." By that do you mean to have more personal investment in Canadian industry?

Mr. FOWLER: No, I do not. During the presentation of the brief by the Canadian Metal Mining Association earlier this morning one honourable senator asked: why build more industrial capacity if you have already got excess capacity? I am not talking about that but about payment at the consumer level. I have no clear-cut ideas as to how this should be done. In other words, as I think we say a little further on in this brief, what we need are more markets. We need to sell more goods and put more people to work making more goods that we are able to sell. The accelerated depreciation device may not assist in the creation of new facilities when they are needed, for there is a time lag involved in the matter of facilities in our industry, and in the mining industry. You might be justified building new facilities today because you may need them in two or three years' time. But I think we ought to put more attention on the market study, the creation of markets, the creation of demand within Canada and the acquisition of markets outside of Canada.

9. One general economic policy should be resisted however tempting it may appear at first sight. It is that Canada should seek to increase employment by increasing tariff protection of industries that now find it difficult to meet foreign competition. There can be much debat  as to whether Canada should or should not move towards freer trade and lower tariffs, but the arguments against tariff increases are compelling.

No extensive tariff increases can be made without breach of Canada's existing international obligations. No quotas against foreign goods can be imposed under existing Canadian legislation and to make quotas possible would be an odd step for a nation that has preached consistently and loudly against the use of quotas by other countries. These are important practical arguments against increased protectionism. But there are more fundamental economic and political arguments against this device.

The urgent need today is to expand trade—to increase markets for Canadian goods and thereby to increase employment of Canadian men and women. To see where there are the greatest opportunities for increasing trade, we must look at the present patterns of Canadian trade. We have today a heavy deficit in trade with the United States and a substantial surplus in our trade with other countries, individually and collectively. If we increase tariffs we will increase costs for all Canadian consumers both for commodities we still must import and for domestic goods, the prices of which will tend to rise by approximately the amount of the tariff increases. The competitive power of

a high cost economy will not be improved by still higher costs. Such higher costs will apply not only to individual consumers but also to the export industries which are already facing intense competition in world markets. Moreover the greatest chances to expand export trade are in the rapidly developing economies of Western Europe and elsewhere throughout the world—not in the United States. We already are selling more goods to overseas markets than we buy from them. We cannot sell still more goods to them and at the same time restrict the flow of their goods to us by increasing our tariffs against them. There is no way to raise tariffs against American imports without raising tariffs against overseas imports. If we raise tariffs against countries with which we already enjoy a favourable balance of trade, they are bound to retaliate and we will defeat the purpose of recent strenuous efforts made by the Canadian government to expand export trade. Those efforts were well-conceived and enthusiastically supported by Canadian industry but they will have been a waste of public and private time and money if Canadian tariff protection is increased. With the existing patterns of Canadian trade, an official drive to expand export sales could not be justified and will not be successful unless it was based on a prior decision not to raise Canadian tariffs.

An even more powerful argument against increased protection by Canada is political rather than economic. There are signs of increased protectionist sentiment in the United States. We have it in Canada. And there is talk also in Western Europe of higher protection and the danger of substantial external tariffs by the European Common Market. At the same time the less developed nations of Asia, Africa and Latin America are seeking foreign investment and the developed nations, for a variety of reasons, are pouring vast amounts of capital into these countries to speed their industrialization. If this is successful these less-developed nations will want and need not only capital and technical assistance but markets too. It is a contradiction of policy for the major industrial nations to put money into Asia, Africa and Latin America and at the same time to be regarding increased protection as a possibility. We have been through all this before, in the early thirties; but this time if we break world trade into fragments there is a powerful enemy waiting in the wings, ready to pick up the pieces.

This is not to say that the tariff-protected domestic industries are unnecessary or should be sacrificed. We need both the so-called "primary" industries and the "secondary" industries. The latter are substantial employers of labour and are needed as part of the Canadian industrial fabric. If they cannot face today's competitive conditions, ways must be found to aid them in becoming more efficient. But the arguments against doing so by means of increased tariff protection appear to be overwhelming.

I think there is an error in that last sentence, Mr. Chairman. I do not think they would become more efficient by increased tariffs, which the sentence seems to imply.

10. Unfortunately, the stimulation of a country's economic growth is a slow process. There are no quick and easy solutions. Measures to promote sound growth should be undertaken immediately but their results will take some time to show. In the meantime present levels of unemployment are such that temporary remedial measures—many of them of an ad hoc nature will be required to relieve the human misery of Canadians who are without work and in distress on that account.

We made some tentative efforts to study the major components of unemployment in Canada and its causes, in the hope that we could make some

suggestions to the committee of actions that might be taken to relieve unemployment quickly. These investigations have been much less complete and detailed than those now available from the committee's staff and there is little point in describing them at any length.

We found—as your staff studies clearly show—that there had been major shifts in the Canadian employment pattern in the last ten years. There has been a steady decline in employment in agriculture, forestry and fishing; very little increase in manufacturing employment; and a major increase in employment in the service industries. These changes have had significant effects on the distribution of employment between male and female workers and on total labour income. The service industries employ a higher proportion of females and give average weekly earnings only about two-thirds of those in manufacturing.

The unemployment figures of various age groups in the male labour force show a heavy concentration of unemployment in the younger age brackets.

I know you have had all this in much greater detail but I am just trying to summarize our studies for the moment.

For example, in March of the last three years, approximately 20 per cent of the young men between 14 and 24 who wanted work, did not have it. This rate of unemployment approached depression levels and is not only serious in itself but may have far-reaching social consequences in the future.

What happens to young men in that age bracket for their later life, if they are not able to get work when they need it and want it?

With the study presented to the committee on January 25th, 1961, by Dr. R. Warren James, we now have essential information as to the relationship between unemployment and lack of skills and education which was formerly lacking. In the 14 to 19 age group, 85% of the young men did not complete high school and only about 6% were technically qualified for some special occupation. It is interesting to note that, whereas 27% of unemployed non-immigrants are technically qualified, about 44% of unemployed immigrants are.

These summarized statistics seem to suggest that the emergency, to which first attention should be given, is the problem of unemployment in the younger male age groups. We should choose those temporary relief projects which will most quickly provide jobs for young males. And we should institute training schemes immediately to take a substantial part of the young unemployed male groups out of the ranks of the unemployed for education and improved skills which will be required when Canadian economic growth resumes.

11. Mention of the problem of education and training suggests several comments. In an unemployment emergency concentrated in the younger male age groups it is natural and essential that first attention should be given to a short-term "crash" program to give as many of them as possible some kind of technical training and presumably those skills will be emphasized for which there appears to be an immediate short-term need. But this problem goes deeper. It is more than a question of revising the unemployment statistics to classify untrained and uneducated men as unemployable for the moment and therefore not properly to be regarded as effective members of the labour force. It is more than a short-term need to give some kind of training to fit men into skills for which there is an immediate need. There is a more fundamental long-term aspect to the problem.

Apparently, the Canadian educational system has been deficient and has failed to meet the requirements of a modern industrial economy. It is no answer to say that education is the constitutional responsibility of the provinces; this is a national problem which impinges on the federal field, immediately in the creation of unemployment and ultimately on the growth of the national economy, for which the federal government is primarily responsible.

In a modern industrial society there is a long-term, still-continuing, upward trend in the demand for all trained manpower. There is danger that we will concentrate attention on the quantitative appraisal of shortages or needs in a given field at a given time. For a variety of reasons there may be a rise or fall of demand in a given field from one year to the next, and a shortage today may become an over-supply of a particular skill tomorrow. Such fluctuations are not inconsistent with the long-term upward trend of the need for talent. Behind the quantitative data on manpower there is a deeper and more perplexing issue—the problem of quality.

In this day of technologies that become antiquated overnight, it is risky to predict a favourable future for any narrow occupational category. There is a long "lead-time" needed to train and develop talents and it is impossible to identify the skills that will be needed ten years hence. The crash program which concentrates on quick training to meet immediately apparent needs will not be enough. Instead we can only provide security and economic advantage to the individual if we give him the kind of fundamental training that will enable him to move back and forth over several occupational categories.

The point of all this is to suggest that any program of immediate technical training and education, to meet particular manpower shortages or apparent future needs, while necessary, is not enough. If we do only that we are likely only to roll forward the problem, and will probably not produce the kind of skilled society that will sustain Canadian economic growth. In a constantly more complex society, there is a constant pressure against the total creative capacity of its people, and the whole educational system must be revised and adapted to respond to that pressure. Unless this long-term educational program is undertaken, any short-term technical training programs will be only palliatives.

12. A powerful pressure for revision of the approach to education and training comes from the rapid development of automation. This is a new word for a process that has been going on for a long time. It is no more than an extension of mechanization that began over a hundred years ago with the industrial revolution. The one thing that is new is the pace and speed with which it has moved in the last fifteen years.

Because of its terrifying speed, automation is frequently regarded as a bad thing, to be deplored and resisted. It can't be resisted and, to the individual, it is a good thing. It should be viewed as a hope and opportunity, not as an evil to be retarded and evaded. At the simplest and most primitive end of the scale, there can be no doubt that a farmer using a combine is a more self-sufficient productive and free citizen than a peasant wielding a sickle and winnowing his grain. At the industrial level automation will reduce the number of routine jobs and replace them by more demanding tasks of supervision, maintenance and regulation in addition to the production of the machines themselves. Its major impact is precisely in those areas where the level of work is now least challenging to the individual. The ultimate value of automation may well come not in the increase of individual productivity and leisure time but in the elimination of routine work and the creation of more positions in which decision and discretion are essential.

Because of automation—and this is the whole point in this section—the increase in skill and training needed by our labour force will accelerate in the years ahead. It is an error to regard our present unemployment as the result of a sudden calamity that descended on us in the form of automation that we could not foresee and could have done nothing about. Our failure lay in not seeing it when it was apparent and not preparing to adapt to it and welcome it. We should do so now, without any more delay.

13. On a more specific subject, we wish to add a word about the unemployment insurance system, which we regard as an important, but ancillary matter in relation to the unemployment situation.

The unemployment insurance scheme has recently been subject to considerable criticism. This criticism is directed to some cases of abuse amounting perhaps to fraud and to many more cases of legal claims on the fund which do not seem to fit into the popular conception of what unemployment insurance is supposed to do. Benefits paid to men who retire from business with good industrial pensions, and benefits paid to married women who leave their employment to have babies, are examples of claims that may be legal under the system, but are not regarded as a proper use of tax money in a system of unemployment insurance. The acceptance of such claims by the system tends to inflate the statistics of unemployment by encouraging men and women to count themselves as unemployed when they are not really seeking jobs.

It is unlikely (except in some few specific instances) that a revision of the Unemployment Insurance Act will put anyone to work. But it is important that abuses or popular misconceptions of the system be removed for two reasons. First, we should do so to prevent this important element in our social security system from falling into disrepute. There is some tendency for the abuses and the surprising results of the present system to deflect attention from the primary task of reducing unemployment and creating employment. Secondly, it is important to avoid unnecessary expenditure of public moneys raised by taxation so that it can be used for the relief of real unemployment.

We suggest that a comprehensive study and revision of the unemployment insurance scheme, by competent experts, would seem to be essential.

14. One feature of unemployment insurance relates specifically to the maintenance of winter employment in the pulp and paper industry. To a considerable extent, woods work in this industry is contra-seasonal in effect. It provides employment in the late fall and very early winter when other industries are experiencing a seasonal decline in employment. There are physical limits to the extension of the wood-cutting season. When the snow becomes too deep access to trees is too difficult and, if they can be reached at all, the deep snow causes the woodcutter to leave a high stump and much valuable material is left on the ground.

It is true, however, that in earlier seasons when pulpwood supplies have been short and demand for pulpwood was high, the cutting season was extended into the winter months. But since the addition of seasonal woods workers to the unemployment insurance scheme, this has proved in practice to be impossible. Many workers who have worked long enough to be entitled to insurance benefits prefer to leave their jobs and take their insurance, rather than face the physical rigours of working during the severe winter weather. We have had some experience in recent years with attempts to extend the cutting season beyond Christmas. In one case, an operator who planned to keep his camps open at the request of the provincial government, to provide winter employment in the area, found it was impossible to do so. He had to close the camps because he could not find men to operate them, even though there were several thousands of men drawing unemployment insurance in the area surrounding these operations. The Act is not supposed to operate in this way, but the hard fact is that it does. It is a recognized problem in the pulp and paper industry of eastern Canada to find even a limited number of men willing to work after Christmas.

15. Finally, there is the question of where responsibility rests for dealing with the unemployment crisis that faces Canada today. With the statement of the Minister of Labour last Friday that the government is doing all it can do in the fight against unemployment, I might be prepared to argue. But I agree completely with his underlying belief that the government should not be expected to do everything. This is a national problem and calls for action by all elements in the Canadian society—government, industry, organized labour, agriculture, universities and professional groups and communities.

Much must, of necessity, be done by government—public works, winter works programmes, financial assistance, unemployment insurance, and particularly the choice of policies that will stimulate economic growth and the improvement of education. But industry and organized labour and other groups have responsibilities too, individually and in collaboration. Until now, they seem to have been inclined to “leave it to the government” and to devote their main attention to pressing for government action.

In considering what can be done by an individual company or industry, I was struck by the fact that unemployment in Sweden has been consistently lower than in Canada, although the Swedish economy is heavily dependent on the forest industries, which face the same problems in world markets, as we do. I asked my friends in one of the larger Swedish companies to tell me what they do, and they sent a most interesting reply.

It is part of their conscious and declared policy to seek to avoid unemployment in their own operations. They divide their efforts into various categories of unemployment. To neutralize unemployment caused by business fluctuations, which are inescapable in an export industry, they plan their whole forest operations so as to maintain employment. When demand for wood goes down they increase their activities on roadbuilding, silviculture, etc., for example, during the decline in 1958 they increased the number of workers engaged in silviculture by 50%. They do not concentrate the entire decrease in wood requirements on purchased wood, even though they could in this way maintain full employment in their own forests. In the mills, they deliberately postpone repairs and improvements to periods of low economic activity. They use slack periods to carry out desired vocational programmes. It should be said at once that many Canadian pulp and paper companies adopt precisely these same policies and the outline is given only as an example of what can be done to stabilize employment within a company if it regards it as important to do so.

On the more serious problem of unemployment caused by structural rationalization involving say the shutting down of some plants and the creation of larger producing units, the Swedish company accepts a responsibility for providing new employment for workers adversely affected. It includes in its shut-down costs a provision for assistance in providing new employment for the workers. There is advance preparation which involves retraining and relocation of workers where possible, early retirement in some cases, and suspension of recruiting of new employees well in advance. In addition the company attempts to recruit other industrial activities in the community where a mill is to be closed, and offers to sell industrial lots and buildings from the old site at reduced prices.

The Swedish memorandum ends with a significant comment:—

In certain respects there is a great difference in the social and the economic policy between North America and Europe. To us it has been and still is a matter of great importance to maintain a policy which conveys to the employees an active sympathy for a free, privately-owned enterprise system and for a free social order.

Senator SMITH (*Queens-Shelburne*): With regard, Mr. Fowler, to your reference about winter work in the woods—what happened to the unemployment insurance regulations in connection with the availability of benefits to those who were offered work and would not accept it?

Mr. FOWLER: Well, I do not really know the details of this because I never actually was running woods camp operations, but I think it turned on the interpretation that is given to the phrase "suitable employment".

Senator HORNER: That is the key word, "suitable".

Senator SMITH (*Queens-Shelburne*): In other words, if the applicant thought it was too cold to work the man's word would take precedence over that of the official?

Mr. FOWLER: I think it may be that the official position feels that if the unemployed man happened to be formerly a clerk in an office and he is suddenly offered a job in the woods in below zero weather, it may be unsuitable weather for the clerk to work in and the decision may be perfectly valid in such a case.

Senator HORNER: I always said that it would be difficult to administer the act with that term "suitable employment" forming an important part of it. I know of a case in Canada where a person returned from the United States, and she said that there you have got to go to work but here in Canada I can draw my unemployment insurance and I don't have to work because I can't get "suitable employment."

Mr. FOWLER: I think it is fair to say that this woods work is probably the extreme case.

Senator HORNER: I know all about it, it is lovely work.

Senator CROLL: Would you enlighten me as to the word "silviculture", Mr. Fowler?

Mr. FOWLER: This is the art of growing more and better trees. It is a scientific term used in forestry when you thin out stands of trees in order to allow them to grow better, or you plant new seedlings, or you do certain kinds of opening up of roads for fire protection and so forth. It is the science of trying to get more wood out of a given area of forest.

Senator HIGGINS: I suppose you would call it the "culture of the forest".

Senator BURCHILL: In paragraph 13 of your brief, Mr. Fowler, in the third paragraph you say, "It is unlikely that a revision of the Unemployment Insurance Act will put anyone to work." And then you say, in brackets, except in some few specific instances. What you say is that a revision of the Unemployment Insurance Act will put anyone to work, and later on in your brief you tell about this company in New Brunswick, which I know all about, that attempted to put people to work and could not do so on account of the provisions of the Unemployment Insurance Act. Now, don't you think that is a little conflicting?

Mr. FOWLER: No. The men to whom you are referring are included in the brackets.

Senator BURCHILL: There is this to be said, that we are up against that all the time, searching for men for woods work and cannot find them because they have this unemployment insurance benefit and they will not go to work as long as they have these benefits coming. In many cases these men do not think they are sinning against the fund or the Government, they think that that is their entitlement, they have contributed so much and that is a way of getting it back. That is so in a great many cases. There is no feeling on their part that they are doing anything they should not do.

Senator HORNER: The very same thing applies to farming.

Mr. FOWLER: I think what I am really trying to say here, and I would like to make it clear, is that any socially desirable scheme whatever it is going to have some abuses in it. This is bound to happen, and so our constant efforts ought to be to keep the abuses down but do not let us, because we are looking at the abuses or the small exceptions, lose sight of the great benefits that this kind of thing does. I would hazard the guess that our present situation today would be very much worse off in the terms of unemployment and human suffering if we did not have a whole host of benefits such as unemployment insurance, family allowance, and other assistance schemes of all kinds which make this depression we are in a little less destructive than it would have been.

Senator HORNER: That is one angle, but there is another one too. Many men are self-employed and I know any number of them who are making a living and doing all right, but because of these benefits they saw a chance where they could spend part of the year drawing money for doing nothing. It has that side as well. As far as woods work is concerned there is nothing strenuous in it for anyone who is fairly healthy, and if they are ill there is no greater cure for them than to go into the woods and cut timber. I remember an occasion where I met a man in the woods who was not likely to be found in the bush and I asked him what he was doing there and he told me that he was working for his health. He said, "I am cutting wood and getting \$1 a cord for it and I never felt better in all my life." That was away up in northern Saskatchewan.

Mr. FOWLER: I would certainly like to get a man like that to work.

Senator HORNER: He told me that in the past fall he had been operating a steam engine on a threshing machine operation—that was in the days when the big threshers were run by steam engines—and he was up all hours of the night, eating irregular and cold meals, and he said that his health was in such shape that he thought of going to a hospital or to a sanitarium for treatment and he said that he often heard about the woods being a healthy place and he thought he would give it a try and he told me that he never felt as well in his life. He said "If I had gone to the sanitarium I would have spent \$500 and I would not be as well satisfied." I say this just to show that there is no hardship to a man who is working in the woods.

Mr. FOWLER: Maybe we are losing a bet, Senator Horner, and we should advertise, "Come to the woods and improve your health."

Senator HORNER: Well, anyone who went there in my experience actually did improve his health.

Mr. FOWLER: There is a point here we should make, Mr. Chairman. I know when family allowances were first introduced there were dire predictions that this was going to make it impossible to get men to work in the woods, and for a time it did so, because at that time let us say \$400 cash income was all that was necessary, and this could be supplemented by family allowances. But today they want \$800 income and there is \$800 more purchasing power created. This is the way the social programs work. By all means let us correct the defects and let us improve the systems we have. Let us eliminate the abuses only but do not let us lose sight of the immense value these things are in our society.

Senator CAMERON: In view of the projected increase in exports in connection with pulp and paper in the next 15 years, are you satisfied we are doing enough in silviculture to make it possible to maintain this increasing volume of exports?

Mr. FOWLER: No, I am not. We are doing more than we have done. This has been a very rapidly developing science in the last 15 to 20 years. In the last budget or estimates there was a substantial upturn in the amount of federal Government spending on research. We ourselves have moved into it in our own industry. Certain figures might be of interest. Our

research budget is just short of \$1½ million for mill research, and \$300,000 separately for woods research of all kinds, but I do not feel we are doing enough even yet.

Senator CAMERON: It could be argued then, could it not, that as a means of providing more employment it would be a sound national policy to set aside more money for investment in productive resources?

Mr. FOWLER: Yes. I think this has several advantages. In the first place, to the extent that it creates employment, it creates it outside the cities and towns and thereby gives a chance to have a more balanced program. I do consider it would be wrong to get the impression that any large numbers of men could be accommodated in this way. I think it is highly desirable from the standpoint of growing the trees that we are going to need in 25 or 30 years.

Senator LAMBERT: Reforestation is really the main problem. Only a small percentage of the cut areas have been replaced, as I understand it.

Mr. FOWLER: This isn't really true, Senator Lambert. We have studied this pretty carefully and, as you know, there are large areas of land leased to the pulp and paper companies which we naturally know best. We feel these lands are self-sustaining today and are actually increasing their yield for future use. You can go out into the country and see a great area that has been cut over, but if you go back and observe it in 10 years you will see that it is very heavily reforested.

Senator BURCHILL: Senator Cameron raised a very important point about silviculture. I feel from my knowledge of the woodlands of our eastern provinces that almost unlimited funds could be spent to increase the productivity per acre.

Mr. FOWLER: That is right.

Senator BURCHILL: Aside from reforestation, when you compare the natural growth of our trees with that of those in Scandinavian countries, we are well behind.

Mr. FOWLER: Yes.

Senator BURCHILL: We certainly could step-up the increase in our natural early increments by spending money now.

Mr. FOWLER: Yes. Let me add a footnote. The other important thing we ought to do is improve our fire protection and suppression.

Senator PRATT: Is there much by way of Government funds going into reforestation or silviculture?

Mr. FOWLER: Yes.

Senator PRATT: Is this done through the operating companies themselves in the various areas?

Mr. FOWLER: It is done through the various forest services and laboratories, and so on, but we have the closest relationship between the federal department and our own research institute. If the Government wants to use parts of the pulp and paper holdings as a kind of laboratory, there will be no difficulty in making that arrangement.

Senator HORNER: Here is a question I would like to ask. You mentioned a sliding down in the last 10 years, from 1950, to 1960, in 3-year periods. Would not the devastated countries of the last war have a direct bearing on this?

Mr. FOWLER: That is why I say it is not all our fault.

Senator HORNER: What would you recommend? For instance, do you think it would be better if Canada had a much larger population? After all, our home market would eventually be the major market.

Mr. FOWLER: I would like to see Canada have more population and I would also like to see us extend our trade abroad, which I think we can do. I can speak only for the pulp and paper industry, of course, but I believe the long-term problem of the world in pulp and paper is shortage, not surplus.

Senator HORNER: From the tip of Florida right up into the Carolinas there is one solid mass of pines that grow pretty fast.

Senator CROLL: I have two questions. I must apologize, Mr. Fowler, for having to leave the room while you were reading your brief. I had to attend another committee meeting. I looked forward to you coming here. You have been doing a lot of talking on this subject, all of which I have read with considerable interest and approval. You talked about submitting a brief to the Prime Minister on October 11. This is four months later. Conditions have changed during that time. Is there any new thinking in this brief, new thinking that you have indicated since October?

Mr. FOWLER: No. May I just say that the comments I made on education and technical training and on automation, and the final section dealing with where responsibility lies, are new sections in this brief which were not present in October, but the basic notion that the only real cure for unemployment is to get growth started again is still the same as I gave last October.

Senator CROLL: You state here that in a modern industrial state there is a responsibility of society to provide work for people who want to work. Now, for some time we have been talking about creating a climate that is suitable for people so that work can be obtained. That was our view, let us say, 10 to 15 years ago. You will agree that that is what we were talking about?

Mr. FOWLER: Yes.

Senator HORNER: There was a climate. It didn't need to be created then. We were replacing things in war-torn Europe.

Senator CROLL: You make the statement that there is a responsibility on society to provide work for people who want to work. I share that view and I suggest it is a new concept that is coming in and is being pretty readily accepted. Further on you say—

Mr. FOWLER: May I just interrupt there? I say it is the responsibility of society. I do not say it is the responsibility of Government.

Senator CROLL: I was coming to that. You are ahead of me. I read it as you wrote it. I did not say it was Government. Further on in your brief you quote from a statement made by the Minister of Labour that the Government is doing all it can in the fight against unemployment. Whether you agree with that is not the point at the moment. You have indicated what is being done in other countries other than from the governmental approach. You have indicated that there are areas for the private industry to operate in. Now we have the basis laid for the question. Until such time as private industry first recognizes that responsibility, and secondly, gets to work on that responsibility, isn't it the responsibility of Government, which at this moment is society in all recognized forms, to see that work is provided for people who want to work?

Senator HORNER: Oh, no.

Mr. FOWLER: I would go further and say it is the responsibility of Government to see that they get started on it.

Senator CROLL: To see that who gets started?

Mr. FOWLER: That individuals in industry and companies get started on it.

Senator CROLL: I cannot quarrel with that at all but, after all, they are now operating in a field that is a bit removed from that. Somewhere in the brief you say this is something that needs direct action. You may not have used those terms, but isn't there something that needs to be done almost immediately in order to lift the economy, something that only Government can do at this time?

Mr. FOWLER: I think this is so, sir. I think the first step has got to be from Government. Right along with that I suggest there could be a much more coherent effort to get individual action going in the same direction.

Senator LAMBERT: Are the two things compatible?

Mr. FOWLER: Yes.

Senator LAMBERT: I have my doubts about it.

Mr. FOWLER: There is an awful tendency, as I say here, to leave it to the Government, but I think if the machinery were created whereby you would mobilize people, you would get somewhere.

Senator CROLL: Do not forget that when you come here before us, Mr. Fowler, we have a certain prerogative and take a little advantage. I am sure you don't mind. Nobody would take advantage of you, anyway. Now, you are one of those who represent something of vast importance in this country. What is to be done now at the government level? Never mind the others for a moment. I will assume those are more like fringe benefits that come and fit into the picture. We are supposed to be likely to have three quarters of a million unemployed and we must face it. What do we do now to lift the economy—and forget costs?

Mr. FOWLER: Well, I have tried to be modest in this brief and to suggest that no one person can give these answers; and I still think that is true. I am not in the Government, so I have not this responsibility. Let me illustrate. It seems to me that we ought to look around and try to get some big projects going in this country, the way the St. Lawrence Seaway project was done, and the way the oil development took place, and various pipe lines got going, the same with iron ore. This was private endeavour, I know, but was aided, stimulated and urged by Government. I think that is one thing we can do. I think we can in longer terms start and work on our educational side, but I would like to see some method of getting more purchasing power in the hands of some people. I am not at all sure that some change in the tax structure would not be possible to enable this to be done as a temporary, quick shot in the arm.

Senator CROLL: Let me exhaust this for a moment. I think most people in this country will agree that a quick shot in the arm at the tax level would be important; but that is a one-shot business for an immediate emergency. I was impressed by a brief that was presented here the other day by the Canadian Congress of Labour, a particular portion of the brief in which they said that we have failed to take advantage of the public investment and the public service portion of our country. You will recall that we came out of the 1930 depression, and had nothing to show in our plant at all. We just handed out money and had a lot of disillusioned people. What the brief suggested is that we need schools, hospitals, bridges, highways, subways, sewage disposal plants, and every conceivable thing of that kind all over this country, and that at the present time we should expand with a colossal amount of money for bricks and mortar and that sort of thing, and that in starting the economy moving in that direction it would start the private sector moving. They suggested \$2 in the private sector for \$1 in the public sector, and that there would be a

gain in employment for a period of time until we could take another look at what is happening and perhaps put our plant in order. What is wrong with that concept?

Mr. FOWLER: Well, I can't pick it apart, because I agree with it fundamentally. I think basically that the so-called investment in social capital goods is out of step with the development in the private sector. I think we need more schools, more highways, more—

Senator CROLL: Housing.

Mr. FOWLER: If we are going to build more automobiles we shall have to put in more highways for them to run on, more stop lights to handle the traffic and more hospitals to look after the inevitable casualties. These are all in the public sector, not the private sector.

Senator CROLL: I am speaking of the public sector at the moment, and you have thought about this matter. Is there anything more compelling?

Mr. FOWLER: I don't think so.

Senator CONNOLLY (*Ottawa West*): I do not wish to hold the committee here, but I wanted to ask Mr. Fowler about the page of the brief which says it is not good enough to say training is not a federal responsibility. That of course is true. The provinces have the primary right in the field of education. I do not want to start a long discussion, but I do want to preface my remarks in this way: You will recall that a very few years ago, Dr. Solandt, who was head of the Defence Research organization, rather startled the country when he said that we were falling badly behind in technical and scientific training and research, that we were falling behind the Russians very badly. I remember reading also in the proceedings of the Royal Commission on the Arts and Social Sciences that Dr. Mackenzie, who I believe then was head of the National Research Council, or had recently been, said that so far as Canada was concerned at that time, not only the extraordinarily well trained young men, but the good ones, were getting whatever training they needed in the way of scholarships, advanced studies, and so on. Since that time I think there has been a good deal of emphasis placed in that field, and that we are getting better qualified physicists, chemists and scientists of all kinds, although I suppose we shall never have enough of them. However, I take it from what Mr. Fowler said that we have fallen woefully behind in the lower level of technical and scientific training, the provision of special crafts and skills, and that our educational system has not been aware of this. Basically, I suppose what you are saying is that within the departments of education in the provinces too much emphasis perhaps has been placed on the classical side—the arts and letters and social sciences, rather than on the technical side. Now, what would you propose to do about that? Would you suggest that some stimulation be given by the federal authorities, plus monetary grants to the provinces, to the departments of education, to recognize this as a national problem, and to get on with it, which involves of course counselling and guidance at a very early age.

Mr. FOWLER: Well, what I was really trying to do in this section was to caution against the notion that we were going to solve this problem by short time crash programs to train somebody for a particular skill you may happen to think you want, and that underlying this is a basic problem of education, not confined to technical matters and scientific matters at all, but to what I termed the skilled society, that we ought to have, with automation, and all those other things that are developing. I think we tend to forget very much that today there is more leisure than there used to be and there may be still more yet. What are people going to do with that leisure; how are they going to use

it? I think that unless they are educated differently—not trained—they are going to fail to get the full benefits of leisure and the fuller life. I do not put this on the basis of keeping up with the Russians. This is what we ought to do ourselves.

Senator CONNOLLY (*Ottawa West*): We may not keep up with our competitors.

Mr. FOWLER: This is part of it; because the skilled society we need for the future cannot be compared with what we have had in the past. I was trying to guard against the notion that you are going to fix this up by a patchy training system, and that it can only be done on a broad basis. I do not know if you will start with a conference on education, or with money going out, but I would like to get this thing agitated and to get people going on it, and I think this is a proper and valid function of the Government, still leaving the responsibility for education to the provinces.

Senator CAMERON: I think the most important part of the brief is that part which urges the creation of an Economic Advisory Council for planning and research. Do you think that the climate of opinion is such that the country is prepared to accept that?

Mr. FOWLER: Senator, I can give you one or two examples. I have before me a booklet entitled, "Policies and Practices of United States Subsidiaries in Canada", which happens to be a favourite subject of mine at the moment. This is in regard to a committee made up of businessmen, labour leaders, agriculture people and university people. A totally unexpected byproduct of the committee has been a greater degree of understanding, co-operation and willingness to work together on the part of labour, industry and agriculture. If you give people a chance to work together on a common problem, then they can go away and be more intelligent when they start disagreeing or fighting. It has worked here, and I think it will work in the broader concept of this advisory council.

Senator CAMERON: Well, I hope this will be one of the recommendations that will come out of this manpower committee.

Senator CONNOLLY (*Ottawa West*): We are very indebted to Mr. Fowler for the presentation of this brief.

Whereupon the committee adjourned.

APPENDIX

STATISTICAL TABLES RELATING TO SURVEY OF REGISTRANTS
WITH NATIONAL EMPLOYMENT SERVICE*(See Vol. 4, Dr. R. Warren James)*

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TABLE 1
ALL REGISTRANTS BY PROVINCE AND SEX*

	Male	Female	Total
Newfoundland.....	4,709	1,309	6,018
Prince Edward Island.....	659	420	1,079
Nova Scotia.....	10,563	3,505	14,068
New Brunswick.....	7,341	3,044	10,385
Quebec.....	66,105	32,645	98,750
Ontario.....	85,839	45,292	131,131
Manitoba.....	6,170	4,228	10,398
Saskatchewan.....	3,343	3,082	6,425
Alberta.....	9,990	6,516	16,506
British Columbia and Yukon.....	30,768	13,763	44,531
Total.....	225,487	113,804	339,291

* This table does not consist of estimates derived from the sample but represents a complete count.

TABLE 2
ALL REGISTRANTS BY AGE AND SEX

Age	Male	Female	Total
14-19.....	19,500	15,900	35,400
20-24.....	33,400	28,000	61,400
25-34.....	53,700	28,300	82,000
35-44.....	41,200	21,100	62,300
45-54.....	31,800	12,300	44,100
55-64.....	22,600	6,100	28,700
65 and over.....	23,300	2,100	25,400
Total.....	225,500	113,800	339,300

TABLE 3
ALL REGISTRANTS BY PROVINCE AND CLAIMANT STATUS*

	Claimants	Non-claimants	Total	Claimants as percent of total
Newfoundland.....	5,411	607	6,018	89.9
Prince Edward Island.....	822	257	1,079	76.2
Nova Scotia.....	10,173	3,895	14,068	72.3
New Brunswick.....	8,809	1,576	10,385	84.8
Quebec.....	81,425	17,325	98,750	82.5
Ontario.....	104,694	26,437	131,131	79.8
Manitoba.....	7,733	2,665	10,398	74.4
Saskatchewan.....	4,572	1,853	6,425	71.2
Alberta.....	11,830	4,676	16,506	71.7
British Columbia and Yukon.....	33,195	11,336	44,531	74.5
Total.....	268,664	70,627	339,291	79.2

* This table does not consist of estimates derived from the sample but represents a complete count.

TABLE 4
ALL REGISTRANTS BY MARITAL STATUS AND SEX

Marital status	Male	Female	Total
Single.....	76,900	26,400	103,300
Married, spouse at home.....	131,400	74,600	206,000
Married, spouse not at home.....	4,000	1,600	5,600
Other*.....	13,200	11,200	24,400
Total.....	225,500	113,800	339,300

* Divorced, widowed or separated.

TABLE 5
FEMALE REGISTRANTS BY AGE AND MARITAL STATUS

Age	Married	Single and other*	Total
14-19.....	3,500	12,400	15,900
20-24.....	20,900	7,100	28,000
25-34.....	23,800	4,500	28,300
35-44.....	16,100	5,000	21,100
45-54.....	8,700	3,600	12,300
55 and over.....	3,200	5,000	8,200
Total.....	76,200	37,600	113,800

* Other includes those divorced, widowed or separated.

TABLE 6
MALE REGISTRANTS BY AGE AND MARITAL STATUS

Age	Married	Single and other*	Total
14-19.....	**	18,900	19,500
20-24.....	9,200	24,200	33,400
25-34.....	34,900	18,800	53,700
35-44.....	31,100	10,100	41,200
45-54.....	24,600	7,200	31,800
55 and over.....	34,900	11,000	45,900
Total.....	135,300	90,200	225,500

* Other includes those divorced, widowed or separated.

** Less than 1,000.

TABLE 7
COMPARISON OF THE MARITAL STATUS OF MALE REGISTRANTS WITH
THE MARITAL STATUS OF THE MALE LABOUR FORCE

Marital status	Male registrants		Male labour force*	
	number	per cent	number	per cent
Single.....	76,900	34.1	1,147,000	24.0
Married.....	135,300	60.0	3,533,000	73.9
Other.....	13,300	5.9	100,000	2.1
Total.....	225,500	100.0	4,780,000	100.0

* Dominion Bureau of Statistics Labour Force Survey, week ended September 17, 1960.

TABLE 8
COMPARISON OF THE MARITAL STATUS OF FEMALE REGISTRANTS WITH THE
MARITAL STATUS OF THE FEMALE LABOUR FORCE

Marital status	Male registrants		Male labour force*	
	number	per cent	number	per cent
Single.....	26,400	23.3	737,000	43.5
Married.....	76,200	66.9	777,000	45.9
Other.....	11,200	9.8	180,000	10.6
Total.....	113,800	100.0	1,694,000	100.0

* Dominion Bureau of Statistics Labour Force Survey, week ended September 17, 1960.

TABLE 9
FEMALE REGISTRANTS BY AGE AND USUAL ACTIVITY

	Work regularly	Work occasionally or at certain times of year	Non-workers*	Total
14-19.....	10,000	2,000	3,900	15,900
20-24.....	19,300	4,000	4,700	28,000
25-34.....	20,500	4,600	3,200	28,300
35-44.....	15,100	4,500	1,500	21,100
45-54.....	8,700	2,800	**	12,300
55 and over.....	6,200	1,300	**	8,200
Total.....	79,800	19,200	14,800	113,800

* Includes those keeping house, going to school, retired or staying at home.

** Less than 1,000.

TABLE 10
MALE REGISTRANTS BY AGE AND USUAL ACTIVITY

	Work regularly	Work occasionally or at certain times of year	Non-workers*	Total
14-19.....	15,700	2,400	1,400	19,500
20-24.....	31,500	1,400	**	33,400
25-34.....	52,100	1,100	**	53,700
35-44.....	40,400	**	**	41,200
45-54.....	31,100	**	**	31,800
55-64.....	20,900	**	**	22,600
65 and over.....	13,600	3,600	6,100	23,300
Total.....	205,300	10,000	10,200	225,500

* Includes those keeping house, going to school, retired or staying at home.

** Less than 1,000.

TABLE 11
ALL REGISTRANTS BY USUAL PLACE OF WORK AND SEX

Usual place of work	Male	Female	Total
In an office.....	17,200	44,200	61,400
In a factory, plant or mill.....	78,200	29,200	107,400
On construction work.....	52,700	*	52,800
In a store or restaurant.....	12,900	23,900	36,800
Farming, fishing, in the woods or in a mine.....	16,600	*	17,100
Somewhere else.....	44,300	9,900	54,200
Haven't worked regularly yet.....	3,600	6,600	9,600
Total.....	225,500	113,800	339,300

* Less than 1,000.

SPECIAL COMMITTEE

TABLE 12
FEMALE REGISTRANTS BY AGE AND CLAIMANT STATUS

Age	Claimants	Non-claimants	Total	Percentage of claimants to total
14-19.....	7,900	8,000	15,900	49.9
20-24.....	23,800	4,200	28,000	85.0
25-34.....	24,200	4,100	28,300	85.4
35-44.....	16,600	4,500	21,100	78.4
45-54.....	9,900	2,400	12,300	80.8
55 and over.....	7,000	1,200	8,200	85.7
Total.....	89,400	24,400	113,800	78.6

TABLE 13
MALE REGISTRANTS BY AGE AND CLAIMANT STATUS

Age	Claimants	Non-claimants	Total	Percentage of claimants to total
14-19.....	11,500	8,000	19,500	58.8
20-24.....	25,700	7,700	33,400	77.1
25-34.....	43,400	10,300	53,700	80.7
35-44.....	33,000	8,200	41,200	80.0
45-54.....	25,900	5,900	31,800	81.2
55 and over.....	39,800	6,100	45,900	86.9
Total.....	179,300	46,200	225,500	79.5

TABLE 14
ALL REGISTRANTS 14-19 CLASSIFIED BY FAMILY CHARACTERISTICS

	number	per cent
Don't live with other family members or do and no one works.....	7,100	20.1
Live with other family members with one or more working.....	28,300	79.9
Total.....	35,400	100.0

TABLE 15
ALL REGISTRANTS 14-19 BY USUAL ACTIVITY

	Number	Per cent
Work for a living.....	25,800	72.8
Work occasionally or at certain times of the year.....	4,400	12.3
Keep house, go to school or stay at home.....	5,200	14.9
Total.....	35,400	100.0

TABLE 16
ALL REGISTRANTS 14-19 BY NECESSITY OF WORKING AND SEX

—	Male		Female		Total	
	number	per cent	number	per cent	number	per cent
Necessary to work to support self or family.....	14,900	76.6	9,600	60.5	24,500	69.4
Not necessary to work to support self or family.....	4,600	23.4	6,300	39.5	10,900	30.6
Total.....	19,500	100.0	15,900	100.0	35,400	100.0

TABLE 17
ALL REGISTRANTS 14-19 BY EDUCATIONAL LEVEL AND SEX

Highest Grade Completed	Male		Female		Total	
	number	per cent	number	per cent	number	per cent
Finished primary school or less	8,200	42.3	3,900	24.6	12,200	34.3
Some high school.....	8,200	42.0	8,500	53.6	16,700	47.2
Finished high school or better..	3,100	15.7	3,500	21.8	6,500	18.5
Total.....	19,500	100.0	15,900	100.0	35,400	100.0

TABLE 18
ALL REGISTRANTS 14-19 BY TECHNICAL TRAINING AND SEX

—	Male		Female		Total	
	number	per cent	number	per cent	number	per cent
Not technically trained or qualified.....	12,200	62.4	7,300	45.5	19,400	54.8
Partly technically trained or qualified.....	6,200	31.8	5,700	36.1	11,900	33.7
Completely technically trained or qualified.....	1,100	5.8	2,900	18.4	4,100	11.5
Total.....	19,500	100.0	15,900	100.0	35,400	100.0

TABLE 19
ALL REGISTRANTS 14-19 CLASSIFIED BY TECHNICAL AND EDUCATIONAL LEVEL

—	Finished primary school or less	Some high school	Finished high school or better	Total
Not technically trained or qualified.....	8,800	8,100	2,500	19,400
Partly or completely technically trained or qualified.....	3,400	8,600	4,000	16,000
Total.....	12,200	16,700	6,500	35,400

TABLE 20

CLASSIFICATION OF OPINIONS BY ALL REGISTRANTS 14-19 ON WHAT
WOULD HELP THEM TO FIND WORK OR GET A BETTER JOB*

	Male	Female	Total
More general education.....	5,500	4,600	10,100
More technical skill or training.....	6,800	3,900	10,700
More job opportunities or something else.....	8,200	7,800	16,000

* Multiple answers were given in some cases with the result that the totals do not add to the total of the age group.

TABLE 21

ALL REGISTRANTS 65 AND OVER BY FAMILY COMPOSITION
AND USUAL ACTIVITY

	Work regularly	Work occasionally or at certain times of the year	Non- workers*	Total
Live alone or live with family with no members working.....	11,100	2,900	4,800	18,800
Live with family with other members working.....	4,000	1,000	1,600	6,600
Total.....	15,100	3,900	6,400	25,400

* Keep house, retired or stay at home.

TABLE 22

ALL REGISTRANTS 65 AND OVER BY THE NECESSITY OF WORKING

	Number	Per cent
Necessary to work to support self or family.....	16,700	65.7
Not necessary to work to support self or family.....	8,700	34.3
Total.....	25,400	100.0

TABLE 23

ALL REGISTRANTS 65 AND OVER BY TECHNICAL QUALIFICATIONS

	Number	Per cent
Not technically trained or qualified.....	11,700	46.2
Partly technically trained or qualified.....	5,300	20.8
Completely technically trained or qualified.....	8,400	33.0
Total.....	25,400	100.0

TABLE 24

MARRIED FEMALE REGISTRANTS BY DATE OF MARRIAGE AND EMPLOYMENT STATUS OF HUSBAND

Date of marriage	Husband not working or working less than full time	Husband working full time	Total
1959-1960.....	4,200	17,600	21,800
1957-1958.....	2,000	9,500	11,500
Before 1957.....	10,700	32,200	42,900
Total.....	16,900*	59,300	76,200

* The total consists of 8,200 husbands not working and 8,700 husbands working less than full time.

TABLE 25

MARRIED FEMALE CLAIMANTS BY DATE OF MARRIAGE AND EMPLOYMENT STATUS OF HUSBAND

Date of marriage	Husband not working or working less than full time	Husband working full time	Total
1959-1960.....	3,600	16,000	19,600
1957-1958.....	1,500	8,500	10,000
Before 1957.....	8,900	27,100	36,000
Total.....	14,000*	51,600	65,600

* The total consists of 6,800 husbands not working, and 7,200 husbands working less than full time.

TABLE 26

MARRIED FEMALE REGISTRANTS BY AGE GROUPS AND EMPLOYMENT STATUS OF HUSBAND

Age group	Husband not working or working less than full time	Husband working full time	Total
14-24.....	4,500	19,900	24,400
25-44.....	8,300	31,600	39,900
45 and over.....	4,100	7,800	11,900
Total.....	16,900	59,300	76,200

TABLE 27

MARRIED FEMALE REGISTRANTS BY EMPLOYMENT STATUS OF HUSBAND AND NECESSITY OF WORKING

	Necessary to work to support self or family	Not necessary to work to support self or family	Total
Husband not working or working less than full time.....	11,500	5,400	16,900
Husband working full time.....	19,400	39,900	59,300
Total.....	30,900*	45,300	76,200

* An estimated 8,400 of this group indicated that a part-time or a temporary job would be most suitable to them.

TABLE 28

MARRIED FEMALE REGISTRANTS BY AGE AND KIND OF WORK MOST SUITABLE

	Continuing full time	Continuing part time	Temporary full time or part time	Total
14-24.....	17,500	3,200	3,700	24,400
25-34.....	17,600	3,500	2,700	23,800
35-44.....	10,200	3,900	2,000	16,100
45-54.....	4,900	2,600	1,200	8,700
55 and over.....	1,600	1,100	*	3,200
Total.....	51,800	14,300	10,100	76,200

* Less than 1,000.

TABLE 29

MALE REGISTRANTS 20-64 BY USUAL PLACE OF WORK
AND CLAIMANT STATUS

	Claimants	Non-claimants	Total
In an office.....	9,900	3,200	13,100
In a factory, plant or mill.....	55,700	8,200	63,900
On construction work.....	34,700	12,500	47,200
In a store or restaurant.....	7,100	2,000	9,100
Farming, fishing, in the woods or in a mine.....	11,000	3,100	14,100
Other.....	28,100	7,200	35,300
Total.....	146,500	36,200	182,700

TABLE 30

MALE REGISTRANTS 20-64 BY ACTIVITY IN PREVIOUS WORK
AND CLAIMANT STATUS

	Claimants	Non-claimants	Total
No job or off work for other reasons.....	127,100	25,000	152,100
Worked part of previous week.....	11,300	3,900	15,200
Worked full previous week.....	8,100	7,300	15,400
Total.....	146,500	36,200	182,700

TABLE 31

MALE REGISTRANTS 20-64 BY MONTHS SINCE LAST REGULAR WORK
AND CLAIMANT STATUS

Length of time	Claimants	Non-claimants	Total
Less than 1 month.....	23,900	4,400	28,300
1-2 months.....	38,200	3,600	41,800
2-4 months.....	32,000	3,600	35,600
4-6 months.....	17,500	2,200	19,700
6 months or more.....	24,200	13,200	37,400
Other*.....	10,700	9,200	19,900
Total.....	146,500	36,200	182,700

* Includes those with jobs and those who have never worked regularly.

TABLE 32
MALE REGISTRANTS 20-64 BY MARITAL STATUS WITH AND WITHOUT
OTHER WORKERS IN FAMILY

	Other persons working in family	Living alone or no other persons working in family	Total
Single.....	24,300	32,100	56,400
Married.....	41,000	75,100	116,100
Other*.....	1,700	8,500	10,200
Total.....	67,000	115,700	182,700

* Divorced, widowed or separated.

TABLE 33
FEMALE REGISTRANTS BY EDUCATIONAL LEVEL AND AGE

	14-19	20-24	25-34	35-44	45-54	55 and over	Total
Some primary school or less.....	1,500	3,600	4,000	3,700	2,700	2,100	17,600
Finished primary school.....	2,400	4,100	5,200	4,800	2,800	2,100	21,400
Some high school.....	8,500	13,000	11,800	8,100	4,800	2,500	48,700
Finished high school or better...	3,500	7,300	7,300	4,500	2,000	1,500	26,100
Total.....	15,900	28,000	28,300	21,100	12,300	8,200	113,800

TABLE 34
MALE REGISTRANTS BY EDUCATIONAL LEVEL AND AGE

	14-19	20-24	25-34	35-44	45-54	55-64	65 and over	Total
Some primary school or less.....	3,600	6,000	14,100	11,400	10,200	9,600	9,000	63,900
Finished primary school.....	4,600	6,600	14,000	11,400	9,000	6,400	7,500	59,500
Some high school.....	8,200	14,300	16,300	12,000	7,900	3,700	4,100	66,500
Finished high school or better.....	3,100	6,500	9,300	6,400	4,700	2,900	2,700	35,600
Total.....	19,500	33,400	53,700	41,200	31,800	22,600	23,300	225,500

TABLE 35
CLASSIFICATION OF OPINIONS BY ALL FEMALE REGISTRANTS
ON WHAT WOULD HELP THEM FIND WORK OR GET A BETTER JOB*

Age	More general education	More technical skill or training	More job opportunities or something else	Total
14-19.....	4,600	3,900	7,800	16,300
20-24.....	8,200	5,500	14,900	28,600
25-34.....	7,100	4,800	17,100	29,000
35-44.....	4,900	3,600	13,200	21,700
45-54.....	2,700	1,900	8,000	12,600
55 and over.....	**	**	6,800	8,400
Total.....	28,400	20,400	67,800	116,600

* Multiple answers were given in some cases with the result that the totals do not add to the total for female registrants.

** Less than 1,000.

TABLE 36

CLASSIFICATION OF OPINIONS BY ALL MALE REGISTRANTS ON WHAT WOULD HELP THEM FIND WORK OR GET A BETTER JOB*

Age	More general education	More technical skill or training	More job opportunities or something else	Total
14-19.....	5,500	6,800	8,200	20,500
20-24.....	7,400	11,600	16,500	35,500
25-34.....	10,600	13,600	32,900	57,100
35-44.....	6,200	10,900	26,700	43,800
45-54.....	3,600	6,400	23,000	33,000
55-64.....	2,700	2,700	17,900	23,300
65 and over.....	2,400	1,900	19,300	23,600
Total.....	38,400	53,900	144,500	236,800

* Multiple answers were given in some cases with the result that the totals do not correspond to the totals for the different age groups.

TABLE 37

FEMALE REGISTRANTS BY AGE WITH TECHNICAL TRAINING OR SPECIAL QUALIFICATIONS

Age	None	Partially trained	Completely trained	Total
14-19.....	7,300	5,700	2,900	15,900
20-24.....	10,400	10,100	7,500	28,000
25-34.....	10,400	8,800	9,100	28,300
35-44.....	9,200	6,000	5,900	21,100
45-54.....	5,200	3,800	3,300	12,300
55 and over.....	3,900	2,200	2,100	8,200
Total.....	46,400	36,600	30,800	113,800
Per cent.....	40.8	32.2	27.0	100.0

TABLE 38

MALE REGISTRANTS BY AGE WITH TECHNICAL TRAINING OR SPECIAL QUALIFICATIONS

—	None	Partially trained	Completely trained	Total
14-19.....	12,200	6,200	1,100	19,500
20-24.....	13,600	13,600	6,200	33,400
25-34.....	18,800	18,800	16,100	53,700
35-44.....	13,700	13,800	13,700	41,200
45-54.....	10,900	9,700	11,200	31,800
55-64.....	8,900	5,600	8,100	22,600
65 and over.....	10,800	4,900	7,600	23,300
Total.....	88,900	72,600	64,000	225,500
Per cent.....	39.4	32.2	28.4	100.0

TABLE 39
ALL REGISTRANTS CLASSIFIED BY TECHNICAL TRAINING OR SPECIAL
QUALIFICATIONS BY SEX AND IMMIGRANT STATUS

	Immigrants			Non-immigrants		
	Male	Female	Total	Male	Female	Total
Not technically trained or qualified.....	4,600	3,100	7,700	84,300	43,300	127,600
Partly technically trained or qualified.....	4,700	2,000	6,700	67,900	34,600	102,500
Completely technically trained or qualified	7,300	2,900	10,200	56,700	27,900	84,600
Total.....	16,600	8,000	24,600	208,900	105,800	314,700

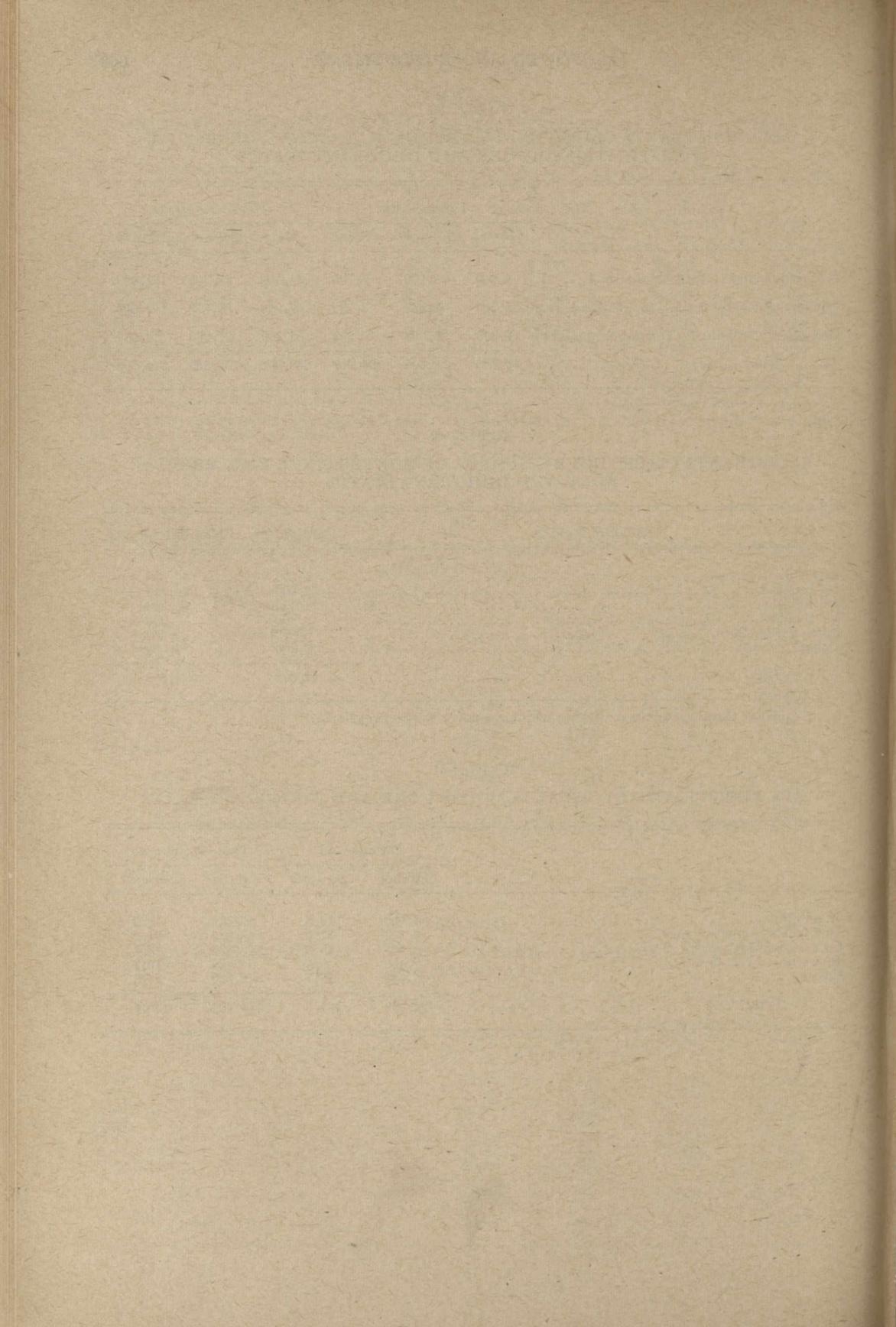
TABLE 40
REGISTRANTS CLASSIFIED BY NUMBER OF MONTHS SINCE LAST REGULAR
WORK AND IMMIGRANT STATUS

Number of Months	Immigrants	Non-immigrants
Less than 1 month.....	4,200	40,100
1-2 months.....	5,000	60,200
2-4 months.....	4,400	63,300
4-6 months.....	2,800	37,300
6 months or more.....	5,000	79,200
Other*.....	3,200	34,600
Total.....	24,600	314,700

* Includes those with jobs and those who have never worked regularly.

TABLE 41
ALL REGISTRANTS BY USUAL PLACE OF WORK AND IMMIGRANT STATUS

	Immigrants		Non-immigrants	
	number	per cent	number	per cent
In an office.....	4,000	16.2	57,400	18.2
In a factory, plant or mill.....	9,100	37.0	98,300	31.2
On construction work.....	4,500	18.3	48,300	15.4
In a store or restaurant.....	2,400	9.8	34,400	10.9
Other.....	4,600	18.7	76,300	24.3
Total.....	24,600	100.0	314,700	100.0





Fourth Session—Twenty-fourth Parliament
1960-61

THE SENATE OF CANADA
PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE
ON
MANPOWER AND EMPLOYMENT

No. 9



THURSDAY, FEBRUARY 9, 1961

The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Canadian Electrical Manufacturers Association

Mr. B. Napier Simpson, General Manager; Mr. Thomas Edmondson, Vice President of Board of Directors; Mr. H. B. Style, Vice President of Board of Directors; Mr. J. D. Campbell, Member of Board of Directors.

Canadian Federation of Agriculture

Mr. David Kirk, Secretary; Dr. W. C. Hopper, Economist.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman.*

The Honourable Donald Smith, *Deputy Chairman.*

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i> <i>Shelburne</i>)
Burchill	Inman	Thorvaldson
Cameron	Irvine	Vaillancourt
Choquette	Lambert	Wall
Connolly (<i>Ottawa West</i>)	Leonard	White
Courtemanche	MacDonald (<i>Queens</i>)	Wilson—(33)
Croll	Macdonald (<i>Cape Breton</i>)	
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada, with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—
Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—
Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

THE HISTORY OF THE

... of the ...

MINUTES OF PROCEEDINGS

THURSDAY, February 9, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 9.30 a.m.

Present: The Honourable Senators: Methot, *Chairman*; Blois, Brunt, Buchanan, Burchill, Cameron, Connolly (*Ottawa West*), Croll, Haig, Horner, Hugessen, Irvine, Leonard, Macdonald (*Cape Breton*), MacDonald (*Queens*), Pratt and Smith (*Queens-Shelburne*)—17.

The following were heard:

For Canadian Electrical Manufacturers Association:

Mr. B. Napier Simpson, General Manager.

Mr. Thomas Edmondson, Vice President of Board of Directors.
(President, Ferranti-Packard of Canada Ltd.)

Mr. H. B. Style, Vice President of Board of Directors. (President, John Inglis Co. Ltd., and English Electric, Canada).

Mr. J. D. Campbell, Member of Board of Directors. (President, Canadian Westinghouse Co. Ltd.)

For Canadian Federation of Agriculture:

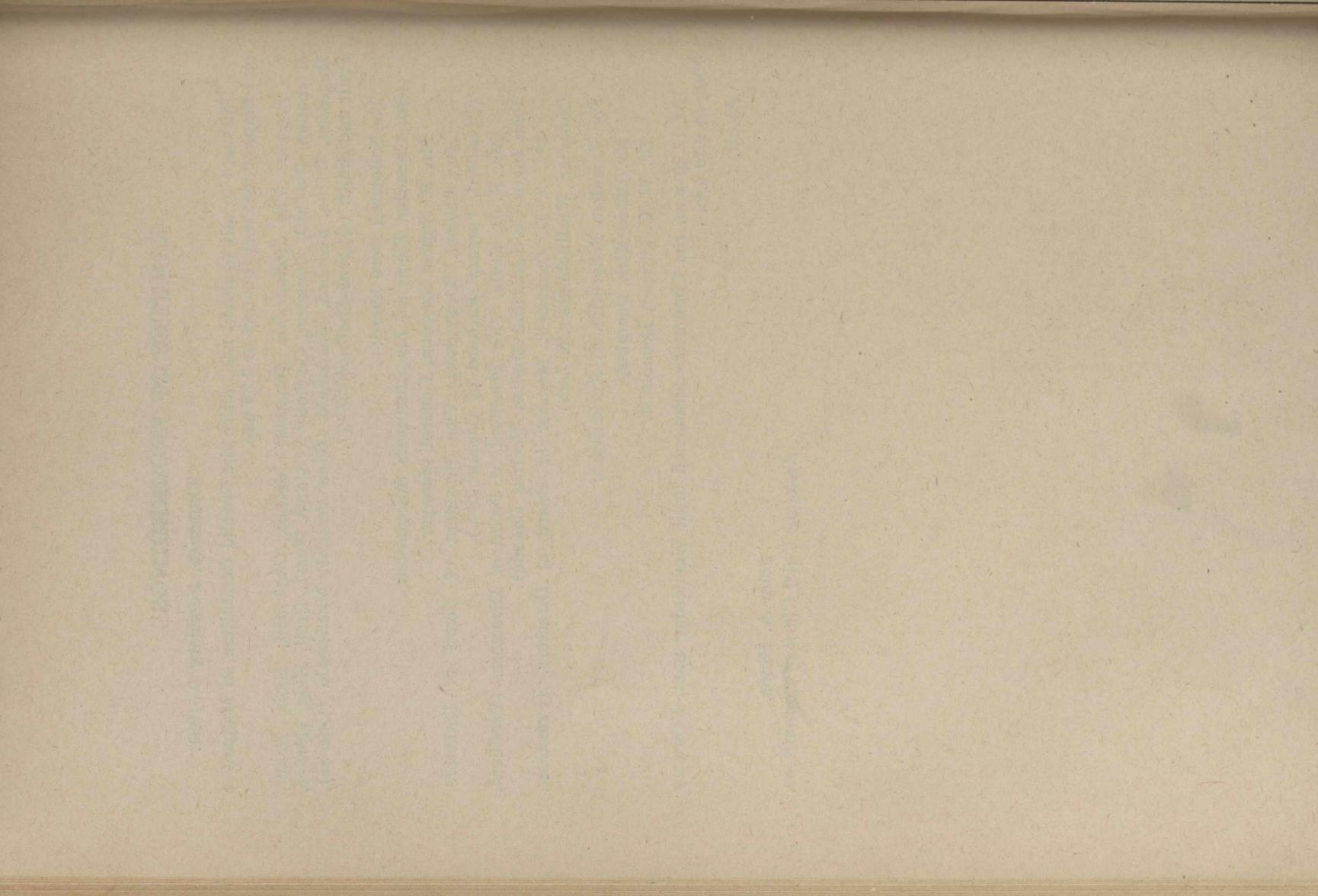
Mr. David Kirk, Secretary.

Dr. W. C. Hopper, Economist.

At 12.30 p.m. the Committee adjourned until Wednesday next, February 15th, at 9.30 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.



THE SENATE
SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT
EVIDENCE

OTTAWA, Thursday, February 9, 1961.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 9.30 a.m.

Hon. LEON MÉTHOT in the chair.

The CHAIRMAN: Honourable senators, we have a quorum. The meeting will now come to order. This morning we have with us representatives from the Canadian Electrical Manufacturers Association. I understand that Mr. B. Napier Simpson, General Manager of the Canadian Electrical Manufacturers Association is going to deliver the brief which is being presented by that organization this morning.

Mr. B. Napier Simpson, General Manager, Canadian Electrical Manufacturers Association: Mr. Chairman and honourable members of the committee, I am, as stated, General Manager of the Canadian Electrical Manufacturers Association. We are pleased to have this opportunity to appear before you. I have with me today certain members of the Executive Committee of my Board of Directors, and leaders in the electrical manufacturing industry in Canada. In alphabetical order they are Mr. J. D. Campbell, Member of Board of Directors of C.E.M.A., and President, Canadian Westinghouse Company Limited; Mr. Thomas Edmondson, Vice-President of C.E.M.A., and President, Ferranti-Packard of Canada Limited; Mr. J. W. Kerr, President of C.E.M.A., and President, Triangle Conduit & Cable Canada Limited, and Mr. H. B. Style, Vice-President of C.E.M.A., and President, John Inglis Company Limited, and English Electric Canada.

I am sure you realize that as manager of a trade association, while I have general knowledge of all industry problems, I do not live daily as intimately with the problems of labour and of production as do these gentlemen who have been presented to you.

Most of the organizations that have appeared before you previously have been accompanied by economists. We are not. These gentlemen are practical businessmen with a knowledge of day-to-day problems in industry. Their approach will be pretty well on that basis.

Mr. Chairman, I suggest that the brief be read; it is not too long. I would like your pleasure as to whether you would care to interrupt as I go along, or would rather have me read it through and question me afterwards.

The CHAIRMAN: Usually, if one of the members wants to emphasize some point or obtain some information he may stop you for a moment, but that would not be for long, so I think perhaps you can proceed with your brief.

Mr. SIMPSON: One further comment. This brief was tabled in November and, as with the case of most other submissions, certain statements must be qualified in the light of what has happened since that time. I propose to make these comments as we proceed.

The Canadian Electrical Manufacturers Association is a non-profit national organization representing the Electrical Manufacturers in Canada. Its membership is in excess of 125 companies, whose output would account for somewhere between 80% and 85% of the dollar volume in the Industry. The objectives of the Association are to promote and further the interest of manufacturers of electrical products as a sound component part of the Canadian economy and to stimulate the interest of the public in manufacturing, engineering, safety, transportation and other problems of the Electrical Industry and to this end, among other things:

- (a) to increase the amount of electrical service to the public and improve the quality of this service;
- (b) to promote the standardization of electrical products;
- (c) to collect information relating to the Electrical Industry and to disseminate such information to the members of the Association and to the public;
- (d) to appear for the members of the Association before and co-operate with legislative committees, governmental departments and agencies and other bodies in regard to matters affecting the Industry; and
- (e) to promote a spirit of co-operation among the members of the Association in the attainment of improved production, enlarged distribution and increased efficiency in the use of electrical products.

INDUSTRY POSITION

The Canadian Electrical Manufacturing Industry is a major segment of manufacturing in this country. According to preliminary 1959 reports from the Dominion Bureau of Statistics, it is only superseded in dollar output by Petroleum, Pulp and Paper, Non-Ferrous Metal Smelting, and Slaughtering and Meat Packing, all of which are Resource Industries. Expressed in terms of dollar output, this places us first among the Secondary Manufacturing Industries in the economy in terms of contribution to national production, direct employment, aggregate wages paid, materials used, and corporate, personal and excise taxes paid. In 1959 production approximated \$1,200,000,000, of which \$313,500,000 was spent for salaries and wages, \$468,000,000 for raw material used in manufacturing, and an additional \$9,600,000 for fuel and electricity. We directly employed 72,395 persons. We are concerned at the latter figure since this is a reduction from the 83,296 persons employed during the peak year of 1956. (See Table 1.)

TABLE 1
ELECTRICAL APPARATUS AND SUPPLIES INDUSTRY
(in 000's of Dollars)

Year	Output of electrical apparatus and supplies industry	Output of electrical apparatus and supplies industry classified to other industries	Total electrical product output	Number employed by electrical apparatus and supplies industry	Net profit in terms of sales dollar (cema survey)
1939.....	89,061	4,204	93,265	20,261	—
1940.....	486,286	89,000	575,286	55,916	—
1950.....	580,578	87,000	667,578	60,262	—
1951.....	676,009	108,000	784,009	67,626	—
1952.....	715,873	119,125	834,998	69,200	4.1
1953.....	848,190	127,815	976,005	76,856	4.0
1954.....	863,942	122,849	986,791	75,075	2.6
1955.....	962,615	131,500	1,094,115	76,244	2.9
1956.....	1,090,194	139,800	1,229,994	83,296	3.3
1957.....	1,078,213	147,000	1,225,213	81,432	3.1
1958.....	1,015,417	139,000	1,154,417	74,944	2.9
1959.....	1,045,778	152,000	1,197,778	72,395	3.0

Mr. Chairman, I checked yesterday with D.B.S., and I would like to add that the total figures for 1960 are not available, but as at the end of November the number employed was 71,430, which is down 965 persons from the figure given for the previous year.

NATURE OF THE PROBLEM

Canada is faced with a persistently high percentage of unemployment, a consequent heavy burden on the nation in the payment of unemployment insurance benefits and the resultant discouragement of immigration. We would first like to comment generally on these problems.

Canada cannot reach its full potential of development or take its rightful place in the world unless it can increase its population very substantially and at a much higher rate than other more fully developed countries. A high rate of growth of population requires a high birth rate coupled with a high rate of net immigration. For these objectives to be achieved, it is essential that ample employment opportunity for a rapidly rising population be available.

Experience in recent years in this respect is most disturbing. In 1958 and 1959 \$900,000,000 of unemployment insurance benefits were paid out to Canadians for whom we could not find work. During these years the percentage of the labour force unemployed has ranged between a high of 9.1% in March of this year and a low of 3.4% in September, 1959, with an average for the full year 1959 of 5.6% and an average of 6.6% for the year 1960 up to the end of September. This percentage of unemployment is far higher than any other leading nation and the situation is unfortunately deteriorating rather than improving.

As a consequence, immigration which averaged about 160,000 in the years 1951 to 1956 and reached a peak of 282,000 in 1957, declined to 125,000 in 1958 and 107,000 in 1959.

And according to an article that appeared in the *Toronto Globe and Mail* of February 7, the figure for 1960 was 104,116 persons.

Total figures for emigration for the years 1958 and 1959 are not yet available, but as these were years of substantial unemployment, they were undoubtedly very high. In fact, official United States and United Kingdom figures show that these two countries alone received 57,000 immigrants from Canada in 1958 and probably about the same from Canada in 1959. If you add to these figures, previous immigrants to Canada who returned to European and other countries in the years 1958 and 1959, the net immigration into Canada for these last two years must have been virtually negligible.

No doubt the excellent data produced by Dr. Deutsch and his associates will confirm these facts I have stated.

The tragedy of this situation is that while the emigrants are generally highly trained, professional and skilled men in whom Canada has invested large sums of money in education and training, many of the immigrants are untrained and with limited education. Even over a much longer period of expansion and growth, that is from 1921 to 1957, for every 5 immigrants into Canada 3 people left this country. On top of all this, population projections show that during most of the 1960's, there will be 100,000 more young people every year who reach job hunting age than there have been in the past.

THE LABOUR FORCE

It seems to us that the first essential in finding a solution to this unsatisfactory state of affairs is to view the problem in its proper perspective. We know of no better way of doing this than to analyze how the labour force is presently employed. (See **Table 2**)

TABLE 2
CIVILIAN LABOUR FORCE

		% of Total Labour Force	% of Productive Labour Force
Productive Industries			
(a) Agricultural, Extractive and Processing Industries with large surpluses for export:			
Farming.....	731,000	12.0	24.1
Forestry.....	94,000	1.5	3.1
Fishing and Trapping.....	22,000	0.4	0.7
Mining and Quarrying.....	82,000	1.4	2.7
Pulp and Paper.....	68,000	1.1	2.2
Saw Mills.....	50,000	0.8	1.6
Non-Ferrous Metal Smelting and Mining.....	30,000	0.5	1.0
	1,077,000	17.7	35.4
(b) Industries mainly dependent on Canadian home market:			
Secondary Manufacturers of Consumer and Cap- ital Goods.....	1,373,000	22.7	45.4
Construction.....	505,000	8.4	16.7
Public Utilities.....	75,000	1.2	2.5
	1,953,000	32.3	64.6
Total Productive Industries.....	3,030,000	50.0	100
Service Industries			
Transportation and Storage.....	466,000	7.7	
Trade.....	970,000	16.0	
Finance, Insurance and Real Estate.....	220,000	3.7	
Service.....	1,367,000	22.6	
Total.....	3,023,000	50.0	
GRAND TOTAL.....	6,053,000	100	

Table 2 shows how the present civilian labour force in Canada is made up and that it is almost exactly equally divided between the productive and the service industries. The productive industries are those engaged in such processes as the growing of crops, the mining of metals and other minerals, the catching of fish, the conversion of falling water into electrical energy, the construction of buildings and the manufacturing and processing of goods. The service industries are those engaged in servicing the productive industries and the people of Canada as a whole in transportation, communications, trade, finance and other services including Government, but excluding the armed forces. The service industries are not in themselves productive in the sense of producing durable and non-durable goods and capital assets, but they do furnish the necessary services for the productive industries to produce and distribute the fruits of their labour.

The growth of the service industries must, therefore, be dependent upon the growth of the productive industries and increased employment in the service industries will be very closely related to increased employment in the productive industries. We can, therefore, say with reasonable accuracy that every time we find employment in Canada for a man in productive industries, we are at the same time creating employment for another man in the service industries.

In **Table 2** we have also divided the productive industries into two categories:

- (a) the agricultural, extractive and processing industries with large surpluses requiring export markets; and
- (b) industries mainly dependent upon the Canadian home market.

From this table (bearing in mind that service industry employment is dependent upon productive industry employment in the ratio of 1:1), the percentage of total employment in this country for which each segment of the productive industries is responsible directly and indirectly is indicated in the following:

1. Secondary manufacturers of consumer and capital goods mainly for the home market	45.4%
2. Farming, fishing and trapping	24.8%
3. Construction	16.7%
4. Extraction and processing of primary resources largely for export (forestry, mining and quarrying, pulp and paper, saw mills, non-ferrous metal smelting and refining)	10.6%
5. Public utilities	2.5%
	100 %
	100 %

THE PROBLEM IN ITS CORRECT PERSPECTIVE

The inescapable conclusion from an examination of the above figures is that the secondary manufacturers of consumer and capital goods, mainly for the home market, are by far the most important element in the Canadian economy in so far as resultant employment is concerned.

It is, therefore, clear that if we are going to solve our employment problems and maintain a high rate of population growth we must encourage and develop our secondary manufacturing industries to a much greater extent than we have in the past. It is also clear that valuable as our resource exporting industries may be to the Canadian economy, they employ only a relatively small and declining percentage of our population, and if our economic policies continue to be directed exclusively to finding foreign markets for these resource industries, then our employment problem will never be solved.

THE PROBLEM CAN BE SOLVED TO THE ADVANTAGE OF THE WHOLE ECONOMY

As the leading group of secondary manufacturers of consumer and capital goods, mainly dependent on the home market, the Canadian Electrical Manufacturers Association believes that there is ample opportunity of encouraging and developing our secondary manufacturing industries without materially affecting the prosperity of our exporting resource industries and, in fact, to their ultimate advantage for the following reasons:

(a) Canada today is by far the largest per capita importer of manufactured goods in the world; \$273 per capita for Canada as compared with \$28 per capita for the United States and \$48 per capita for the United Kingdom. In most segments of the manufacturing industry, capacity far in excess of its present production is in existence so that a very major increase in Canadian manufacture could be achieved without any great demand for new capital. I would like to stress this, sir, since there are many phases in the industry where capacity exists far in excess of present market demands. The great majority of the manufacturing industry in Canada is highly efficient in relation to the wages and standard of living that Canada has chosen for itself and

in relation to the market volumes available to it. I would like to comment here also on the highly efficient operations within this industry and to tell you that in some instances the custom built equipment turned out by our industry is higher in quality than those of our foreign competitors. Our products can be produced with less hours of labour.

(b) We have an international balance of payments deficit approaching \$1.5 billion per annum so that a decrease in the imports of manufactured goods would not in any way affect the ability of the export industries to find markets for their produce through lack of exchange.

(c) Federal, provincial and municipal taxation in Canada is levied at the rate of \$29.9 for each \$100 of gross national product. If goods to the amount of our present international balance of payments deficit were produced in Canada instead of being imported, taxation revenues of over \$400 million would be created as against import duties which would probably not exceed \$150 million. This switch would materially help the exporting industries by reducing the burden of taxation falling on them and so improve their competitive position.

(d) Every million dollars of secondary manufacturing in Canada finds direct and indirect employment for some 200 people for a year. If our international balance of payments deficit could be wiped out by producing goods in Canada instead of importing them, it would mean employment for some 300,000 people which would bring our unemployment problem to manageable proportions and again encourage immigration. It would also reduce very substantially the \$400 million to \$500 million we are currently spending each year on unemployment insurance benefits which constitutes a burden on our resource exporting industries as well as on our secondary manufacturing industries.

(e) Although we have a large international trading deficit, our Canadian dollar today stands at a substantial premium which creates a great competitive handicap both to our resource exporting industries and to our secondary manufacturing industries for the home market. The premium on the Canadian dollar is entirely due to the heavy capital borrowings from abroad on account of our own slow rate of capital formation. A prosperous secondary manufacturing industry with its high rate of employment could be a most important factor in the speeding up of our rate of capital formation and reduction of our heavy borrowings of foreign capital. This would tend to reduce or eliminate the premium on our dollar to the great advantage of both the exporting resource industries and secondary manufacturing industries for the home market.

(f) Full employment and a growing population which can only be achieved by expanding our secondary manufacturing industries will bring with it increasing domestic purchasing power which will take up more and more of our surplus agricultural and primary products which at present have to be exported. This will mean a gradual easing of the problem of these industries in finding world markets for their products. In this connection, we think it is pertinent to quote the following extracts from the Canada Year Book 1959:

Slaughtering and meat packing and the butter and cheese industry, two other resource-based industries appearing among the leading fifteen in value of shipments, were once important exporters but are now occupied in supplying the home market because the demand for their products from a larger and more wealthy population has increased faster than production.

The range of industries supplying domestic needs has greatly expanded and at the same time the major export industries are finding a greater market for their products in Canada. Growth stimulates growth.

(g) The Canadian secondary manufacturer is repeatedly being exhorted to get out in the export market. It is not always appreciated that the first requirement for strengthening the export field in manufactured products is volume in the domestic market at prices that show a reasonable margin of profit. Increased participation by Canadian secondary manufacturers in the Canadian domestic market could, therefore, greatly improve their position in the export market.

SPECIFIC RECOMMENDATIONS

We believe Government policy must be declared with respect to the type of economy for Canada's future. We would hope that it would be a diversified, well-balanced economy, not merely dependent on the relatively few employment opportunities provided by the export of our raw materials and resource industries. We believe that positive encouragement must be given to the growth of manufacturing industries in Canada to employ our growing population and to encourage increased immigration to Canada; otherwise, we are merely attempting to re-distribute our present growing labour force over an ever-decreasing number of job opportunities.

Manufacturing has become the most important element in the Canadian economy, contributing nearly three times as much as agriculture to the national income in the years 1946-1956 (\$52.6 billion as against \$18.9 billion). It is the employment and income provided by the manufacturing industries which maintains a high level of activity in the lumbering industry, the construction industry, the retail trades, and many sectors of agriculture.

Obviously any check in the development of secondary manufacturing in Canada would have a serious effect on the employment of the present labour force, as well as the creation of job opportunities for those joining the labour force annually.

BUY CANADIAN

These are very potent reasons why the development of our secondary manufacturing industries is not only in the interest of the country as a whole but in the final analysis in the interest of agriculture and our primary exporting industries as well. This being so, there is a great urgency that our economic policies be directed to removing those factors that have held up the development of secondary industry and have led to an increasing percentage of the country's demand for manufactured goods being imported rather than manufactured here in Canada. Some of the corrective measures that are necessary are as follows:

- (i) A more general appreciation in all segments of our society of the advantages to our economy of buying Canadian manufactured goods in preference to imported goods. The BUY CANADIAN program of trade associations and the efforts of individual manufacturers are presently being directed to this end.
- (ii) It is to be hoped that the Government would initiate throughout its various departments and purchasing agencies, a policy of procuring Government requirements from Canadian sources. We believe that a public pronouncement to this effect would be desirable, and that possibly such a policy could be recommended to provincial and municipal governments and other public bodies.

TARIFFS

Tariff protection for secondary manufacturing industry has been progressively reduced over the last 25 years by the treaties of 1936 and 1938 with

the United States and since then by further reductions under GATT. Many of the concessions through GATT have been made to gain a trading advantage for our primary products in foreign markets, at the cost of easing the entry of foreign manufactures into the Canadian market—and at a time when world conditions were radically different from those presently existing. The result is that today a number of tariffs are insufficient to enable even the most efficient Canadian manufacturer to compete with the very low wage countries, or, where large volume production is involved, with countries such as the United States which are supported by domestic markets 10 to 15 times those existing in Canada.

Canadian secondary manufacturers do not ask for general tariff increases across-the-board. They do maintain, however, that where tariffs can be shown to be too low to allow even the most efficient Canadian manufacturer to compete with imports under Canadian conditions of wages and volume, then these tariffs must be increased if Canadian Secondary Manufacturing is to develop and prosper.

I would like to say at this point, Mr. Chairman, that since this association was formed in 1944 we have at no time made any request for an increase in tariffs. We do believe, however, that a more realistic approach should be made concerning valuations of imports for duty purposes.

The effect of foreign participation in our market is felt by our industry in another serious way, quite apart from the physical volume of goods which enters Canada. This influence is not reflected in import statistics, but is very real nonetheless. It is the downward pressure on prices resulting from quotations by low-cost foreign exporters which Canadian manufacturers must meet in order to stay in business. This pressure on prices is important in two vital areas: (i) profits, and (ii) investment capital.

The Canadian Electrical Manufacturers Association parts company with those who tend to play down or deprecate earnings of Canadian manufacturers, as though profits were a distasteful or undesirable subject. In our industry particularly, a reasonable profit margin is essential for research, development and expansion. For this reason we are fundamentally concerned that profits of Canadian electrical manufacturers have been averaging only two-thirds of those earned by the industry in the United States. Moreover, as shown in the following table, our industry has been earning little more than one-half the profits of Canadian manufacturers as a whole:

I will not bother to read the table which follows, but in the seven years shown our average net profit on the sales dollar is only 3 per cent as against the over-all average of all manufacturing in Canada of 5.1 per cent.

COMPARISON OF PROFITS EARNED BY THE CANADIAN ELECTRICAL MANUFACTURING INDUSTRY
WITH AVERAGE PROFIT OF ALL MANUFACTURING

Average Net Profit on Sales Dollar

Year	Members of Canadian Manufacturers' Association	Members of Canadian Electrical Manufacturers Association
1953.....	5.2%	4.0%
1954.....	5.2%	2.6%
1955.....	5.9%	2.9%
1956.....	5.8%	3.3%
1957.....	5.2%	3.1%
1958.....	4.6%	2.9%
1959.....	5.1%	3.0%

Our industry's earnings are vital if our ability to serve an expanding economy is to be maintained. We estimate that \$8,000-\$9,000 capital investment per additional employee is required to expand electrical manufacturing facilities. It has also been estimated that over the next 20 years a minimum of \$1 billion in new investment will be needed. It is certain that future investment in nuclear energy projects, turbines, generators, electronic equipment, etc., will be enormous.

Unless our industry can operate under conditions which will provide a better profit margin, the capital required will not be forthcoming. In this event, an even greater portion of our market will be supplied by foreign competition. We think it necessary to stress the importance to Canada of maintaining a prosperous, progressive electrical manufacturing industry.

END-USE PRIVILEGES

Even more urgent, however, than an adjustment in individual tariff rates, is a review of the many end-use privileges that have been granted from time to time to certain industries which allow them to import their capital equipment free of duty, or with only a nominal duty. These end-use privileges in effect eliminate an already low level of tariff protection for the Canadian manufacturer of capital goods and in many cases no longer have any justification because these industries are now well established.

CLASS OR KIND RULINGS

Equally important to the development of secondary manufacture are the many tariff items governed by "not made in Canada" clauses which provide for free entry or preferential rates. There are many items of capital equipment governed by these clauses that could be and would be manufactured in Canada if "made in Canada" tariff rates applied. To get a "made in Canada" ruling, however, the Canadian manufacturer must first actually have produced this class of equipment and have supplied 10 per cent of the normal Canadian consumption of such equipment. In certain classes of major capital equipment which may take three to four years to engineer, manufacture and commission, the Canadian manufacturer who wishes to enter into this class of business must—having taken his first order in competition with the lowest foreign producer without any duty protection—wait three or four years before he can expect to get any protection on this product. In the meantime, he has to compete for three or four years with no tariff protection at all and no protection against dumping which has been very prevalent in this type of equipment.

We are gratified to note that His Excellency the Governor General, in the speech from the Throne, on November 17, 1960, stated:

You will also be asked to revise the definition in the Customs Tariff of goods of a class or kind made in Canada.

This requires some further comment, sir, because the Minister of Finance, in his supplementary budget, made certain statements in regard to the class or kind, but the argument still holds in so far as the principle goes. You are aware that the supplementary budget proposed a resolution to amend the customs tariff in regard to the determination of goods of a class or kind made or produced in Canada under certain provisions. While this was stated to come into effect the morning December 21, 1960, it is necessary that it be discussed in the ways and means committee—I think this is very important, sir—and after the necessary resolution has been passed, that it then be given a number and proceed as a bill to the House of Commons.

I would also like to point out that even if a manufacturer is successful in obtaining a "made in Canada" ruling, he does not necessarily receive tariff protection if the tariff item in question happens to be bound under GATT. This could only be obtained by negotiation and, obviously, would require that some concession on balance be extended.

With particular regard to custom-built equipment, the Minister of National Revenue may, at his discretion, declare such to be of a class or kind made in Canada if adequate facilities for economic production of such goods within a reasonable period of time exist in Canada. While this is satisfactory as far as it goes, delivery of such items is very often three to four years from the date of receipt of the contract; and if a foreign producer still persists in tendering a low price and obtains the order, he is not subject to dumping duty until the time of delivery. Obviously, this is a weakness. Some procedure should be set up at the time the order is placed.

Senator HORNER: You say this brief was prepared in November. The dollar is now about equal in both countries, and may continue to remain so. The premium on the dollar will not trouble you in the future?

Mr. SIMPSON: I was going to comment on that, sir, if I may.

Senator HORNER: Excuse me.

Mr. SIMPSON:

PREMIUM ON THE CANADIAN DOLLAR

The persistent premium on the Canadian dollar acts as a direct reduction in an already low tariff structure and is a major handicap to the competitive situation of the Canadian manufacturing industry both in our domestic and export markets. The elimination of the premium would be of inestimable value to the competitive situation of Canadian Industry generally and, consequently, to employment in this country. To achieve this we must concentrate on increasing substantially our own internal rate of capital formation and we must do without some of the capital expenditures which are directed toward the development of facilities for our greater comfort and enjoyment rather than for an increase of productive facilities.

This comment, Mr. Chairman, is obviously one of those that has been changed somewhat by the supplementary budget. The comment we have made here, in regard to the Canadian dollar has, of course, been rectified in part by the statement of the Minister of Finance in the supplementary budget presented to parliament on December 20th. The premium at the time was approximately 3½ per cent to 4 per cent. I do not have the exact figure before me. Subsequent to the announcement, it dropped very close to par. The cash discount, as indicated on the morning of February 7th, was 1⅓ths per cent, and that is two days ago. There is no guarantee, therefore, that the small relief obtained will last since the dollar is free to fluctuate. It could go back as high as it was, under certain circumstances, and as long as this uncertainty exists it is a competitive handicap.

WAGE DEMANDS

Wage demands and settlements must be kept within the bounds of what the economy can support. In recent years, wage rates have increased in Canada at a far greater rate than productivity and at a greater rate than most of the nations with whom we are competing. A continuation of this trend will make the Canadian manufacturer even less competitive than he is today, with further loss of business and employment. It is most important that labour unions fully appreciate this situation and show reasonable restraint

in their demands. A continuation of the present trend can only lead to making Canadian Industries even less competitive and result in further unemployment.

SUMMARY

Important as our agricultural and resource exporting industries may be, they alone cannot support a growing population or fully develop the great potential of this country. They can only employ a relatively small and declining percentage of our available labour force, and with economic recovery and development of raw material resources in the rest of the world, the marketing of these surpluses has become increasingly difficult.

We take the liberty of quoting from a recent statement by Mr. J. E. Coyne, Governor of the Bank of Canada:

To go on borrowing while our own people are unemployed, to go on borrowing in order to import more than we export, to import more goods which could have been produced in Canada and thereby provide jobs for unemployed Canadians—in short, to go on borrowing in order to create unemployment—such a course surely cannot be defended on any basis of rationality.

If we are to live within our means in terms of our international balance of payments and avoid further increases in our foreign debt, therefore, our merchandise trade must develop a surplus of well over \$1 billion a year. Last year, our merchandise trade showed a deficit of \$380 million.

What better then, than to seek a greater diversification of our production that will provide a higher level of employment as well as the use and consumption in Canada of a much greater proportion of our primary material and agricultural resources? This can only be done by developing and encouraging Secondary Industry which will at the same time reduce the present large surplus of imports over exports.

No nation has become great and remained so which, at our stage of development, did not create and support a strong Secondary Manufacturing Industry behind some form of adequate protection.

Mr. Chairman, that is our submission, but if I am permitted I would like to make one short comment which is the result of an examination of some of your previous proceedings.

The CHAIRMAN: Yes.

Mr. SIMPSON: In Professor Hood's generally excellent analysis of the factors affecting the demand for labour in Canada, he stressed the importance of business capital formation, at page 65, in creating jobs and pointed out that in successive periods of expansion the rate of business capital formation has decreased, and significantly so in the most recent period.

In his historical review of the post-war business cycles he mentioned several reasons for this but he did not include among them the impact of merchandise imports. In fact, he stated at page 86 that the import argument to his mind loses all significance when it is recalled that imports as a proportion of G.N.E. have, on the average, shown a modest downward trend since 1951, which fact is illustrated in his chart VI at page 64.

This disregard for the effect of import competition is, we feel, an unwarranted conclusion.

In the first place, it could be mentioned that while imports of goods and services, as illustrated on chart VI, do show a modest downward trend from the peak year of 1951, they also show an upward trend from the following year, 1952.

However, we do not wish to make our point by picking our year, and suggest that it is more logical to first of all eliminate service imports and then relate commodity imports to Gross National Expenditure on a physical volume basis, since it is the relative volume of imports to the volume of G.N.E. that relates more directly to employment. When this is done we find that the import volume in 1951 represented 17.9 per cent of G.N.E., and in 1959 the import volume was 20.5 per cent of G.N.E., which is a more than modest increase—

Senator SMITH (*Queens-Shelburne*): What are those figures again?

Mr. SIMPSON: The import volume in 1951 represented 17.9 per cent of G.N.E., and in 1959 it represented 20.5 per cent of G.N.E. This is a more than modest increase, particularly in view of the fact that in 1951 one percentage point represented \$185 millions, and in 1959 one percentage point represented \$248 millions.

We would also like to comment on Professor Hood's chart XI on page 68 of the report. This shows four classifications of imports as a percentage of total imports of goods. You will note that two classifications, "Industrial Materials" and "Fuels and Lubricants" show a marked downward trend, and taken together at the beginning of the period (1950) account for 47 per cent of total commodity imports, and at the end of the period (1959) they account for only 35 per cent of the total. "Consumer Goods" and "Investment Goods", on the other hand, rise during the period from 53 per cent to 65 per cent. This change in the mix of commodity imports is highly significant since "Consumer Goods" and "Investment Goods" are produced by labour intensive industries, whereas "Fuels and Lubricants" and "Industrial Raw Materials" are much less labour intensive.

Consequently, we feel, that to say that the decline in the rate of growth of the economy and the growing unemployment in this country is not due, in part, to import competition, is neither in accord with the statistical evidence nor realistic from the point of view of those who are face to face with the circumstances that account for the statistics.

Thank you very much, Mr. Chairman.

Senator HORNER: Mr. Chairman, it has been brought to my attention that some Canadian manufacturers have not been entirely fair. By this I mean they have taken advantage of being able to have goods manufactured cheaply in Japan and other countries, and selling them here as though they were out of their own shop; as though they were manufactured by themselves.

I hope none of you gentlemen have resorted to that method of making money, and then are coming here and asking for protection for your manufactures.

Mr. CAMPBELL: To the best of my knowledge none of us represented here have brought in any completed product from Japan and marketed it under our own label with the implication or the thought that it is made in Canada, although many components of the products we manufacture are purchased on the world markets. I cannot say that no Japanese item has been imported by the industry, but business does have to remain competitive. At times a component has to be imported in order to maintain Canadian production.

Senator HORNER: I do not say it is entirely unnecessary, but there have been some Canadians out of work because of this, particularly in the textile industries.

Senator SMITH (*Queens-Shelburne*): Our trouble seems to be related to the old question: Which comes first—the chicken or the egg? We have difficulty in making up our minds as to the relative importance of the primary industries. There are a great many people in this country who will say that the development and success of a good and sufficient sized domestic market depends

on the success in the development of a large farming business, and a large production of metals and pulp and paper products, and so on. Sometimes we are, perhaps, inclined to lose sight of the fact, which was brought to our attention the other evening by Mr. Nicholson who represented the Council of Forest Industries of British Columbia, when he pointed out that although the number employed in his overall forest industry in British Columbia was fairly large it was estimated that between five and eight more jobs were created as the result of the production and the sale of the products in his own province. We tried to get a figure related to that from Mr. Fowler of the Canadian Pulp and Paper Association, but he would go only so far as to say that it was a number of jobs but he had no information on which to base a sound figure.

I do not know whether Mr. Simpson could comment on what I am thinking, but perhaps he can detect that we are troubled by this. Would you like to comment, Mr. Simpson?

Mr. SIMPSON: Yes, I realize exactly what you mean, and undoubtedly further secondary jobs are created throughout the economy by primary industry. I might just as well tell you now, while I quoted a figure of 72,000 odd for last year who are directly employed, that if we went down the list of electrical distributors, the dealers and contractors and all those dependent on these electrical manufacturing industries for jobs, I could get this figure of ours up to at least five or six to one of the basic employees who are employed directly. This is the case in every industry, that there are secondary jobs produced throughout the economy, whether it is a primary industry or a manufacturing industry.

Mr. STYLE: I do not think there is any real reason for believing that the primary industries create more jobs for each job in the primary industries than the secondary industries do. We do know that the goods producing industries, which include both the primary and secondary industries, employ about 50 per cent of the population. The other 50 per cent is employed in the service industries, and these you have a ratio of one to one. I do not know of any reason for believing that the one to one ratio might be one to 1.25 in the secondary industries, and one to two in the primary industries. In other words, I would think that the ratio would be about the same in each, but the outstanding thing is that directly we employ 25 per cent of the population whereas the primary exporting industries, according to our figures—which I think tie in pretty well with your economist's figures—employ about 5.3 per cent.

Senator SMITH (*Queens-Shelburne*): I have heard it said by quite a number of members of Parliament and senators, who represent people from the west, that a collapse in the western farm economy would mean a general collapse in the whole Canadian economy, and would affect, of course, the industry which you represent. If that is so it seems to me that there is a large body of opinion which says, whether it is right or wrong, that we must be very careful not to do the kind of things, or recommend the kind of things, which would aggravate the present difficulties in the exporting of our primary products, and that, again, is a matter of some concern to us.

Mr. STYLE: We would entirely agree with you, sir, and I think, if you consider our brief, you will see that what we recommend in order to improve the position of the secondary industries, and which must be done, is not calculated to make the role of the resource industries any more difficult. We start off with an unfavourable balance of payments, which has reached a high point of a billion and a half dollars and now runs something below that amount. But if we can decrease imports to that amount it would make a terrific difference in the volume of employment in Canada. We cannot see how that would interfere with the ability of exporting industries to export.

Senator SMITH (*Queens-Shelburne*): If we interfere, for example, with the present flow of export grain to Japan by doing something which would make it more difficult for that country to send us certain quantities of their goods, it would create an awkward situation, and would likely cause trouble. As you know, we have had quite a large balance of trade in our favour with Japan, and it is hard to understand how we can maintain that large balance in our favour and not permit Japan to sell a certain volume of goods to us.

Mr. STYLE: You raise a very difficult point. However, this special committee of the Senate is studying manpower, and we cannot escape the fact that a million dollars worth of exported wheat represents less employment than a million dollars worth of fully fabricated or manufactured products imported from Japan.

Mr. J. D. CAMPBELL: Mr. Chairman, I would like to make this point as to the balance of trade between Japan and Canada. We must not lose sight of the fact that trade is not unilateral, but is bilateral, and the balance of trade with any individual part of the world is not essential to an over-all balance of imports and exports.

Secondly, in your comments about Japan, and whether or not we should continue to buy goods from them that might hurt our particular industry, I believe some effort could be made and some results obtained if in such circumstances as pertain to Japan we did a better job of searching out items we could obtain from them that do not directly compete with goods produced by facilities already in existence in this country.

Senator BUCHANAN: Who would initiate that searching and how would it be carried out?

Mr. CAMPBELL: I think the Department of Trade and Commerce through the industry associations could probably achieve quite a lot in that direction.

Senator BUCHANAN: Is it not true that a great problem is created by organizations which themselves sell goods, go into the markets of the world and buy the cheapest materials they can buy in order to compete with similar organizations? In other words, is it not a problem caused by wholesale purchasing and that sort of thing by distributors?

Mr. CAMPBELL: I am not quite sure that I understand your question, but I do not think that Canadian exporters are very large importers; I do not think the exporters are bringing in many products, if that is your point.

Senator BUCHANAN: No. The importer of course imports to sell.

Mr. CAMPBELL: That is right.

Senator BUCHANAN: Therefore to a great extent the responsibility to buy Canadian is left with him, and not with the individual who goes into the store to buy goods. It is the man who purchases for the store who has the first responsibility.

Mr. CAMPBELL: This is a view with which I have a great deal of sympathy, sir.

Senator BUCHANAN: How do you suggest we proceed in order to obtain more buying of Canadian goods by distributors rather than of imported goods? We have to deal with certain individuals and organizations.

Mr. CAMPBELL: There are a good many ways of dealing with it. To stay with the question of Japan, which started this part of the discussion, there are many ways of regulating the flow of certain types of goods out of Japan, whether it be by tariffs, quotas, or arrangements between the two countries. My point is that in order to carry on trade with a country I do not believe it is necessary that we trade in those products for which there are adequate facilities within our own country to supply the domestic market.

Senator CROLL: But suppose that the other country says that these are the products they have to sell in order to buy Canadian wheat—which is exactly what Japan has said—and she has no other products. What is your answer to that situation?

Mr. CAMPBELL: This problem obviously is not easily answered. It may be that we have to try to find countries to which we can sell our wheat, whose products for export are more complimentary than supplementary to our own.

Senator CROLL: But, it must be said on behalf of the Department of Trade and Commerce that they have exhausted, or are trying to exhaust, every possibility to bring about that situation and have not succeeded in doing so.

Mr. CAMPBELL: I think that is in process now and has not yet been brought to a conclusion. Perhaps it is a little early to comment on the results that will follow.

Senator BRUNT: Is it not so that Japan has tried to help this situation by imposing quotas on herself?

Mr. CAMPBELL: Temporarily only, while discussions are going on. There has been no final disposition of self-imposed quotas on the part of Japan in the field of electronic goods, with which I am familiar.

Senator BRUNT: I did not want to limit it to electronic goods. There are many other things that Japan exports. I understood that the Government of Japan had for some years, going back perhaps three or four years, imposed upon the manufacturers of that country quotas.

Mr. CAMPBELL: I believe there have been some quotas placed on items other than those that affect our industry, and I think this demonstrates the fact that something can be done about the present situation.

Senator BRUNT: You say in your own industry no quotas have been imposed by Japan?

Mr. CAMPBELL: They are in the process of being negotiated at the present time.

Senator BRUNT: At the present time they are endeavouring to work out voluntary quotas?

Mr. CAMPBELL: That is right.

Senator BRUNT: Mr. Simpson, I am a little confused by a quotation you have on page 9 of your brief, taken from the 1959 *Canada Year Book*. This is not a criticism of your brief. The point is, I am led to believe that butter and cheese are now out of the export market because of domestic demand.

Mr. SIMPSON: This is a verbatim quotation from the *Canada Year Book*, and is not a statement by us. We mention this to show that shortages can be created in the domestic market by increase in population. As far as meat is concerned, it is a fact that we do import beef into Canada.

Senator BRUNT: What about butter?

Mr. SIMPSON: I agree, there may be some doubt there, but we did not write the *Canada Year Book*. The word "butter" happens to be in the statement, and so as not to misquote, we included it.

Senator BRUNT: You do not give the page of the *Canada Year Book* from which it comes. It is rather shocking for us to read a statement like that. I am sure that when Mr. Hannam speaks he will have some comment on that point.

Senator CROLL: Mr. Simpson, what percentage of your industry's production is for export?

Mr. SIMPSON: At the present time it is small and very limited.

Senator CROLL: Give us a figure.

Mr. SIMPSON: It is in the neighbourhood of 6 or 7 per cent.

Senator CROLL: We had some experts appear before us—I cannot recall their names—when we entered into a discussion on secondary industries. I remember questioning one witness and his version was that there are too many people in the refrigeration and allied industries in this country. That evidence was given by a competent person. That was his view. As a matter of fact, I think he mentioned the names of some companies, which I will not mention at this moment. That was his general attitude. What is the general view of the industry? He suggested, for instance, that there are too many people making refrigerators and appliances of a similar nature.

Mr. SIMPSON: I would ask Mr. Campbell and Mr. Style to answer that question. This is one of their diversified lines. Mr. Campbell also has some figures relating to the export question you asked him about.

Mr. CAMPBELL: To answer your second question first, sir, perhaps as a manufacturer it is a little difficult for me to be fully objective. Most times I would think there are too many people in the business.

Senator CROLL: I asked this gentleman whom you would eliminate and he did not have any answer.

Mr. CAMPBELL: The fact does remain, however, that in the case of refrigerators, which you specifically mentioned, the Canadian market is currently running around 350,000 to 400,000 units per year. I am quite sure that on our assessment of the capacity of the industry there is a capacity for a million units. I would say that the figure of a million units is conservative. But we live in a free economy, sir, and if you or any other gentleman here present wish to go into the refrigerator business, which you would do against my advice, you are perfectly free to do so.

Senator CROLL: Mention was also made about the appliance industry.

Mr. STYLE: I think it would apply equally to the appliance industry. As we have stated in our brief, there is far greater productive capacity today than even the total Canadian market, if we had the total Canadian market.

Senator CROLL: Have you got the export figures, Mr. Campbell?

Mr. CAMPBELL: Yes, not in any percentages, but in 1950 when the selling value of the shipments of the industry was \$580 million, the exports amounted to \$19 million. That would be about 3 per cent. In 1959, the last year for which I have complete figures, the selling value of the shipments of the industry was \$1.045 billion, and the exports were \$39 million.

Senator CROLL: Have you any idea of the value of the imports in your industry that come in from the United States?

Mr. CAMPBELL: I do not think I have those figures in total, sir. I could get them and have them supplied to the committee.

Senator CROLL: Give us your best estimate because we don't get another crack at you, you know.

Senator BRUNT: That is not the word to use.

Mr. CAMPBELL: As a matter of fact, I happen to have them here. If we take those two years again in 1950 the imports from the United States were \$114 million. In 1959 the imports from the United States were \$321 million. In 1950 that \$114 million was 88.4 per cent of the total imports; in 1959 it was 78.7 per cent of the total imports.

Senator CROLL: How do you explain these imports from a high-wage, high-priced economy country?

Mr. CAMPBELL: I would like to have the opportunity of answering that question in two ways. That it is a high-wage country, there is no argument.

That it is also a very high-capital investment company is also a fact. Therefore, they get great efficiency in their costs, added to their very large domestic market and their very great production. Secondly, I think something that is perhaps not always fully or generally understood is that most of this industry is based on North American standards of design. Many of us are majority-owned subsidiaries or licensees of North American corporations, United States corporations. Therefore, the designs of the products are basically North American. Much of the capital invested in this industry is United States capital. Therefore, it is natural that our products are based on North American designs and standards. This encourages an immense flow of components. There are no D.B.S. figures available, no breakdown, that can make the figures official, but from our best estimates in our own Economic Department in our own company, we estimate somewhere in the area of 70 per cent of the imports in our industry from the United States, or as high as 70 per cent—let me put it that way—are in components. This permits the production of goods in this country whereas if those components were not available those goods could not be produced and the total product would have to be imported.

Let me give two examples. Take a consumer product like automatic laundry equipment, automatic washing machines. In the early days following World War II, 1948 and 1949, when this market just started in Canada, the market available to a domestic producer would have been completely uneconomic to fill from a 100 per cent domestic production. Many companies will start out by importing the complete product in order to open a market. The next step is to import components, adding some parts, some labour and some final production in this country. Gradually, as the market develops, more and more of the components are made in this country.

In 1930 when my company first entered the refrigerator market we imported refrigerators 100 per cent. Today the refrigerators which form the bulk of Canadian demand are 95 per cent produced in Canada, the other 5 per cent is imported because it is purchased on an economic basis and because it is only available elsewhere.

The point is that this flow of components actually generates employment and production in Canada. I said I would give two examples. A second example is this. About a year ago November there developed a requirement for gas turbines in Canada. These are very large, costly and intricately engineered pieces of apparatus. Due to the climatic conditions this equipment had to be installed in the summer months. We accepted an order for very short delivery. This apparatus had never been produced in Canada and only a few were actually operating in this country. We accepted the order and produced them in our own factories and they contained a little over 50 per cent Canadian content. We will produce more this year and they will have 85 per cent Canadian content.

The point is that had there not been the availability of components we could not have taken that order or put them into production in Canada and thus provided labour. The finished product would have been imported as it had historically been in the past. Once we get into the business we continue to increase the Canadian content. Our aim in this product is 95 per cent.

I can talk about these two products because I happen to be intimately connected with them but Mr. Style, Mr. Kerr and Mr. Edmondson could give you the same kind of examples.

When you look at the imports I suggest that it is valuable to keep in mind the percentage of the total that is in the form of components and that the alternative would be to take away the business from Canadian secondary industries. The importation of components is actually assisting Canadian secondary industries to get into the production of these goods. Each year and each cycle more and more of the products that were imported a few years

ago are being made in this country with a higher Canadian content. In the case of refrigerators, originally they were practically 100 per cent imported; because components started off partly imported, rapidly getting to a very high point of Canadian content. This example can be repeated a hundred times, and because of the fact that we do build North American designs it is logical, I think, to recognize that the flow of those components would be from the United States.

Senator CROLL: Thank you very much. I have often heard it said that that process could be largely accelerated, and is not being accelerated, because it is easier to do it the way you are doing it now than if you were pushed.

Mr. STYLE: I do not want to embarrass Mr. Campbell since my particular company is associated with English capital, but I would like to answer this question by saying this, that every manufacturer in Canada is always striving in his own interest to produce more in Canada, because the only way to make any money out of production in Canada is to get more direct labour hours into the product, for that helps absorb your overhead expenditure. You are never going to be competitive if you do business just with assembly pieces. Of course, you have a tooling problem. Refrigerators need very expensive tooling indeed; and if the people whose designs you are using are producing say 3,000 pieces a day, and you are producing 300 pieces a day, you cannot really afford that particular tooling until you build up your volume. However, there is a real incentive for Canadian manufacturers to produce in Canada.

Senator CROLL: It has often been said in this country that we have never produced an automobile. Now, I can remember this argument, which you have put forward this morning, also put forward when I was very much younger. I lived with it all the time, yet in the end we wound up without an automobile industry upon which we could really depend in this country. It is flowing away from us bit by bit, and we find it in great trouble. We have gone through the same process that we are going through now, the same as in your particular industry. Where is the difference?

Mr. STYLE: I think there is a difference. I am not familiar with the automobile industry, but I do know that in the electrical industry we can and do produce almost complete appliances at one end. We can and do produce complete transformers and heavy equipment at the other end. So we are not after these years in the position of anybody saying that we cannot or do not produce in Canada a transformer or an appliance. We very definitely do.

Senator CROLL: I think the figure that Mr. Campbell gave me was 88 per cent in 1950, and he stated that in 10 years it had dropped to 78 per cent, or 10 per cent. I think those were the figures you gave me, Mr. Campbell?

Mr. CAMPBELL: That is right.

Mr. STYLE: That is not 88 per cent of what is produced, but 88 per cent of imports coming from the United States.

Mr. CAMPBELL: And there is no inference intended, but do not forget that since there has been a period of a big build up of defence planning in which considerable electronic apparatus has been required.

Senator CROLL: In relation to the United States?

Mr. CAMPBELL: Yes. We have not suffered from it in our industry, but it is an added factor in the ten year period.

Mr. SIMPSON: From government purchases.

Mr. CAMPBELL: I believe that the 78 per cent might have dropped even further.

Senator HUGESSEN: The last two witnesses spoke of the large proportion of imports to this country in this particular industry they considered to be

necessary to the social progress of the industry itself. I would like to find out from the witnesses just what proportion the imports were, say in 1959, they do not object to, and which they do object to. What are we talking about in terms of actual imports? You tell us some of these imports are essential.

Mr. CAMPBELL: The situation that bothers us, of course, is the importation of the end product—a completed product.

Senator HUGESSEN: Take the imports in 1959, what proportion were for the benefit of the industry, and what proportion objected to?

Mr. CAMPBELL: There is no breakdown of what is end product and what is component. This is what we have asked D.B.S. for on several occasions, but it would not be possible for them to so break down the figures.

Senator HUGESSEN: You really cannot tell us, then, what proportion are really necessary?

Mr. CAMPBELL: I gave Senator Croll my personal estimate that as high as 70 per cent of the imports from the United States were components, that is, items such as we in this industry import, and that does not include necessarily what the Government buys or an importer buys. We do feel, and I think I can say that we know, that the percentage is much higher of finished products from other countries, due to the fact that so many of our products are based on North American designs in the United States. I was trying to explain to Senator Croll, in answer to his question, why the imports from the United States were so high.

Senator HUGESSEN: You could not give us any approximate figures?

Mr. CAMPBELL: Better than in our own particular manufacturing part of the industry, that as high as 70 per cent are components; therefore I would like to see us do without the 30 per cent of finished goods.

Mr. STYLE: May I also add something in answer to the question? This is a personal view, but I believe that we should reduce those components imported by a very substantial amount. I think one of the problems is related to the number of people in the business. There are new people coming into these businesses—I mean outside the long-established companies—and as new people come in they start, as Mr. Campbell explained, with what is relatively an assembly process with large importation of components, and then from that they build up their manufacturing. But I do not think, as a personal view, today it is necessary, bearing that in mind, to import half the components that are being imported into the country, and I think we have to find a way to import far less of those components so as to give labour to our own people. It is a problem.

Senator HUGESSEN: I suppose that has no relation to foreign control. They prefer to continue importing components rather than manufacturing them in Canada?

Mr. STYLE: They prefer to continue.

Mr. CAMPBELL: I subscribe to Mr. Style's philosophy and belief and desire very strongly, although I represent a majority of United States-owned companies in Canada. I do believe we have to make greater efforts and greater strides toward the greater production of our components in this country.

Senator HUGESSEN: I can understand that from a Canadian manufacturer's view, as a subsidiary plant, but can you convince your parents in the United States of that?

Mr. CAMPBELL: There is no need to convince them at all, senator. There is absolutely no pressure brought to bear on us in any direction. We can buy anywhere we like; we are not influenced in any way.

Senator LEONARD: Does your industry, Mr. Simpson, run into what seems to you to be dumping, but which is not easy to define as dumping, under the present tariff regulations?

Mr. SIMPSON: Very definitely, Senator Leonard. We know and I say this advisedly, and I think perhaps the department knows, but to tie dumping down is very difficult. We know for example that prices on heavy equipment which have been quoted here have been less than have been indicated to us in the country of origin and this of course constitutes dumping, but knowing this and even seeing it in articles in the foreign press is one thing and to have specific information on an order, a tender, and the figures to permit you to prove it is quite another. This has been one of our difficulties. This sets a low yardstick of price and the reason the imports are not larger is that the Canadian manufacturers have attempted at the sacrifice of profit to meet these prices to keep them out. Dumping is one of the hardest things to assess, and the Department of National Revenue do their best within existing regulations to spot it, but it is a very difficult administrative problem.

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, I wonder while we are on this subject whether someone would like to add a little comment to the rather short paragraph which describes an adjustment in individual tariff rates not being as urgent as a review of the many end-use purposes that have been granted from time to time. I am a little puzzled as to what kind of imports of capital equipment come under this privilege.

Mr. SIMPSON: These are used in many industries. These privileges were very necessary in years gone by. This is a process which has been going on over 40 years in time. They were originally created to open up our natural resources and because someone would spend the money to do so they were permitted to bring in their capital equipment duty-free or at a very low rate of duty. This was fine. But all of these things have grown like Topsy. Every time we start new oil wells they bring in drilling rigs and so on, with the necessary equipment attached. This applies to gold mines, metallurgical processes, smelting, the processing of Labrador iron ore, and so on, and each of these gets a special concession on end-use privilege basis. The equipment they use comes in duty-free or at low rates. Some years ago before the Tariff Board we were defeated on the subject of attached electrical motors. The Department of National Revenue used to break the entry down into a motor and a machine, each of which is covered by the tariff. However, the Tariff Board declared that a motor attached to a machine of a class or kind not made in Canada was a component part of the machine, and so we lost our protection under that tariff item. As I said, the bringing in of special equipment under these end-use tariff items, equipment to be used in the development of our natural resources, is something that has been going on for over 40 years and none of them has ever been rescinded, and they stand on the books today, and when electrical equipment and controls and so on come in attached to these pieces of equipment—and remember that the companies that are opening up these resource developments have known this for many years, our situation is made doubly worse by the fact that they contact a firm in the United States or the United Kingdom and they order this equipment with attached electrical equipment. Oftentimes we do not even know that they are in the market to purchase because knowing that they have this concession they just bring it in and the manufacturers in this country never even hear of it. These are the end-use privileges and these circumvent the regular tariff items. Transformers and motors which are all covered by individual tariff items, if they come under this end-use privilege come in free or at very low rates of duty and we never hear about them. If they were to come in under their own tariff item we would hear about it right away.

Senator CROLL: Mr. Simpson, isn't that a one-shot affair—the department allows it only once, that is, when you bring it in once that is the end of it?

Mr. SIMPSON: That is not so, Senator Croll, because there are many long-established companies here and very large companies at that, who are engaged in metallurgical processes in the north country, where they do refining and milling operations, and every time they need a new furnace transformer it comes in free.

Senator CROLL: And it could have been obtained in Canada?

Mr. SIMPSON: Yes.

Senator CROLL: At a comparable price?

Mr. SIMPSON: Yes, in the case of transformers.

Senator CROLL: I do not know too much about transformers but I understood the general attitude of the department was that in this capital goods field this end-use privilege is allowed only once, and if it should happen that the privilege is granted a second time then of course you can always bring it to the attention of the department and say this equipment was available in Canada and they did not take advantage of it, and the duty is then calculated on the regular tariff item. I thought that was the attitude.

Mr. SIMPSON: Not in these end-use tariff items as I understand it. None of them has ever been rescinded. As you know, the Minister of Finance has given a reference to the Tariff Board for examination into the mining and oil and gas industries on end-use privileges. That hearing is starting in June and it will take some length of time to complete. Of course, the industries I have mentioned are not the only ones. There are many others. This is the first time there have been any signs of progress in this regard.

Senator BLOIS: Does this not refer particularly to equipment that comes in for use in the production of goods that are going to be exported? I know over a number of years that equipment has been coming into Canada with motors attached, but a great number of these companies are now suggesting that this equipment come in without motors attached. I am speaking now of equipment that is to be used by Canadian manufacturers, and not referring to the export business.

Mr. SIMPSON: I do not think that is strictly true.

Senator BLOIS: I know it is because I have gone through a lot of it.

Mr. SIMPSON: Well, during the war years I was director of purchasing at Research Enterprises, which was a Government company, and I used to order all the equipment from the United States without motors, and we attached the motors here. Of course there was a special reason for doing that inasmuch as we were on 25 cycles and their motors were all 60 cycles. We could do that. But now, with the new ruling, and because of this Tariff Board case they can bring in equipment of a class or kind not made in Canada, with the motors and controls attached, and it comes in at the same duty rate as the machine itself, the motor being considered a component part of the machine.

Senator BLOIS: What is the advantage to that? The price of those motors in Canada is much the same as they are in the United States and so there is no advantage.

Mr. SIMPSON: The manufacturer in Canada let us say orders a jig borer and it comes in with the electrical equipment on it. This means that this business is lost to the Canadian manufacturer.

Senator BLOIS: I think if the Canadian manufacturers would co-operate a little more those officials who are doing the buying could specify that Canadian motors be supplied on machines being imported.

Mr. SIMPSON: Well, the agents representing those machinery manufacturers are interested only in buying the machine from the manufacturer and selling it to somebody.

Senator BLOIS: I happen to know one or two, and I am speaking from experience.

Mr. SIMPSON: We are very glad to hear that.

Senator BLOIS: I do know it, and when I have been buying equipment, particularly, I have made sure we specified motors and such like be purchased in Canada.

Mr. SIMPSON: I compliment you on that, sir, but I think this is an exception to the general rule.

Mr. STYLE: On this general subject, we have had specific cases where capital is being provided from the United States.

Senator HAIG: I would like these gentlemen to tell us one thing that I have never heard one of them tell yet. What would you suggest we have to recommend to get out of this unemployment position?

Senator CROLL: That is open to anybody to answer.

Senator HAIG: I am asking the question; I did not interrupt you; so please sit back.

Mr. STYLE: What we are suggesting is that the prosperity of the secondary industries of this country and a greater degree of manufacturing in Canada are essential to finding greater employment in this country. There is no one means of achieving that. We have made various suggestions. We know that you could achieve it by upping the tariffs to twice what they are today; but we know what that would mean to our exporting industries, and others.

We are not suggesting an across-the-board increase in tariffs: we are suggesting better implementation of our tariff structure as we have it now; we are suggesting a "buy Canadian" appreciation amongst all users of equipment, that it is in the interest of the country to buy Canadian made products; we are suggesting, specifically, things like the re-examination of end use privileges which are a means of circumventing tariffs; and re-examining "class or kind" rulings, which are also a means of circumventing the tariff. Fundamentally, we are trying to bring before the committee the importance of secondary industry in solving unemployment.

Senator HAIG: They give employment?

Mr. STYLE: Yes.

Senator HORNER: If I might refer to page 3, where you stress the numbers of unemployed drawing unemployment insurance. You perhaps did not see a paper which we had presented by Dr. Harris, an economist, who had made an inquiry across Canada. As a result of his inquiry he comes to the conclusion that those figures we got were at least 100,000 too high. In other words, people who were not really looking for work, were simply drawing what they had coming to them from the unemployment insurance—married women who, in many cases, had no interest in seeking further employment. I agree with that, but in my experience across Canada I would say that rather than help the situation, as the unemployment insurance was supposed to have done, I am doubtful now it has been of great benefit. It is my opinion it has rather spoiled some good steady workers who were more

happy and save more money when they were working and were drawing what was coming to them, and are now drawing unemployment insurance and spending more now, when they are idle.

Mr. EDMONDSON: I wonder if the honourable senator has misinterpreted our statement? We were not in favour of these expenditures for unemployment being the amount they are.

Senator HORNER: I did not understand that. I wondered what your opinion would be on the benefit, even to labour?

Mr. EDMONDSON: I think we would all agree there should be a review of the whole unemployment scheme and, certainly, a little stricter enforcement of the original intent of the rules. It is not an insurance scheme, in the proper sense of the word, today.

Senator HORNER: I would like to make a further comment. I suppose that everyone in Canada should be interested in Dr. Erhard, the financial man in west Germany, and what he says, that free enterprise must remain free. I think I could foresee what would have happened in Canada had enterprise remained free, as he understood it. We might not have had the co-operative elevator or the wheat pool in western Canada had free enterprise remained absolutely free. I also think the same could be applied to labour as well. Just on the same principle, labour is a combination. If it advances wages and conditions of work so that you people and others are prohibited from exporting or doing business, then it is not even free enterprise for labour or anyone else in the country: it is an amalgamation and combination that stagnates and prevents the promotion of production in Canada.

Mr. EDMONDSON: I agree with the senator completely. I think the answer to the previous question, about how we should really attack this, boils down to the fact that the Canadian public, every Canadian, should be sold on the fact that they should think Canadian before they buy, and they should be sold on the fact, like Europeans who have shown us the way, that we have to make up our minds to produce more than we have been doing per man and woman. I am not speaking just of the hourly rated man, but of all of us, including us sitting here. These two things are the main answer: to think Canadian when we buy; and to get more productivity.

The CHAIRMAN: Are there any other questions, gentlemen?

As there are no further questions, I thank you very much, gentlemen, for attending and helping us.

We will now hear the submission of the Canadian Federation of Agriculture, which is represented here by Mr. H. H. Hannam, president; Mr. David Kirk, secretary; and Dr. W. C. Hopper, economist. Mr. Kirk will present the submission.

Mr. David Kirk, Secretary, Canadian Federation of Agriculture: Mr. Chairman and honourable senators:

The improved conservation, utilization and development of the human resources of the agricultural areas of Canada should be one of the major objectives of this Senate Committee's investigation of manpower and employment. The Canadian Federation of Agriculture appreciates the opportunity you have provided for our appearance at this time. In submitting this statement we hope that we may contribute in some measure to the deliberations of this Committee.

Through our provincial member bodies the Canadian Federation of Agriculture has circulated farmers by questionnaire and in this way and others we have attempted to supplement our regular organization processes of obtaining farm opinion. From this special survey, which in no sense is a scientific statistical analysis, we have gained some information and viewpoints which are

reflected in this submission. We have also obtained statistical information from the census, from the Dominion Bureau of Statistics and from reports of the Department of Labour.¹ These sources of information, and the experience of the C.F.A. with agricultural problems over a period of 25 years, form the basis for this statement.

Lack of employment for Canadian workers is a situation which adversely affects everyone. Conversely when employment is at a high level the whole structure of our national economy rises and farmers as well as those in other occupations are benefited.

It should be recognized, too, that there are mutual interests involved, and a similarity of circumstances and causes in many of the employment problems in our rural and urban societies. The degree of employment being experienced in the economy and a lack of an adequate rate of national economic growth is cause for very serious concern on two counts. The first is the impact on the persons unemployed. The second is the amount of economic waste which unemployment represents. The Canadian Federation of Agriculture will firmly support intensification of efforts, and of positive measures, to meet unemployment situations of every kind.

Farmers and their families have a very considerable stake in a healthy economy. It will be pointed out later in this statement that farming has experienced a sharp decline in its labour force over the past ten years. This decline has been accompanied by depressed income conditions in the industry. The economic attrition in the form of low incomes that has for most of the 1950's accompanied this decline in the number of farmers may perhaps be described as the counterpart of unemployment in the industrial field, especially of the kind usually referred to as "structural". There is no early end in sight to this process of attrition, unfortunately. One of the few mitigating circumstances during the past ten years has been the comparative buoyancy of the economy as a whole, which has kept domestic demand for food at a high level, and has created quite a good climate of opportunity outside of farming.

In the process of agricultural adjustment, the existence of alternative employment opportunity for farm people in the non-farm field is a matter of vital importance to farmers and their families. This is true not only of those who actually leave agriculture for other work, but of those remaining in agriculture who share in the benefits of a better-adjusted farm industry.

Because needs for sound policies facilitating adjustments in the labour force will be given a good deal of emphasis in this presentation, we would like to make our position very clear at the outset.

Adjustment needs in a developing industry with a declining labour force must be recognized and met, in the interests of all. Since manpower utilization is the subject of this enquiry it is the adjustment aspects of the problem of farm policy that will receive attention. This does not mean that we view with any degree of satisfaction the decline in the numbers of farmers—on the contrary—yet it is the opinion of the Federation that it would be irresponsible to ignore the nature of the basic economic changes taking place in agriculture, and insofar as such change seems necessary within the framework of our accepted national goals, beliefs and institutions, the best thing to do is to advocate policies which make the change less painful and associate with it as many programs of constructive improvement as possible.

Specifically, the Canadian Federation of Agriculture accepts the goal of reasonable economic efficiency in agriculture as elsewhere in the economy. But it also believes in the economic and social soundness and value of the family farm pattern of agricultural work and ownership. Here we cannot do

¹ The report "Trends in the Agricultural Labour Force of Canada 1921 to 1959" prepared by the economics and research branch of the Department of Labour has been a particularly valuable source of information.

better than quote briefly from a 1956 report of a sub-committee on family farms of the Agriculture Committee of the U.S. House of Representatives. Its words express our views very well. The Committee said:

It is the judgment of this sub-committee that the family system in farming, in adequate production units, can contribute to the most efficient, the most economic and the most satisfying operation in a prosperous agriculture. This sub-committee concludes that the nation's farm program must begin with the family farm; that the program should not promote the 'factory in the field' type of farming for except in a few specialized operations there are not values for the nation in substituting a hired labour agriculture for the independent family farm. Specific emphasis must be placed upon the development of our smaller farms into adequate units with resources sufficient for economic production....

We might add that we are not aware of any significant body of opinion among agricultural economists which does not take the view that given adequate organization of marketing, credit and other services the family farm unit can be and is thoroughly productive and efficient from an economic point of view. To preserve the role of the independent family enterprise based on the use of the landowner's own labour must be a fundamental goal of farm policy in Canada.

What happens in agriculture has a major impact on the total economy, and on its buoyancy. The low level of farm income currently being experienced has a depressing effect on the economy as a whole. It must be considered that the farm labour force is larger in size than is the total of the construction industry plus all primary industry other than agriculture, including mining, forestry, fishing and trapping². In considering measures to combat unemployment and stimulate a resumption of economic growth, the great importance of farm purchasing power must not be forgotten. We do not say the farm situation is a major cause of the present economic downturn. But we have no doubt whatever that the low level of farm returns has been a depressing influence in the economy. We also feel that the continued lag in farm returns is a significant block to realizing the economic stimulus necessary for recovery. Measures taken to stimulate the growth and economic adjustment of the economy can usefully and legitimately extend to rural, as well as urban, groups and areas.

In periods of slowdown and significant unemployment in the economy there may be a tendency for labour to back up on farms. We would wish, however, to disassociate ourselves at the outset from any view of the employment problem that might take the existence of urban unemployment as a signal to halt or delay programs designed to facilitate the healthy economic adjustment of the farm economy. Such healthy adjustments, as we will be making clear later in this presentation, involve to a considerable extent creation of training, relocation, and other programs designed to enable farm people not economically employed in agriculture to find better non-farm employment. To suggest that such programs should not be undertaken because urban unemployment exists would be wrong, and, we feel, short-sighted. We have a dynamic economy in Canada and we would view with distrust any proposal which makes unemployment an excuse for failing to move steadily toward basic improvements in the utilization of the Canadian labour force.

² See Table 9 page 16 of Volume 1 in the evidence of the Proceedings of this Committee, November 30, 1960.

Trends In The Farm Labour Force

Agriculture is a dynamic industry. In recent years we have been experiencing what has been described as an agricultural revolution. During the second world war improved prices for the products of our farms, and the war time needs for more production, encouraged farmers to adopt, to a greater extent than ever before, new techniques of production developed by agricultural scientists and engineers and to put into practice the recommendations of agricultural economists for increased efficiency in their farming operations. These technical improvements were continued and expanded after the end of the war at an even faster rate as machinery and equipment became available in more adequate quantities.

Some of the changes which have taken place during the past two decades in the farming industry may be illustrated in a number of ways. Census data show that in 1956 farm population represented only 17 per cent of Canada's total population of 16.1 million. In 1921—thirty-five years before—there were 8.8 million people in Canada and a little more than half lived in rural areas, predominantly on farms. While no census figures are available since 1956, the continuing decline in the agricultural labour force indicates that farm population has been further reduced.³

In 1946 the agricultural labour force was 25 per cent of the total labour force in Canada, in 1958 it was 12 per cent and in 1959 it was only 11 per cent. These figures refer to the total of self-employed farm operators, unpaid family labour and paid labour. The percentage reduction in the farm labour force has been considerably greater than the decline in people living on farms because there has been a more rapid movement from farms of persons of working ages than there has been of children and older persons. There has also been a considerable increase in non-farm employment by farm residents.

The number of persons employed in agriculture in 1949 was 1,186,000. In 1959 there were only 692,000 so occupied. This represents a movement out of farming of almost 49,000 workers a year, making a total decline in ten years of 41.4 per cent. The decline in the number of farm operators has also been substantial, though less than for the total labour force. In the ten year period 1949 to 1959 there was a decrease from 663,000 to 451,000 or about 32 per cent.

Besides the decrease in farm operators, there has been an even greater decline in numbers of unpaid family workers, and a sharp drop in numbers of hired workers. In 1946, there were in Canada 679,000 self-employed workers or farm operators. They represented 57 per cent of the total number of persons with jobs in agriculture. The balance was made up of 360,000 unpaid family workers and 147,000 paid workers; they represented 31 and 12 per cent respectively of the total. In 1958 there were only 468,000 farm operators, 147,000 unpaid family workers and 97,000 paid workers. The unpaid workers were less than 21 per cent, as compared with 31 per cent in the previous year, of the total workers and the number of paid workers was reduced by 50,000. The paid workers in 1958 represented a slightly higher percentage of the total workers in agriculture than in 1946. It is also noteworthy that between 1951 and 1958 there was only a slight 3 per cent decline in paid labour, in which there seems to be a good deal of stability. The significant decrease in unpaid family workers suggests that farmers are encountering increasing difficulties in retaining their sons and daughters on the farms in the face of the higher returns and availability of employment elsewhere. It is also to be

³ Between 1950 and 1958 nearly 4 million persons left United States farms (25,058,000 to 21,172,000). The average annual decline in the farm population was therefore almost 500,000 a year. Farm population in 1959 represented about 12 per cent of the total population in the United States.

hoped and expected that a trend to higher school-leaving ages would partly account for the decline in the unpaid family labour work force.

Decline in the farm labour force is primarily among the younger men who can more easily adjust to other employment. The general statistical picture is shown in Table 1, which is reproduced from the Department of Labour bulletin "Trends In The Agricultural Labour Force In Canada". Between 1951 and 1958 the number of males in the 14 to 44 age groups declined from 560,000 to 387,000 or 30.9 per cent. During the same period, the number in the age groups of 45 years and over declined from 328,000 to 286,000 or by only 12.8 per cent. In general there is the same tendency among females as exists among males. Between 1951 and 1958 farm women in the age groups of 14 to 44, declined by 32.7 per cent, but the decline in the number of older women on farms was only 15 per cent.

TABLE 1
THE AGRICULTURAL LABOUR FORCE BY AGE AND SEX, CANADA, 1951-58
MALE AGE GROUPS

Year	Total	14-19	20-24	25-44	45-64	65 and Over
(Annual averages in thousands)						
1951.....	888	122	97	341	258	70
1952.....	828	110	91	321	243	63
1953.....	821	107	84	321	251	58
1954.....	845	111	81	329	262	62
1955.....	789	98	68	308	255	60
1956.....	741	87	62	278	249	65
1957.....	712	85	57	263	241	66
1958.....	673	84	53	250	228	58
(Percentage distribution)						
1951.....	100.0	13.7	10.9	38.4	29.1	7.9
1958.....	100.0	12.5	7.9	37.1	33.9	8.6
FEMALE AGE GROUPS						
Year	Total	14-19	20-24	25-44	45-64	65 and Over
(Annual averages in thousands)						
1951.....	72	14	X	30	18	X
1952.....	64	13	X	25	17	X
1953.....	42	10	X	16	11	X
1954.....	39	X	X	16	X	X
1955.....	36	X	X	13	10	X
1956.....	40	X	X	15	10	X
1957.....	39	X	X	15	12	X
1958.....	52	X	X	22	16	X

SOURCE: Special tabulations from DBS Labour Force Surveys.

NOTE: Data include Newfoundland.

(X) Due to high sampling variabilities for smaller estimates, figures smaller than 10,000 are not shown.

A comparison of age distribution in agriculture with the non-farm working force is also revealing. Of all the males in the agricultural labour force, 42.5 per cent were 45 years or older, while only 31.9 per cent were in these ages in the non-agricultural labour force. In non-agricultural industries in 1958 males of 25 to 44 years of age represented 50 per cent of the total labour force, but only 37 per cent of the agricultural labour force.

In spite of the clear evidence of the aging of farm labour force since 1951, it is not too easy to draw confident conclusions as to the implications. Of the total decline of some 215,000 in the male labour force from 1951 to 1958, 173,000 of the decline came out of the 14 to 44 age group and 42,000 out of the older age groups. Yet unpaid family labour, which we would expect would be predominantly in the younger section, declined by perhaps 90,000 male workers. The shift in the age distribution of the actual farm operators would, therefore, probably not be nearly so severe as the overall labour force figures indicate. The normal aging of the labour force to be expected in a relatively new region such as western Canada, moreover, was probably by 1951 not complete. In fact probably not more than a 4 per cent increase in the percentage of farm operators in the 45-and-over classification occurred between 1951 and 1958. This is hardly a sufficient violent shift on which to confidently base conclusions.

Nevertheless there is little doubt that the present low level of farm returns, plus the large amount of capital required for an economic farm plant, plus the fact that for the moment the trend is toward fewer farmers, makes farming something less than the most attractive possible career to a young man from the farm who has succeeded in obtaining a fair education, and who is intelligent and ambitious. Nor is agriculture the easiest industry in which to get established. Agriculture, as much as any industry, needs to attract its share of such people. Many thoughtful farmers are afraid it is not, today, doing so. The best answer is to see that insofar as possible agricultural prospects and opportunities are improved by sound, forward-looking farm policies in the fields of farm products marketing, credit, vocational training, land tenure and rural development.

The declining labour force has of course been paralleled by changes in numbers and size of farms. In 1941 there were 733,000 farms in Canada. In 1956 the number decreased to 575,000. Allowing for changes in census definitions the decline in the total number of farms was a little more than 100,000 between 1941 and 1956. During the same period the average size of Canadian farms increased by nearly 28 per cent, from 237 to 303 acres. The major part of this change in farm size took place in western Canada, but in all provinces the average size of farms increased. Consolidation of farm holdings resulted in a considerable decline in the number of farms with acreages of one hundred or less. More than 90 per cent of the farms in Canada are farms operated by single families.

The reduction in the farm labour force is set out in **Table 2** and the question obviously arises as to how much longer this trend is likely to continue, and what further rate of reduction will be experienced.

The hazards of predicting future changes in the farm labour force are well illustrated by the attempt in this direction made by the Royal Commission on Canada's Economic Prospects. The Commission report on agriculture, published in January of 1957, predicted a decline of the agricultural labour force to 733,000 in 1965 and 715,000 in 1980. By 1958 the agricultural labour force had already dropped below the Commission's estimate for 1980. The labour force in 1960 in fact amounted to only 675,000.

The Commission's conclusion was that the trend toward fewer numbers in the farm labour force will have nearly come to a stop by 1965, as a result of labour demands for meeting increased livestock production needs. However, it seems today to be the consensus of opinion that, looking at the agriculture industry from the point of view of the apparent number of uneconomic farm units, substantial further declines in labour force will occur. Of course it must be borne in mind that a trend to increased use of employed labour might offset reduction in a number of farm operations to a degree. The great majority of farmers employ little or no hired help, and with improvement in their ability to pay, many farmers would very thankfully make

more use of hired labour and reduce the degree to which they are over-worked and tied to the farm. According to our nation-wide member survey, many farmers in every province are experiencing a shortage of hired farm labour.

TABLE 2

REGIONAL TRENDS IN THE CANADIAN AGRICULTURAL LABOUR FORCE,
PERSONS WITH JOBS, BOTH SEXES, ANNUAL AVERAGES, 1946-59*

Year	Canada	Decline from previous year		Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia
		No.	%					
1946.....	1,186			92	277	320	466	31
1947.....	1,122	-64	5.5	86	252	300	450	34
1948.....	1,096	-26	2.3	81	246	290	444	35
1949.....	1,079 ^(a)	-17	1.6	83	242	284	433	37
1950.....	1,018	-61	5.7	78	255	253	403	29
1951.....	939	-79	7.8	62	229	238	382	28
1952.....	891	-48	5.1	58	209	228	375	21
1953.....	859	-32	3.6	56	203	220	359	21
1954.....	878	+19	+2.2	50	214	253	338	23
1955.....	819	-59	6.7	49	172	236	331	31
1956.....	776	-43	5.3	49	165	213	323	26
1957.....	744	-32	4.1	53	171	191	306	23
1958.....	712	-32	4.3	55	161	175	297	24
1959.....	692	-20	2.8	57	153	174	284	24
1960.....	675	-17	2.5	55	134	177	279	28

SOURCES: Dominion Bureau of Statistics, Reference Paper No. 58—1958 revision, and DBS Labour Surveys.

* Taken, except for 2nd and 3rd columns, and recent year data, from tabulation in "Trends In The Agricultural Labour Force In Canada" by the Department of Labour.

^(a) Data for Newfoundland are included with total for Canada and Atlantic region from October, 1959. However, there are only about 3,000 persons employed in the agricultural labour force in Newfoundland and this addition had little effect on the overall trend.

The process of taking increased ability to produce in the form of leisure instead of goods and services, has gone much further in urban than in farm employment. In recent years only about half the farm operators have had an extra worker, either paid or unpaid, to help with the farm work. Farmers have had to increasingly mechanize their farming operations and, in the race to try and meet the demands of the new technology, investment remains very substantial in spite of inadequate income.

In the one year 1959—farmers purchased machinery and equipment to the wholesale value of 212 million dollars and in addition spent 39 million dollars on repair parts. On a retail basis the total was probably about 315 million dollars. This represents about 700 dollars as an average for each of the 450,000 farm operators. (In this calculation no account is taken of cash discounts to farmer buyers or trade-in allowances). But this mechanization is in recent years not easing the workload of most farmers. It is just enabling them to run faster in order to keep up.

Manpower and Productivity

The severity of the agricultural cost-price squeeze, and the decline in the farm labour force is the combined result of increasing productivity and limited expansion in demand for farm products. The notion is sometimes expressed that the problems of the farmer can be traced to backwardness in adapting to the opportunities of modern technology. That just the opposite is true is illustrated by the post-war record.

In its August, 1959, Commercial Letter the Canadian Bank of Commerce made calculations of productivity increases in various sectors of the economy between 1946 and 1957, a 12-year period. This is what they had to say about agriculture:

The outstanding rise in productivity in agriculture, at 48 per cent, is particularly noteworthy. It may be observed, however, that 1957 was a year of comparatively poor harvest on the prairies. If the total product of agriculture in 1957 had been similar to that of the previous year, the percentage rise in productivity would have been even greater. This illustrates the influence that weather conditions may have on productivity statistics in agriculture; the desirability of accepting the figures as no more than a guide to a trend is clear in this instance. The achievement of a greater productivity rise in agriculture than in any other industry is, however, unquestionable, following a decade of revolutionary developments in mechanization and improvement.

We may add that the increase in productivity for all industry over the period—as shown by the Bank of Commerce figures—was 39%, compared to the 48% shown for agriculture in a comparatively poor crop year.

This remarkable increase in productivity has been the result of the use by farmers of seeds and plants more suitable to their soils and environmental conditions; increased application of commercial fertilizers and chemicals for controlling insects, plant diseases and weeds; improved methods of breeding, feeding and handling of farm animals and poultry; the employment of more efficient machinery and equipment; the adoption of recommended ways of preparing the soil for planting, cultivating, harvesting and storing of agricultural products, and improved skills in labour and management.

Modernization of farm production and the consequent increase in productivity per man hour is revealed in the larger yields of crops and fruits per acre, higher production of milk per cow, more eggs per hen, the increase in meat production in herds and flocks by more efficient feeding and breeding practices and in the increase in farm mechanization and the consequent saving in labour. Increased intensification and specialization in production have also contributed to greater productivity per farm worker.

It is this productivity increase that has made it possible for agricultural production to rise steadily, meeting the food needs of the people more than adequately, at the same time that the number of people employed in agriculture declined drastically.

Farm Income

If the prices of agricultural products had kept pace with the increase in costs of production, farming would now be a prosperous industry, but this is not the situation. The index of farm prices of agricultural products in 1959 was about 4 per cent lower than it was in 1949 and the 1960 index will probably stand at more or less the same level as in 1959. The prices of commodities and services required by farmers including farm living costs, as reported by the Dominion Bureau of Statistics, have risen since 1949 by about 30 per cent. Therefore, in constant dollars, the 1959 net income from farming in Canada was 35 per cent lower than it was in 1949. In spite of the substantial decrease in the number of farm operators since 1949, the real net income per farm operator in Canada averaged 5 per cent less in 1959 than it was ten years before. By contrast, in 1959, real wages in manufacturing industries, after adjusting for cost of living changes, were 33 per cent above the level of 1949, which provides some measure of the deterioration in the farmers' relative income position. It is hardly surprising that in this period

farmers were able only to increase their wages rates to hired farm workers by 22 per cent, and that as a result good farm help has become increasingly difficult to obtain.⁴

The technical advances which have been made in agriculture have resulted in capacity to produce many agricultural commodities in excess of the quantities required in the domestic market and for commercial sale to export outlets. This fact largely accounts for the relatively low level of prices of many agricultural commodities. The low farm incomes and the opportunities to obtain higher wages and salaries in non-farm industries have been responsible for much of the rapid movement of farmers and their sons and daughters away from the farms.

However, it is important to note that while the increase of farm productivity in comparison with the increase in demand has kept farm incomes low, and attracted manpower to relatively more profitable non-farm occupations, the decline in the farm labour force cannot be attributed simply to a forcing out of farmers by the cost-price squeeze. In the six years from 1946 to 1952, which were years of relatively good farm prices, the farm labour force declined by 24.9 per cent in Canada. In the years 1954 to 1960 a period of the same length but of much inferior income returns, the farm labour force declined by 23.1 per cent—not much different from the earlier period.

The lesson to be drawn from these facts is this: While it is true that the declining number of farmers, and their low incomes, can be traced to the same causes, it is not true that measures to improve farm income should be opposed on grounds that they will halt that decline. Sound agricultural adjustment is stimulated, not retarded, by improved prices and incomes in agriculture, unless of course those improved prices and incomes are achieved through regulations and controls that have the effect of freezing the farm economy into a rigid pattern.

Scarcity of Farm Labour

While the purchase of labour-saving machinery has reduced the demand for hired labour, there are as we have already noted still farmers in every province who would employ additional help if they could obtain men at the wages they can afford to pay. It is hired help with knowledge of farm operations that is particularly scarce. Most farmers have acquired new machinery and equipment at high prices—machines which need constant care in their operation and maintenance. The hired men who are available, however, often know little or nothing about modern implements and they are usually not skilled in dairying or in the handling of other classes of livestock and poultry. Shortage of full-time and seasonal labour has been the situation since the time of the second world war.

Where farming is specialized, such as in the areas where potatoes, sugar beets, canning crops, tree fruits, berries and grain are grown, it is seasonal labour that is needed rather than year round help. The scarcity of seasonal help was mentioned frequently in the replies by farmers to our questionnaire as their most serious labour problem. By the use of more machinery, some farmers are getting their planting and harvesting operations done more quickly, and after peak seasons are over, they require less year-round help.

The efforts of the Federal and Provincial Governments to assist farmers who need seasonal help is described in the following paragraphs from the

⁴ See appendices B to E for supporting statistical tables.

recent report of the Canada Department of Labour entitled "Trends in the Agricultural Labour Force in Canada":

In 1942 the Department of Labour initiated the Dominion-Provincial Farm Labour Program to direct the movements of farm workers. In addition to grain harvesting movements, the Farm Labour Program has organized by harvesting movements to assist farmers in Ontario, and various other movements such as fruit picking in British Columbia. Under the Farm Labour Program, Provincial-Federal agreements have been arranged with all provinces except Newfoundland. The Program is a joint responsibility of the Federal Department of Labour and Provincial Departments of Agriculture. It receives the co-operation of other Government Departments and various associations, including the National Employment Service, the Federal Departments of Agriculture, Citizenship and Immigration, representatives of farmers such as the Canadian Federation of Agriculture and representatives of the two major railways. In addition, the co-operation of the U.S. Department of Labour expedites the placement of temporary farm workers moving into the United States or into Canada.

In addition to the organized movements under the Federal-Provincial Farm Labour Program, local area farm placements are made by the National Employment Service.

The international migration of maple sugar harvesters between Canada and the United States has continued, with various additional movements being added or discontinued from time to time. One of these was the movement of combine harvesting crews which took place principally between the Prairie provinces and mid-western and southern states during the 1940's. Another is the migration of potato pickers from New Brunswick and Quebec to Maine, which has continued since 1931 and has provided seasonal work during current years for 6,000 to 6,500 persons. A third movement which is still continuing is the migration of experienced tobacco harvesters from the United States to Ontario and Quebec. In 1956 and 1957, about 4,000 workers assisted in this harvest each year. The above, and other smaller international movements of temporary farm workers, have been organized under reciprocal agreements between the governments of Canada and the United States.

In the five years from 1954 to 1958 inclusive, organized interprovincial and international movements have included a total of 62,000 farm workers. Of this total about 11,000 were Canadian workers moving from one province to another, 37,000 were Canadian workers moving to the United States and 14,000 were American workers moving into Canada.

In some districts sons and, in a few cases, daughters of the farm homes who do not have sufficient work on the home farm, make themselves available to neighbouring farmers. Usually these young people are reasonably satisfactory workers, but if they are too young they cannot operate machinery. The Department of Labour reports that approximately 40 per cent of the seasonal workers in agriculture during the years 1953 to 1958 inclusive were boys in the fourteen to nineteen year age group, and unpaid females, most of whom would have been members of farm families. Workers in these categories are available for farm work in some districts, but many of them leave the labour force entirely, either to attend school or to carry on housekeeping activities, after a season of farm work is completed.

There are in some rural areas a number of older men available who do not own a farm, or who have retired from farm ownership or from other occupations. Some of these are useful as hired help on active farms and some,

because of their years, cannot undertake work which requires considerable energy. In some regions there are itinerant workers, but as a rule these are not dependable and are disinterested in farming and inexperienced in the handling of modern farm implements and farm animals.

Some farmers who need help in certain seasons, live in areas where there are a number of small farms and the operators of these smaller farm businesses do not have full employment and are available to those who operate larger specialized farms in these seasons. Usually, this type of help is experienced and capable. Indians are available in some districts in western Canada to do seasonal work.

The predominant reason given for shortage of farm labourers in every province was the farmer's inability to compete with the wage scales in other industries. With modern farm equipment more young men would no doubt be attracted to farming if the pay they received was reasonably comparable to that of other industries.

Senator HORNER: Before you leave that point: Your brief is very long, and unnecessarily so, because many of these problems we already know. You say, "The predominant reason given for shortage of farm labourers in every province was the farmer's inability to compete with the wage scales in other industries." Now, that is not the difficulty at all. The difficulty is the five day week and the eight hour day. Nowhere in your brief do you admit that fact. Nor is there anything about the unemployment insurance that is available to men. It is not the farmer's inability to pay wages to a good man, it is the fact that the man will not work more than six days a week. So that the farmer decides to himself that he is not going to be tied to his farm Saturdays and Sundays and pay wages. Instead, he says that he will do without and let the work go. That is the real difficulty.

Senator TAYLOR (*Westmorland*): I think Senator Horner is right to some extent, but not altogether so. In eastern Canada we cannot compete with the wage scales in other industries. It may be possible to do so in western Canada, I do not know, but it is not so in eastern Canada.

Mr. HOPPER: This is based on replies to hundreds of questionnaires.

Senator HAIG: Everyone coming from the west knows why farm labour is short and in the city it is plentiful. Senator Horner told the truth. I live right in the centre of it and I know what happens. I said to a man only the other day, "Where are your boys?" He told me that they work in the city. When I asked him who did the farm work, he said that he and his wife did it. He told me that his boys work a five day week in the city, hang around the farm on Saturday and Sunday, and that they make more money than he does.

Mr. KIRK: It is undoubtedly true that the farmer cannot compete with the wages or the hours of the city, as Senator Horner says. Perhaps we could have made that more clear in the brief.

A second reason for scarcity of farm labour on a year round basis, and particularly on a seasonal basis, given by farmers in the various provinces is the lack of unemployment insurance benefits which are so widely available to workers in other industries. The Canadian Federation of Agriculture has brought this subject to the attention of federal government authorities on many occasions. We have asked that unemployment insurance should be made available, either on a volutary basis, or by its application, when requested by the farmers concerned, to well defined commodity or regional groups.

Another reason given for the inability of farmers to attract hired men was the longer days on farms compared with the eight hour day and forty hour week which is so common in industry. In 1958, workers in the non-agricultural labour force put in an average of forty hours per week, compared with the

fifty-four hours for workers in agriculture. The difference between weekly hours in agriculture and non-agricultural industries is due mainly to the fact that farm workers still put in at least six days of work per week, while a large proportion of the workers in non-agricultural industries work a five day, forty hour week. For example, in the manufacturing industry in April 1958, 88 per cent of the non-office employees and 93 per cent of the office employees worked in establishments in which the five-day work week was standard.

Farmers have, of course, been able to enjoy somewhat shorter hours as more labour machinery has become available over the past few decades. It has been estimated that hours worked by persons with jobs in agriculture have declined from an average of about 64 per week in 1926 to about 52 in 1950. Since 1951, however, the hours of work have shown a slight increase again. Labour force surveys also show that in recent years slightly higher percentages of male farm workers are working 55 hours or more per week.

This is further evidence of the fact that low farm returns are forcing many farmers to do without needed farm help. While hours as short as those in industry would be difficult to put into operation on certain types of farms, on many other types they would be possible if the incomes from the sale of farm products were at a higher level and adequate help could be hired so that shorter hours would be possible for all workers.

Senator BRUNT: Could you give us an example of each type of farm? You say that on certain types you could bring these shorter hours about and on certain other types you could not. I wonder if you have an example of each type of farm?

Mr. KIRK: I would say harvesting, which is seasonal. In that operation it would be very difficult to cut down on the hours worked, or on the regular work day.

Senator TAYLOR (*Westmorland*): Would a dairy farm not be one type? A dairy farmer has to milk his cows every 12 hours.

Senator BRUNT: I had a dairy farmer in mind. I know he definitely could not put shorter hours into effect on that type of farm.

Mr. KIRK: It is a little difficult to say. On a dairy farm employing two men, or a number of men, the farmer would be able to organize the work adequately and he might manage, but certainly the work day on a dairy farm, if it is all done by the same person, is obviously well over usual hours of work. The only possibility would be to make mutual arrangements of some kind to substitute days off now and again for those long hour days.

Senator BRUNT: I can see how in market gardening you could work an eight-hour day.

Mr. KIRK: Yes, that is right.

Senator HORNER: On some dairy farms the work is going on 24 hours a day—they milk continuously over the 24 hours.

Sometimes it is the living conditions on the farm that stop men from taking farm work. For married men with families who might be available, no hired man's house may be available, or if it is, it may not be in good condition and needs renovation; it may lack electric power and inside water supply and adequate means of sewage disposal. For single men the farm may be too far from the town or city, where they would be able to go to the places of amusement and entertainment which would be available to them when working in other industries.

Other reasons advanced by farmers for their inability to attract workers was that those who might be available have little or no knowledge of how to operate farm machinery and how to handle farm animals. Absence of pensions and welfare benefits and poorer outlook for advancement than in other industries were also mentioned.

Good men who understand farming and like to live and work on farms are seldom interested in seasonal work. They want year-round employment, so the producers who do not require full-time hired help, and there are many in this situation, often find it most difficult to obtain the help they need for harvesting crops and other seasonal operations. A suggestion which was offered as a solution to this serious problem was the establishment of small industries in rural areas which would provide work during most of the year but from which men could be released for the season that their services are needed on the local farms. Other workers on a part-time or full-time basis in these small industries would be farmers and their sons and daughters who, because of their small farm businesses, are now really under-employed most of the time. I should say, Mr. Chairman, that "under-employed" does not mean they do not work hard. It means there is lack of economic productivity in their employment.

Other farmers in Eastern Canada said that they know that some men, even though they may be unemployed from industry during part of the year, just do not like farm work, which is usually more arduous than other jobs and prefer to wait for a job in industry.

Some farmers stated in reply to a question in our survey that hired help were not eligible for workmen's compensation. Farmers who made this remark stated that this was sometimes the reason why workers are not attracted to farm work. The fact is that workmen's compensation is available except in the province of Quebec and farm operators in all the other provinces should be made aware of this fact. However, the cost of workmen's compensation for farm help is quite substantial and the use made of it by farmers is very small. It is not extended on a compulsory basis in any province. To sum up, higher farm incomes which would make it possible for farmers to provide higher wages and shorter work weeks; jobs in rural industries during the months when workers are not needed for seasonal work on farms; unemployment insurance for farm workers in certain agricultural enterprises; short courses to prepare men for the operation of farm implements and equipment and the handling of farm animals, and comfortable and well equipped houses for hired men and their families would all contribute to the alleviation of the problem of a scarcity of satisfactory hired labour that unquestionably exists in agriculture today.

Immigration as a Source of Farm Labour

Many farmers in western Canada expressed the opinion that there should be a greater supply of immigrants with some knowledge of farming methods and with a desire to work and continue to work on farms. They stated, however, that generally immigrants have little knowledge of modern farm implements and because of this, provision should be made for training them in the operation of today's expensive mechanical equipment.

According to the recent report of the Canada Department of Labour on trends in the agriculture labour force 17 per cent of the immigrants entering Canada during the 1946 to 1958 period gave their intended occupation as farming. It is general knowledge that a large proportion of these immigrants soon moved to other occupations. In the post-war years 1948-53 the Canadian government gave preference to immigrants who would work in agriculture and other primary industries. While 36 to 39 per cent of these admitted in 1949 and in 1950 stated they intended to work on farms, the census of the labour force in 1951 showed that only 13.7 per cent of the males and 4 per cent of the females who arrived between January 1st 1946 and May 31st 1951 were still in agricultural occupations. From 1956 to 1958 about 8 per cent of the annual immigration intended to farm.

Between 1946 and 1953 especially immigration did help the farm labour scarcity as 25,000 entered Canada under the agreement that they would accept employment in agriculture for a period of one to two years.

Although not an exclusive record of all immigrants, the Settlement Division of the Department of Labour received reports that 3,900 immigrants had purchased, and 850 additional had rented, farms in the nine year period 1950 to 1958. Including family members these two groups represented 23,000 permanent farm residents. There were some others who did not report. However, the data substantiates the conclusion that the number of immigrants remaining on farms is much smaller than the number who stated on arrival that they intended to farm. The Department of Labour report sums up in these words:

Thus although the total post war immigration to Canada has been higher than in any other period except the early 1900's, the effect of immigration on the farm population and farm labour appears to have been very moderate compared with the period 1901 to 1921.

We may note that reports received by us of the experience with immigrants of some farmers in Western Canada has not been too satisfactory. It is probable that this has been largely because of the specialized nature of western farm enterprises.

Wages of Farm Workers

The average farm labourer receives wages substantially below those obtained by most workers in other industries. While the ordinary living costs of the hired workers on farms, whether married or single, are usually lower than those of city workers, they are not sufficiently less to compensate for the smaller wages they are paid.

Senator HORNER: The wages paid in the city may be more than what are paid on the farm but I have known city workers who have paid as high as \$100 a month for a shack. When they went to work on a farm they were given a free house, far nicer than anything they lived in before, and the compensation they received on the farm works out at much more than he was getting in the city job considering what he was receiving. That is true of many farms.

Wages may not appear high, but when you take into account the fact that they are getting board and lodgings, it would cost them, in many cases, in the city more than the difference in the wages they are getting.

Mr. KIRK: This is true. Again, this is a case where there are still other factors. The word "compensate" should be extended to include the desirability, in their view, of living in the city, and that kind of thing.

The range of wages paid to farm help are somewhat similar in all provinces, but the range itself is quite wide. Here are some examples we received:

In the Maritime provinces rates are from \$90 to \$125 a month, \$18 to \$25 a week and \$4 to \$7 a day with board.

In Ontario, farm wages vary from \$100 to \$150 a month with board and \$150 to \$250 without board, when the hired man is given a house and such additional items as fuel, electricity, milk, use of a garden and eggs. On a daily basis, men are paid from \$4 to \$8 a day with two meals daily.

In Quebec, the range is usually from \$75 to \$125 a month and from \$20 to \$35 a week with board.

In the prairie provinces the wages with board are from \$100 to \$200 a month, usually with something extra for work during the harvest season, or \$5 to \$10 a day. On some farms, the wage will be up to \$200 a month in summer

and from \$75 to \$150 in winter with board. For married men who are provided with a house, fuel and garden supplies, but without board, the wages may vary from \$100 and upwards in winter to as high as \$300 a month in summer. For year round help where there is plenty of work all winter the wages may be from \$150 to \$275 a month the year round, with house, fuel, and other perquisites. The highest of the ranges in wages mentioned are usually paid by farm operators who have a large farm business or who employ a full time farm manager.

Farm Residents with Off-Farm Jobs

On the subject of off-farm employment, the Department of Labour reports:

In 1956, of 575,015 farm operators reporting to the quinquennial census, 129,633 or 22.5 per cent reported they were engaged in non-farm work during 1955. Those reporting non-farm work spent an average of 6.6 months working in off-farm activities. The total months of non-farm work put in by farm operators was nearly 860,000, which would be the equivalent of over 70,000 man-years.

Labour force surveys conducted in 1958 showed that of the 930,000 males and females in the age groups of 14 years and over who lived on farms 71 per cent worked on farms and 29 per cent worked in non-agricultural industries. Even in August, which is the peak season for work on farms, the number of farm residents employed on non-farm jobs was higher than the average for the year. A separation of the data into male and female showed that of the total women employed in the labour force in 1958 and residing on farms 62 per cent had off-farm jobs. Among the farm men 24 per cent had non-farm occupations.

Of the total number of people employed in agriculture in 1958 about 8 per cent did not reside on farms. These persons worked on farms mostly in the peak seasons of farm operations.

Many farm residents who work at non-farm jobs eventually move away from the farms. Persons who take non-farm employment but continue to live on the farm, and persons who move into towns or cities but return to the farm to seed and harvest crops, probably find it easier to adjust themselves to employment off farm than those who are forced to or do leave the farms abruptly.

The Department of Labour study notes:

"In any reference to future trends in the farm labour force, however, it should be borne in mind that the large number of farm residents who have off-farm jobs represent a potential pool of farm labour which could revert back to agriculture if non-agricultural employment opportunities were to become less favourable."

According to information obtained directly from farmers by our own survey, there is an increasing proportion of farmers, farmers' wives and their sons and daughters doing off-farm work but living on their farms.³ It appears from the replies we received to our questionnaire that in the Atlantic provinces non-agricultural work by farmers and their families is not general, but there are many families of which one member or more is employed on non-farm jobs. This employment includes such things as selling insurance and farm machinery, carpentry, or other construction work, highway building, fishing, trucking and work in the lumber, pulpwood, steel and mining industries and in potato and apple warehouses.

We were informed that a private survey by a C.F.A. member organization made in 1953 showed that 60 per cent of the farmers in the province of Quebec

³ United States Department of Agriculture reports that in 1939 about 20 per cent of the total U.S. farms were part-time farms. In 1949 the figure was 31 per cent and in 1958 close to 40 per cent were part-time farms.

received some non-farm income and from various sources. Work on roads, wood cutting and in the building trades were mentioned as providing some of this employment.

The employment of farmers, farmers' wives and their children in non-farm occupations is quite common in almost all parts of Ontario. It is mainly from farms which have too small a business to make an adequate living and which are located within driving distance of some industry, that members of the farm family obtain employment outside of farming operation. Sometimes these off-the-farm jobs are full-time and sometimes they are part-time or seasonal in nature. Producers on good land with a large farm business do not as a rule do non-farm work, but even these farmers or members of their families sometimes obtain part of their income from non-agricultural employment. Close to cities and large towns there is a steadily increasing number of persons who are called part-time farmers. The off-the-farm employment is of many different kinds, such as jobs in construction, in factories, in processing plants of various kinds, in mining, road work, grain elevators, garages, military camps, feed and lumber mills, stores and as salesmen. Some wives and daughters work as clerks in offices and stores, as teachers, bus drivers, in hospitals and homes for the aged and as cooks and cooks' helpers.

Many farmers and their sons living within a 50-mile radius of Winnipeg, take non-farm work while living on their farms. This is also true for farmers located reasonably close to other Manitoba towns and cities. The kinds of off-the-farm work may include salesmen for insurance and machinery, painting, road maintenance operating equipment in warehouses and seed clearing plants, operating school buses, trucking, construction work, caretakers of curling and skating rinks and work in meat packing plants.

Information from a 1959 Farm Management Summary in Saskatchewan for 42 farm management clubs comprising 455 club members gives some indication of the degree to which farmers obtain their income from non-farm sources in that province. Only 112 members (25 per cent) of the 455 club members received off-farm income totalling \$44,768.00 which averages out at \$399.71 for the 112 members who did receive off-farm income and averages out at \$98.39 when this off-farm income is spread over the total membership. This would indicate that for the 455 club members in farm management clubs the average off-farm income is approximately \$100. As the 455 farms in the farm management report do not represent the average farm for Saskatchewan as a whole the investment per farm being approximately \$56,000 compared to \$30,000 for the average of all Saskatchewan farms, and those who are members of farm management clubs are primarily concerned with farming, it is estimated that the average off-farm income for all farms in the province could easily be three times this figure or \$300 per farm.

In Saskatchewan non-farm income is obtained by farmers and their sons for work of many kinds such as employment in urban centres in construction and servicing, industry and manufacturing, oil companies, road building and maintenance, the operation of buses and by working in the lumbering and mining industries.

In Alberta the proportion of farmers who have non-agricultural employment varies greatly from none in some districts to as high as 50 or even 75 per cent in others. It appears from the answers to our questionnaire that there are more districts in which there is little non-farm employment than there are where some of the farmers take jobs outside their farming operations. In some areas it is the sons of the farm household and the wives and daughters who do work off the farm. The kinds of work taken by farmers and their sons include jobs in the construction of buildings and pipelines, in mining, road building and maintenance in lumber camps, as welders and truckers, with oil

companies, as operators of school buses, as mechanics, in well digging, as salesmen, in army camps, garages and service stations. Some farmers also do custom work on farms or work in municipal shops and commercial feed lots. Wives and daughters may work in stores, as teachers, engage in nursing or take clerical or other employment in nearby towns and cities.

A more complete statistical picture of the position as far as non-farm employment and income of farm people is concerned, is expected to be provided when the results of an extensive DBS sample survey are available, which should be very soon. We have been waiting for this for quite a while now. It should be extremely interesting.

Conclusion and Recommendations

In the above remarks we have endeavoured to provide the committee with a general picture of what is taking place in the agricultural areas of Canada in respect to manpower and employment. Based on this background information we offer some conclusions and recommendations which we hope will be implemented as contributions to the more adequate utilization and development of the human resources of Canada's rural areas.

Agriculture and the Economy

How should one view the question of manpower and employment in agriculture, looked at broadly in the context of the national economy and its employment and manpower problems?

This committee is working against a background of an actual slowdown in Canada's national economic growth, a slowdown which is accompanied by an uncomfortably high rate of unemployment. Insofar as the economy's problems can be traced not to continuing and underlying difficulties, but rather to the business cycle, it is we think clear that the causes of the trouble cannot be traced to the farm industry. There have been no special fluctuations in the farm picture as far as we can determine that have coincided with the turndowns in the rate of national growth during the 50's, and which therefore might account for those turndowns.

On the other hand, the continued inadequacy of farm income, and the lack of substantial expansion in export and domestic demand for farm products, has undoubtedly been an underlying source of weakness in the economy that has re-inforced though not caused, the trends of the 50's towards shorter periods of economic expansion and a higher rate of unemployment—trends clearly demonstrated to this committee by Dr. W. C. Hood at an earlier meeting of the committee.

As we have said earlier, we recognize the basic economic forces which logically point to the reduction in the farm labour force that has taken place and is continuing. Fundamentally, and in the long run, this is a trend that means greater potential wealth for all Canadians. But the rapidity of this adjustment and the low income conditions that are accompanying it, justify, we think, the willing adoption by this country of all possible measures to improve the income position of Canadian farmers. Moreover, we think that the resulting increased purchasing power can be of positive value to Canada in its present economic difficulties.

To the extent that improved farm policies, in the field of better organization of marketing and improvement of prices, can improve the economic prospects for agriculture, it should be true that the resulting encouragement to investment and development in the industry would be a healthy influence on the economy. Such a development would probably not mean fewer shifts from the farm to the non-farm labour force, but in any case, as we have noted

earlier, hold-backs on necessary economic adjustment are not our idea, in any field, of how to meet the country's economic problems.

The Economy and Farm Exports

The most aggressive possible programs of export market expansion in farm products should be undertaken. Any improvement that can be realized here will clearly be a stimulating economic influence. Moreover, we believe that a very considerable expansion should take place in non-commercial distribution of surplus farm products—notably of course wheat—on several counts. In the first place it is a desirable policy from the point of view of Canada's contribution to world food needs. In the second it can form an important groundwork for future commercial expansion of markets as underdeveloped nations improve their economic productivity. In the third it will directly contribute to improvement of depressed farm income, and the greater purchasing power would be a real stimulus to the economy.

We would add here, in parenthesis because it is not a specifically agricultural matter, not because it is not important, that in the opinion of the CFA the provision of foreign aid is one of the urgent demands today of enlightened international policy. We have felt for a long time that the people of Canada have been ahead of their governments in their willingness to see Canada expand its contributions in this direction. We suggest that especially in a period of slack in Canadian use of its resources like the present major increase in international aid contributions by Canada would be very much in order. They would not only mean a more adequate meeting by Canada of its urgent international responsibilities, but would be a real stimulus to the economy.

Agriculture and Other Courses of Unemployment

There are other causes of unemployment than cyclical fluctuations, which groups and authorities more competent than ourselves will no doubt be analysing before you, and have done to a certain extent. We will discuss only two or three which strike us as having particular relevance to problems in agriculture.

First of all, seasonal unemployment is clearly, to a considerable degree, an agricultural phenomenon. Up to one half the seasonal fluctuation in employment may be attributed to changes in the farm labour force. Yet increased mechanization has increased the severity of seasonal fluctuations in agriculture (on a percentage basis only, not in the total numbers involved in the seasonal change). We do think this trend will be reversed again in the future, and a return to more prosperous conditions in agriculture would no doubt mean some shift from seasonal to full-time employment. Still, the seasonal character of agricultural work is a fact that will not, as may be the case in the construction industry for example, be largely eliminated in future. It will remain and the solution to the problem must lie in the development of off-setting non-farm work opportunities during the off-season on the farm.

Secondly, it is suggested by some that the Canadian labour force is in the overall picture undertrained and undereducated for the needs of the modern economy—and that our unemployment and lack of economic growth can be directly traceable to this cause. The increasing demands of modern industry for trained and educated people and the pattern of training and education among the unemployed seem to indicate there is a real element of truth in this contention. The average level of formal education of farm children is, due to physical isolation, financial difficulty, and the demands of farm work, even lower than the inadequate level reached on the average by urban children.

Farm people are therefore vitally interested in seeing a reduction of premature school drop-outs, in seeing stepped up programs of vocational and technical training, in finding means of helping many adults who have not received the education they should to make up the loss, partially at least.

Thirdly, it is sometimes suggested that Canada's problem lies in its failure to compete in world markets, particularly in the field of manufacturing, where the expansion of total domestic and foreign markets has not been great enough to offset the reduced factory labour requirements caused by technological advance. This raises broad and difficult problems of Canadian trade and monetary policy in which field we do not pretend to any special competence. We do, however, wish to observe that broadly speaking the Canadian Federation of Agriculture does not believe that the right direction for Canada to take is toward increasing economic nationalism and the protection of secondary industry. On the contrary, we believe that in this new era of trading blocks and emergence of new nations, that Canada should and must, as an industrial nation, bend her efforts toward developing economic policies, and trading relations, that will result in freer and expanding trade and will establish Canadian industry firmly in world markets in many (it cannot, of course, be in all) fields.

At this point it is sometimes observed that for some of its products Canadian agriculture looks to protection from outside competition. This is true, but we would note first we are not proposing an end to protection to Canadian industry, only a policy of not moving further in that direction. It is also the case that because of the intractability of the economic problems of agriculture, the profound social as well as economic significance of farming, and the concern of many nations for their ability to produce food as an aspect of national security, that farm policy is universally an area which governments consider as a special case. That it is so considered throughout the world is a direct cause of many of agriculture's difficulties in Canada and it is difficult to see how Canadian agriculture can be properly made an exception to this almost universal rule. On balance, Canadian agriculture is after all an export industry and no measure of protection that has been given to the Canadian farmer has served to insulate it from the impact of world conditions of lagging farm prices and markets. On the contrary Canadian agriculture has endured a period, still continuing, of the most severe adjustment and of stagnation in the level of returns. Any protection given has only served to somewhat alleviate a bad situation and has not significantly, if at all, been a cost to the Canadian consumer.

Employment and Immigration

A special word might also be said about immigration policy. The Canadian Federation of Agriculture does not subscribe to the view that unemployment in the economy should be the signal for an abandonment or near abandonment of a continuing policy of promoting immigration. Immigration, by bringing to this country people with new skills and requirements of domestic capital can, and should, be a stimulus rather than an irritant to a lagging economy.

Other Recommendations

In the specific recommendations which now follow, it will be noted that action on many of them come within the broad objectives, as we conceive them, of a policy of land use and rural development. This is a question that has been before a Committee of the Senate, and, as a result to a considerable extent of that Committee's efforts, legislation is being considered at this

session of Parliament that provides a broad framework for federal-provincial action. Supplementary to this is the new legislation on vocational training. Therefore many of the following proposals should be considered as an enumeration of the kinds of programs that should be actively pursued within the framework of these new legislative measures. As a background to these recommendations we would note that the greatest need for conservation and development of the human resources of our farm areas is among the low income farm families. In 1956 almost half of the total number of farms in Ontario, Quebec and three Atlantic provinces of Nova Scotia, New Brunswick, and Prince Edward Island, were still one to one-hundred acres in size. Some increases in consolidation have no doubt occurred since that time. In these older provinces there is little new agricultural land available so that an increase in size of farm can only be achieved by an amalgamation of farm holdings. In the prairie provinces 23 per cent of the farms were two hundred acres or less. Most of these were one hundred and sixty acre farms. In British Columbia 60 per cent of the farms were one to fifty acres in size.

Of course, on some of these Canadian farms with small acreages production is of an intensive nature and the size of the farm business is substantial, or they may be part-time or residential farms. The major proportion of the small farms is however made up of those with small total farm business and the farm families have low incomes which do not provide a reasonable level of living. In many cases incomes are below minimum socially acceptable standards. This class of farming constitutes a wastage of human resources which is not in the national interest. Because of the deficiency in the size of their units of operation these farmers cannot share in the great advances in modern agricultural techniques. Some of the soils are unproductive. Some of the farmers are old or incapacitated, but a large proportion are able-bodied men and women. These present a challenge to the nation to develop ways of providing them with opportunities to realize better incomes and better living conditions. Many of these farms lack enough good land, or are short of equipment, credit, management information and skills, which are necessary to any attempt at improvement of economic circumstance for them. In many cases part or full-time off-farm employment would offer the best opportunity for them to increase their incomes. We therefore make the following recommendations:

Education

It is fundamental, of course, that throughout the whole range of educational services the potential for learning of each citizen should be developed to the fullest possible extent. Early school drop-outs are far too numerous, the potential for adult education and training is underdeveloped. The growing need in modern industry for good basic education from which special skills can be built on the job is still not fully enough appreciated. A measure of the need is the record of early school drop-outs. The 1951 Census gives an instructive rural-urban comparison. Of the farm population 14 years of age or over only 29.6% had nine years or more of schooling compared with 55.1% for the urban sector. We do not think the discrepancy is as wide for children now leaving school but it has not been eliminated.

Vocational and Technical Training

In the plans for vocational and technical training which will be carried out under federal-provincial auspices under the new federal statute the needs of rural families should be given as much attention as the needs of urban families. The needs of farm people for more training and instruction remains great. Also the lower educational standards in the agricultural sector makes

desirable transition of some workers from farm to non-farm industries more difficult than if their educational status were higher. Provision should be made for the necessary facilities—schools, teachers, etc.—for this training in rural areas where there are unemployed and under-employed men and women. Training for farm women, particularly the daughters of farm families, should be included in these vocational courses. They might include instruction in practical nursing, in various kinds of office work, and in the preparation for a career in teaching and as technicians in the fields of medicine and dentistry for example. Provision should also be made for the payment of board and lodging and transportation of those from farm families whose homes are considerable distances from the centres where technical and vocational training is available. In some locations, buses to and from training centres would take care of the needs of these trainees.

We have no hesitation in stressing the off-farm aspects of education and training for farm people, as well as the purely agricultural aspects. In the first place, it is likely that at least half of farm youth coming to working age will need full-time employment outside of agriculture during the next decade. In the second, as we have noted, the best hope for many people in hopeless agricultural situations is a chance for something better, and training is often the key.

Farm Credit

For many farmers who definitely wish to remain as full-time farmers, a reasonably good living could be achieved if credit were made available at low interest rates for the purchase of more land from neighbours who would be moving to employment in other industries, and for more equipment and livestock. When taking on the responsibilities of the larger farm business these farm operators should be provided with increased knowledge of management and the more efficient techniques of farm production. Canada has relatively new farm credit legislation, designed in part to meet these special needs. The experience with and adequacy of our farm credit legislation should as time goes on be kept under continuous and critical review.

Alternative Land Use

The possibilities in the development of alternative uses for sub-marginal land is receiving a lot of attention by the Minister of Agriculture at the present time, and very properly so for any such programs the first thing to be considered is the people involved, and then the improved use of the land. Better land use should mean improved economic opportunity for farm people of course but to make programs work will often involve special measures of assistance, sometimes public purchase of land. Development of woodlots and three farms, of recreation areas, of community pastures are some of the ways of using sub-marginal land. In the case of tree farms direct annual grants to owners over a period of ten years or more may well be necessary and economically well justified in order to see substantial gains made. In any case there is a big and urgent job ahead to determine those areas where there is a wastage of human resources as a result of attempts by farmers to operate submarginal farms. The potential for useful adjustment and development should be fully explored and developed on a basis of voluntary co-operation with the farmers and communities concerned.

Research Needs

Research to identify the areas of low income should be undertaken to learn the number of farms in these areas and the number of underemployed farmers and farmers' sons and daughters. Such a study should also include information

on the educational status of these farm families, the productivity of the soil, the farming adjustments needed, local opportunities for off-farm work, the need for vocational training, the marketing problems and the possibilities for establishing co-operatives for marketing and the handling of supplies required by local farmers. Research is very necessary to obtain such information, and any other relevant facts, to assist those who will be responsible for developing programs for community improvements and for more adequate utilization of the human resources of these areas.

Rural Industry

The opportunities for new industries in rural areas, should be explored and developed. Information should be gathered on the kinds of industries suitable for rural location. This research would be designed to help decide on industrial enterprises and their locations. Research of this kind might be done co-operatively by federal and provincial agencies.

A special look should be taken at the possibilities of real savings in social costs which may be possible if trends to rural depopulation can be modified. Financial assistance should be provided by way of grants, low interest loans and tax concessions to encourage industries to locate where there is a supply of rural men and women who are unemployed or under-employed but who possess the necessary housing, schools, churches and other social facilities which make them reluctant to move to other locations. Knowledge of the kinds of industries that would be located in rural areas would help to give direction to some of the technical and vocational education which should be emphasized in the training of farmers and their sons and daughters who would be available for full-time or part-time off-farm work.

Many producers, particularly those where farming is of a specialized nature informed us that it is most difficult to obtain help for seasonal employment. Study should be made of the kinds of industries which could be established in rural areas which would give employment to rural men and women most of the year but from which men could be released for the periods they would be needed for local farm work.

Relocation

When producers, whose incomes as farmers are too low for a reasonable standard of living in their present locations, find a farm where they could make a more satisfactory income, or find a job in industry where they could earn more money for their services, consideration should be given to public financial assistance for the moving of farm families to the new locations. The merits of each individual case would of course have to be studied before decisions are made on the amount of assistance to be given.

Community Action

Counties, townships, communities and municipalities should be encouraged to establish committees for planning the utilization and development of the human resources where there are significant numbers of low income farm families. The importance of the place of community action in rural development can hardly be exaggerated. Farm and home management specialists, representatives of local business, rural banks, extension and educational services and credit agencies, as well as farmers, could constitute the personnel of such committees. They would explore ways of assisting farm and rural people to improve farm and home efficiency and productivity, and develop local action programs and goals to raise incomes and living standards. The committees could also assist in providing part-time or full-time employment in local activities off the farm and in rural industries.

Employment Service

Close co-operation and liaison between all agencies concerned, including the employment service and educational authorities, should be maintained. Appropriate agencies of government should be enlisted to survey and report regularly on the potential labour supply and employment in rural areas.

Apprenticeship for Farm Employment

Consideration should be given to the possibility of developing special apprenticeship programs for developing a body of trained farm workers. Under the new federal statute respecting technical and vocational training, assistance may be provided for instruction for gainful employment in agriculture. Farmers report that one of the difficulties in obtaining hired labour is that some men who would be prepared to work on farms do not have a knowledge of how to operate tractors and farm machinery and equipment, particularly the more modern kinds, nor how to milk and look after farm animals and poultry. Farmers also state that many immigrants who are admitted for work on farms have little or no knowledge of these same operations. As time goes on farming will become even more technical and farm workers will require greater skills in farming operations. We believe that there may be a real place for employee apprenticeship training in farming. What we envisage is mainly a farm training at approved farms leading to certification but with some supplementary course work. The matter is in any case worth study.

Unemployment Insurance

The Canadian Federation of Agriculture has on several occasions asked that insurance be provided either on a voluntary basis for workers in agricultural enterprises by farm commodities, by categories, or geographical areas where the farm operators desire this coverage for their workers. One of the reasons advanced by some farmers in every province for their inability to attract hired labour is the lack of unemployment insurance benefits to hired farm workers. While perhaps not all farm operators are in favour of this insurance for their workers the need is increasingly being felt. We hope this recommendation will be given immediate consideration by this committee.

Farm Housing for Employees

Provision should be made for low interest loans for the construction of houses for hired help and the renovation and improvement of existing houses. A number of farmers who replied to our questionnaire said that they were unable to obtain full-time experienced farm help because they had no house for a hired man and his family. In some cases a house was available, but it needed renovation and such added services as electricity and inside plumbing. This is a subject which should be given immediate study by government housing authorities. It should not be necessary as is now the case for the farm operator, who is prepared to borrow government funds to assist in the construction of a hired man's house, to put up his farm as collateral for such loans. Special provision for loans for this purpose should be made in the National Housing Act (See Appendix A).

Conclusion

There is perhaps no other sector of our national economy where public assistance for developing better use of our manpower potential will pay such large dividends to the public wealth as in the case of those engaged in the production of agricultural products. Moreover, such assistance is well justified

on grounds of equity. As a consequence of the technical revolution in food production the consumers of Canada who represent about 85 per cent of the population (apart from the farm population) can now purchase their food needs with a smaller percentage of their income than ever before in history. The low prices which farmers are receiving for their products are largely the result of the adoption in their production activities of the new techniques developed by agricultural scientists, engineers and economists. Therefore, it is the farmers who have benefited the least from the technical advances in food production. Even the price support programs for agricultural commodities have been of major benefit to consumers to the extent that they have lowered the risks in food production and as a consequence have lowered the average price at which farmers are able and willing to produce for the market.

We are sure that the Committee is fully cognizant of the fact that higher farm incomes for all farmers would be of untold value in the conservation, utilization and development of the human resources in all the rural areas of Canada. The Canadian Federation of Agriculture believes it is well justified in keeping this income need well to the fore of its thinking. It rates farm income improvement as a major policy objective which should be pursued if we are thinking of easing and correcting Canada's manpower and employment problem.

The CHAIRMAN: Thank you very much.

Senator HORNER: There seems to be a lot of repetition in the brief. I would like to comment on the question of immigrants not knowing how to milk cows and take care of livestock. It has been my experience in western Canada that whenever immigrants came on the farms out there it did not take them long to learn how to care for livestock. I am sure that in many instances they taught the farmer how to care for chickens and cows. Nearly all of them know how to milk. They don't need very much training to get on to the running of our modern tractors either. That is not a problem.

So far as the farmers of western Canada are concerned may I say that now that the price of hogs is up, hog raising is quite profitable. Cattle raising is profitable too. You can sell a year and a half old steer for over \$200. There is no question that it is profitable. The worst thing that ever happened out in western Canada as far as the farmers were concerned was the loss of certain opportunities. We had to sell our wheat at a set price when others were making money. We were deprived of the price we might have had. Again when cattle was selling at from 30 to 34 cents a pound in the United States we were selling ours for 10 cents a pound. We hear a lot of talk about such terms as "price-squeeze" and "through no fault of their own". It almost makes my ears turn back when I hear those things being said. I am all for the small farm. I dislike seeing farms becoming huge operations. I don't think it is good for the country. It seems everything is placed on a material basis nowadays. Money is everything and no credit is given to the farmer. We had a meeting of farmers—a farm delegation from Winnipeg and certain areas where they said they had no cash reserves. I looked around the table and said, "Who of the labour men drawing large salaries have a quarter section of land and some cattle and machinery?" The answer is that they all spend their salaries. The farmer is building up an estate and one day he may not have a large cash surplus but he will have enjoyed the finest of living in the world, a place where he can raise his family with good shelter and the best of food. Not enough attention is being paid to this aspect of farming. People seem to be getting into the habit of thinking that everything depends on money, and that money satisfies everyone. I don't think it does.

Senator BURCHILL: From what is said at page 23 of the brief, I do not think we in the Atlantic provinces are given a fair shake.

Senator HAIG: In what provinces?

Senator BURCHILL: The Atlantic provinces—the provinces.

Senator HAIG: According to them they never get a fair shake.

Senator BURCHILL: At the bottom of page 23 you say: "In the Maritime provinces rates are from \$90 to \$125 a month, \$18 to \$25 a week and \$4 to \$7 a day with board." Then you go on to say: "In Ontario, farm wages vary from \$100 to \$150 a month with board and \$150 to \$250 without board." You don't give us any credit down in the Maritimes for hiring people without board, and some of us down there have farm help and give wages that compare favourably with and sometimes a little better than what is paid for farm help in Ontario. I don't think you should overlook us to that extent.

Mr. HOPPER: May I point out, Senator Burchill, that the Maritime provinces did not reply very adequately to our questionnaire. We had to take the information that came in.

Senator HORNER: There are a lot of Scotsmen down there.

Senator TAYLOR: Probably they didn't have the money to mail the questionnaires back in.

The CHAIRMAN: I understand that on page 38 you speak of favouring the development of new industries in rural areas. Am I right in concluding that this means developing secondary manufacturing in most cases?

Mr. KIRK: I would think if it was at all feasible that secondary manufacturing should be one of those industries. There are areas where tourist facilities can be called an industry, and a good many other things. It is very difficult in a case like this to say that you want this or that. It is a question of putting adequate resources and imagination into it to cover the possibilities rather than to blueprint them ahead of time, but certainly secondary industry should be in the picture.

Senator HORNER: A former secretary of the Canadian Council of Agriculture had his homestead cornering on mine in the west in the early days. The only use he ever made of it was to take sun baths.

Senator HUGESSEN: On page 5 of your brief you make this statement: "In periods of slow-down and significant unemployment in the economy there may be a tendency for labour to back up on farms." As I recall it that was very much the tendency in the depression days of 1930 to 1935.

Mr. KIRK: Yes.

Senator HUGESSEN: I would like to ask whether, as a matter of fact, you have noticed any indication of that at the present time?

Mr. KIRK: Well, it is a little difficult to tell. The fact is that in 1954 there was a reversal for a short period away from the labour force. In 1960 there was a slowing down of the trend away from it. There was a 17,000 decrease in 1960, a 2.5 per cent decline. In 1948, which generally was a period of heavy decline, it was 26,000, a 2.3 per cent decline. So it is a little difficult to say there is a trend.

Senator HUGESSEN: It is a little early to say.

Mr. KIRK: It is a little early to say.

Senator TAYLOR (*Westmorland*): I think a great factor is that during the depression years there were no unemployment insurance benefits, and I know a great many farmers who took men in on their farms that were only too glad to work for their board. However, my experience today is that even men with farming experience in earlier years go to work in industry and will not come back to the farm, and many of those men are drawing unemployment insurance.

Senator SMITH (*Queens-Shelburne*): How much importance do you attach to the proposal with regard to coverage of the farm labourer by unemployment insurance?

Mr. KIRK: We have had groups who attach a great deal of importance to it, and the number of our membership who attach importance to it is growing. The principal problem that our people find is in the seasonal period where they have to get so many weeks work. If they spend that time in agriculture without benefits, when the winter comes they are in trouble; this is the way they feel.

The committee adjourned.

APPENDIX A

THE CANADIAN FEDERATION OF AGRICULTURE

111 Sparks St.
Ottawa, Canada
November 24, 1960.

Hon. David James Walker
Minister of Public Works
Hunter Building
Ottawa, Ontario

Dear Mr. Walker:

With amendments to the National Housing Act now before the house we would like to raise with you again a matter that was mentioned by us at the Prime Minister's Conference on Employment—namely measures to give greater assistance to the construction of farm housing, and especially of second-dwelling accommodation for hired help.

It is an extremely well-recognized fact that adequacy of housing accommodation for hired help on farms where such help is regularly used is a major factor in determining whether or not a farmer is successful in employing competent labour on a satisfactory and permanent basis. The lack of such adequate accommodation is a serious problem for a great many farmers.

It should be noted that we have here a case where the employer must bear responsibility for building and owning the housing of the employee—in the nature of the case. The normal situation in our society is of course for employees to look after their own housing needs. The result is that an additional burden of capital cost is put on the owner of the farm.

To obtain a loan for building a house under the National Housing Act at the present time a farmer must give to the Corporation or to the approved lender a first mortgage on his entire farm. It is for this reason that the National Housing Act has had virtually no application in the farm housing field.

We would suggest that additional amendments be introduced to the present Bill to amend the National Housing Act to provide:

(1) For the construction by a farmer of accommodation for employees on terms along the general lines provided for corporations in the mining, lumbering, logging and fishing industries in Section 17 of the present Act. The provisions contained in Section 17 would have to be modified somewhat in the case of farmers: for examples, an individual farmer, as well as a corporate body, would have to be eligible; the 15-year limit on repayment periods should be lengthened, and we would think, in line with the trend in the provisions of the Act today, the 80% limit on the loan as a percentage of lending value should be increased. A new section (or amendment of Section 17) along these lines could, we understand, be quite easily introduced and the regulations needed under it could then be worked out.

(2) Some provision might well be made for the farmer himself to build housing accommodation for himself without tying up his whole farm in a first mortgage.

We cannot say just how widespread would be the use made of such lending provisions under present conditions of farm income difficulties, but we are inclined to think there would be quite a lot of interest. We do think that such a provision would help the effort to expand employment in the economy.

Yours sincerely,

H. H. Hannam,
President & Managing Director.

CANADA

MINISTER OF PUBLIC WORKS

December 14, 1960.

Mr. H. H. Hannam,
President and Managing Director,
The Canadian Federation of Agriculture,
111 Sparks St.,
Ottawa, Ontario.

Dear Mr. Hannam:

I acknowledge your letter of November 24th, 1960, in which you make suggestions that the National Housing Act be amended to enable a farmer to secure a housing loan to house farm employees and to secure such loans without having to mortgage his whole farm.

Subsection (1) of Section 7 of the Act indicates the method of appraisal to be undertaken for a farm loan. The value of the land is to be appraised exclusive of the building and to this figure is added the appraised increase in value which is attributable to the buildings. Also, it is required under Section 7(o) of the Act that a first mortgage be taken on the property as security for the loan. The cost of a new house built upon a farm may be many times more than the added value which the new house would give to the value of the total property. In the majority of cases, if it was decided to loan only upon the security of the house to be built, a loan based upon the added value of the house to the property would be quite unsatisfactory to the applicant.

The making of a farm housing loan is somewhat different to that made on a housing unit in an urban area. In the latter case the marketability of the house is ever so much greater than its farm counterpart, and its value can be established in the market place by observing the demand for it. In the case of the farm house, there is little or no demand for it except by the farmer himself, which from the point of view of the mortgagee, decreases its value and increases the risk. Therefore, to obtain a housing loan approaching the construction cost, these two factors must be counteracted by the provision of additional security obtained by a mortgage on the whole farm.

I am cognizant of the difficulties which farmers must face in regard to their housing problems and I appreciate your interest in this matter together with your remarks in regard to amendments which might be made to Section 17 of the Act. I will be pleased to keep them in mind when further amendments to the Act are being considered.

Yours sincerely,

(sgd.) D. J. Walker
David J. Walker.

APPENDIX B

CHANGES IN NET INCOME FROM FARMING IN CANADA BETWEEN 1949 AND 1959**

	Canada
Net Farm Income 1949.....	\$ 1,415,780,000
Net Farm Income 1959 in current dollars.....	1,191,870,000
Percent change in 1959 net farm income from 1949 current dollars.....	-15.8
Index of Prices of Commodities and Services used by farmers including living costs 1949 Index for 1959.....	191.7 249.8
Net Farm Income 1959 in 1949 dollars.....	\$ 914,712,000
Percent change in 1959 net farm income from 1949 in 1949 dollars.....	-35.4
Number of farm operators 1949.....	663,000
Number of farm operators 1959.....	451,000
Net farm income per farm operator 1949.....	\$ 2,135
Net farm income per farm operator 1959 current dollars.....	\$ 2,643
Percent change in 1959 from 1949 in current dollars.....	+23.8
Net farm income per farm operator 1959 in 1949 dollars.....	\$ 2,028
Percent change in 1959 from 1949 in 1949 dollars.....	-5.0

** Compiled from data published by the Dominion Bureau of Statistics.

APPENDIX C

INDEX NUMBERS OF FARM PRICES OF AGRICULTURAL PRODUCTS¹
(1935-39 = 100)

Canada		Canada		
1949.....	255.4	1959	January.....	249.8
1950.....	260.8		February.....	247.7
1951.....	296.8		March.....	245.0
1952.....	274.4		April.....	244.7
1953.....	250.4		May.....	246.9
1954.....	236.8		June.....	247.9
1955.....	232.7		July.....	250.3
1956.....	234.6		August.....	241.7
1957.....	234.2		September.....	239.8
1958.....	245.5		October.....	236.4
1959.....	242.9		November.....	233.8
			December.....	230.7
			Average.....	242.9
		1960	January.....	229.5
			February.....	226.4
			March.....	226.6
			April.....	233.6
			May.....	235.3
			June.....	239.4
			July.....	241.1
			August.....	235.2
			September.....	238.1
			October.....	238.5
			November.....	237.9

¹ Excludes Newfoundland.

SOURCE: Dominion Bureau of Statistics.

APPENDIX D

PRICES OF COMMODITIES AND SERVICES USED BY FARMERS,
INCLUDING FARM LIVING COSTS—ALL CANADA (1935-39 = 100)

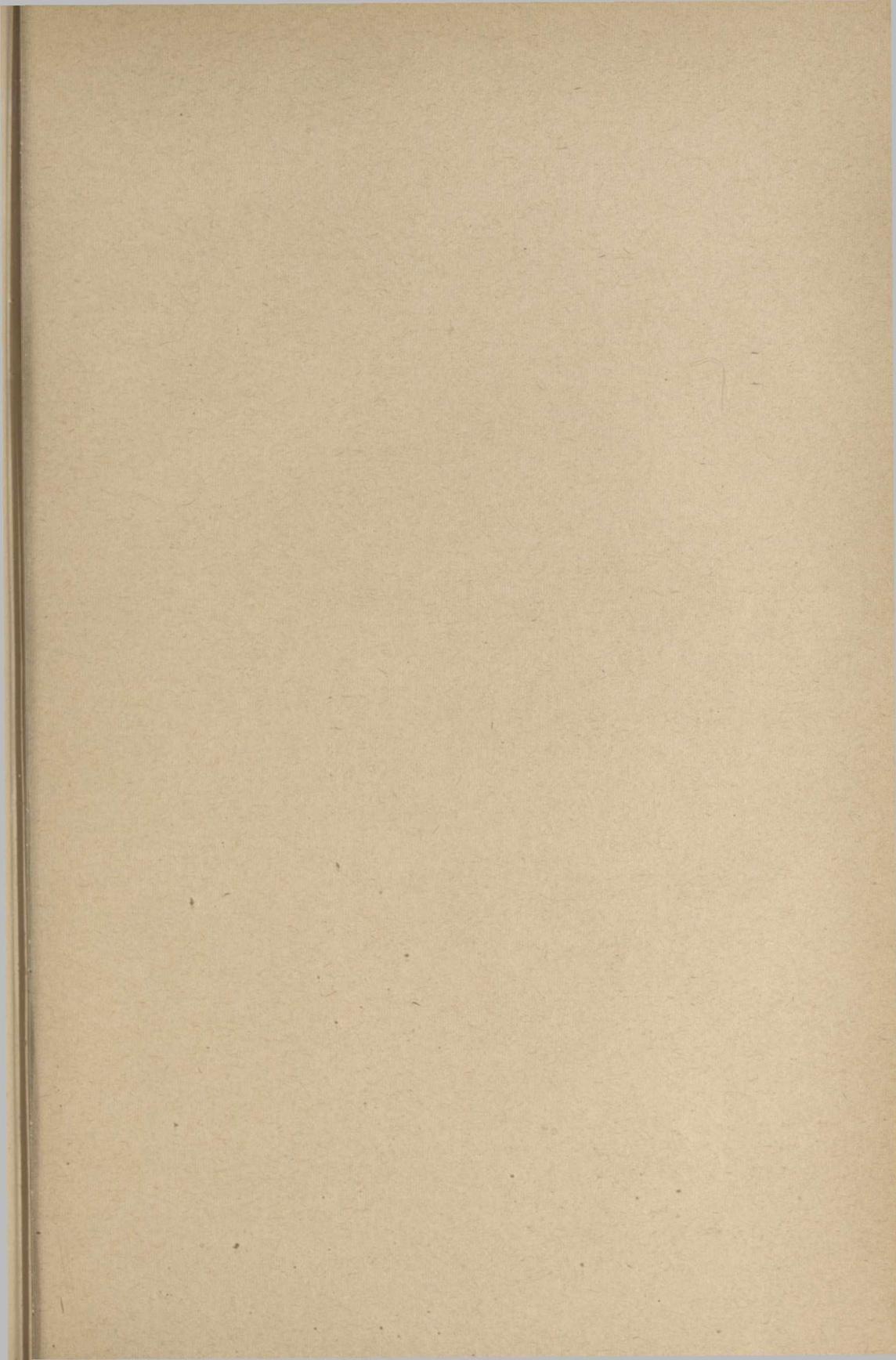
1949.....	191.4
1957.....	238.7
1958.....	242.7
1959.....	249.8
August 1959.....	253.5
August 1960.....	257.0

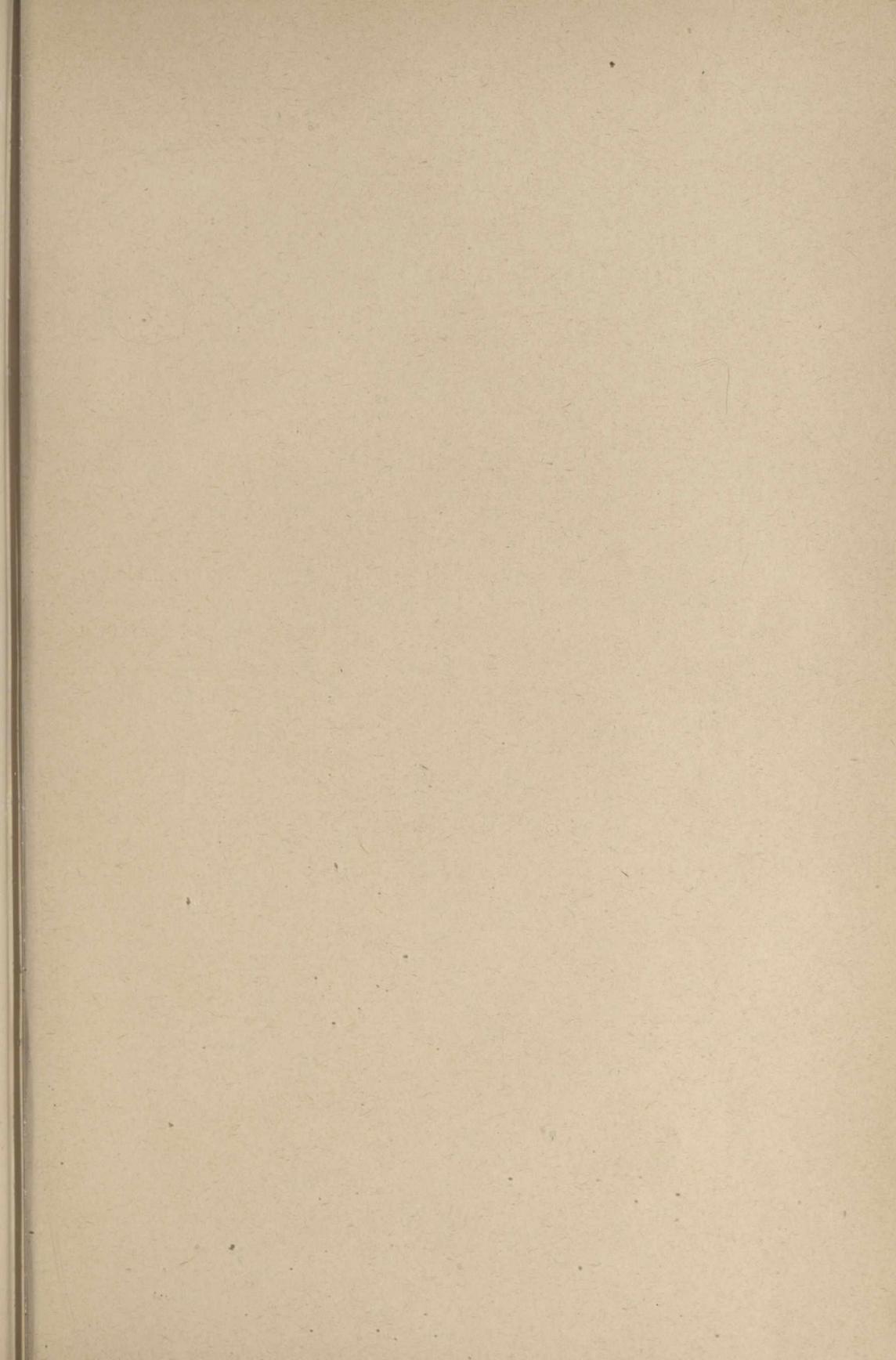
APPENDIX E

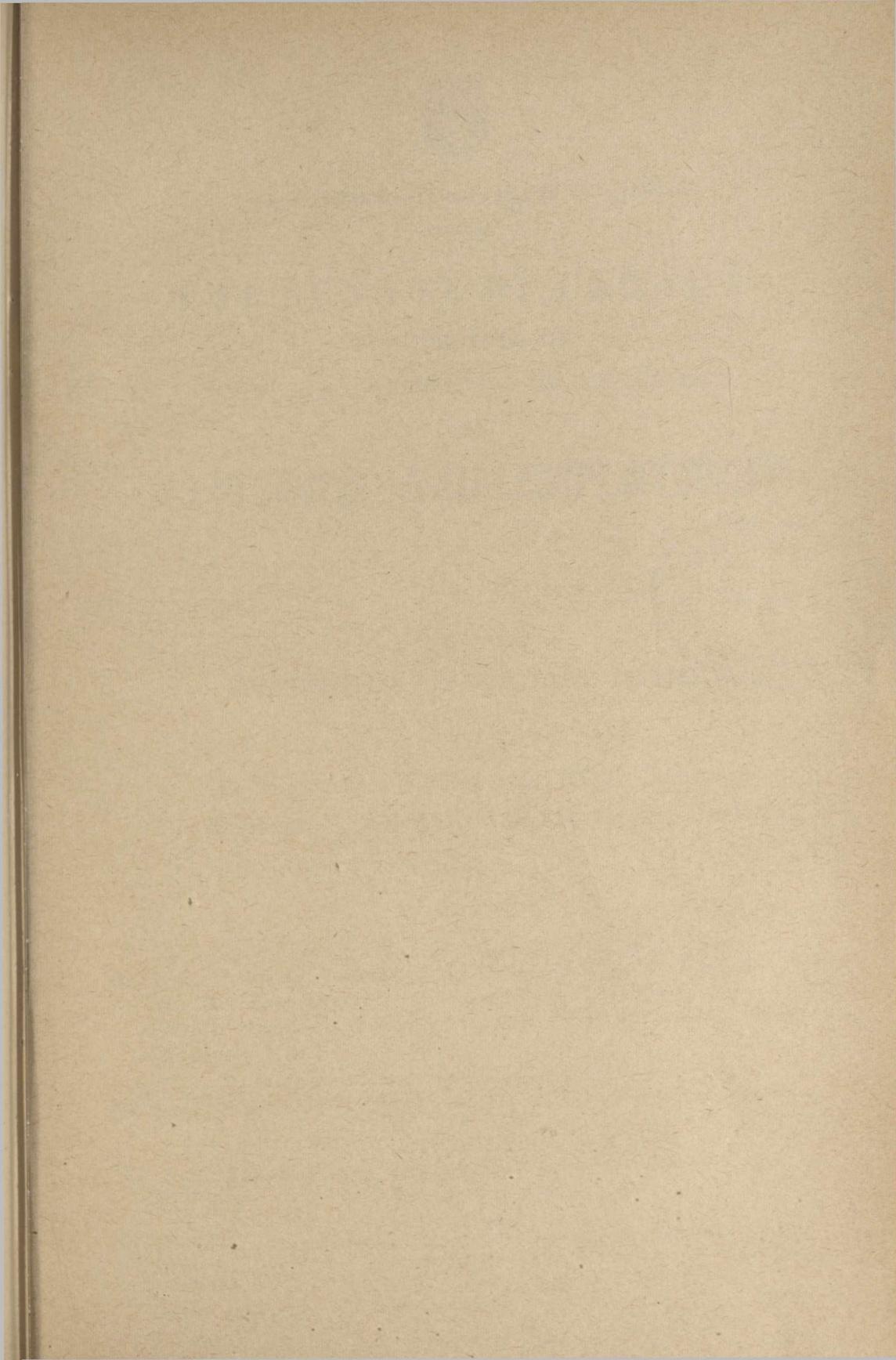
INDEX NUMBERS OF WEEKLY WAGES IN 1949 DOLLARS IN MANUFACTURING

1949.....	Average.....	100.0
1950.....	Average.....	101.9
1951.....	Average.....	103.0
1952.....	Average.....	111.0
1953.....	Average.....	116.7
1954.....	Average.....	118.4
1955.....	Average.....	122.4
1956.....	Average.....	126.3
1957.....	Average.....	127.4
1958.....	Average.....	127.7
1959.....	Average.....	132.8

SOURCE: "Man Hours and Hourly Earnings"—DBS.









Fourth Session—Twenty-fourth Parliament

1960-61

THE SENATE OF CANADA
PROCEEDINGS OF
THE SPECIAL COMMITTEE OF THE SENATE
ON
MANPOWER AND EMPLOYMENT

No. 10

WEDNESDAY, FEBRUARY 15, 1961

The Honourable LEON METHOT, Chairman
The Honourable DONALD SMITH, Deputy Chairman

WITNESSES:

Canadian Federation of Mayors and Municipalities:
Mr. S. L. Buckwold, President; Mr. George S. Mooney, Executive Director; Mr. Eric Beecroft, Director of Ottawa Bureau; Mr. Michael Patrick, Mayor of Windsor, Ont.; Mr. Mark H. Danzker, Alderman, Winnipeg, Man.

Canadian Importers and Traders Association, Inc.:
Mr. L. C. Bosanquet, President; Mr. H. C. MacKendrick, Manager.

APPENDIX
Supplementary Memorandum from the Canadian
Labour Congress.

ROGER DUHAMEL, F.R.S.C.
* QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961



THE SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

The Honourable Leon Methot, *Chairman*.

The Honourable Donald Smith, *Deputy Chairman*.

The Honourable Senators

Blois	Higgins	Pratt
Bouffard	Hnatyshyn	Reid
Brunt	Horner	Roebuck
Buchanan	Hugessen	Smith (<i>Queens-</i> <i>Shelburne</i>)
Burchill	Inman	Thorvaldson
Cameron	Irvine	Vaillancourt
Choquette	Lambert	Wall
Connolly (<i>Ottawa West</i>)	Leonard	White
Courtemanche	MacDonald (<i>Queens</i>)	Wilson—(33)
Croll	Macdonald (<i>Cape Breton</i>)	
Emerson	Methot	
Haig	Monette	

(Quorum 9)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Tuesday, November 22, 1960.

"The Honourable Senator Aseltine moved, seconded by the Honourable Senator Macdonald, P.C.—

1. That a Special Committee of the Senate be appointed to study and report upon the trends in manpower requirements and utilization in Canada with the object of exploring the possibilities of maintaining and extending a high level of employment and, without restricting the generality of the foregoing, to inquire into and report upon the following:

- (a) the growth of the economy and of other factors influencing employment opportunities, including particularly technological changes; and
- (b) the growth and characteristics of the Canadian labour force;

2. That the said Committee be composed of the Honourable Senators Blois, Bouffard, Brunt, Buchanan, Burchill, Cameron, Choquette, Connolly (*Ottawa West*), Courtemanche, Croll, Emerson, Haig, Higgins, Hnatyshyn, Horner, Hugessen, Inman, Irvine, Lambert, Leonard, MacDonald (*Queens*), Methot, Monette, Pratt, Reid, Roebuck, Smith (*Queens-Shelburne*), Thorvaldson, Vaillancourt, Wall, White and Wilson (32);

3. That the Committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry; and

4. That the Committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

After debate,

The Honourable Senator Brunt moved, seconded by the Honourable Senator Isnor, that the motion be amended by adding the name of the Honourable Senator Macdonald (*Cape Breton*) to the list of Senators nominated to serve on the said Special Committee.

After debate, and—

The question being put on the amendment, it was—

Resolved in the affirmative.

After further debate, and—

The question being put on the motion as amended, it was—

Resolved in the affirmative."

J. F. MacNEILL,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

WEDNESDAY, February 15, 1961.

Pursuant to adjournment and notice the Special Committee on Manpower and Employment met this day at 9.30 a.m.

Present: The Honourable Senators Méthot, *Chairman*; Blois, Buchanan, Cameron, Croll, Haig, Horner, Hugessen, Inman, Leonard, Macdonald (*Cape Breton*), MacDonald (*Queens*), Pratt, Roebuck, Smith (*Queens-Shelburne*), Vaillancourt and White.—17.

The following were heard:

For Canadian Federation of Mayors and Municipalities:

Mr. S. L. Buckwold, President.

Mr. George S. Mooney, Executive Director.

Mr. Eric Beecroft, Director of Ottawa Bureau.

Mr. Michael Patrick, Mayor of Windsor, Ont.

Mr. Mark H. Danzker, Alderman, Winnipeg, Man.

For Canadian Importers and Traders Association, Incorporated:

Mr. L. C. Bosanquet, President.

Mr. H. C. MacKendrick, Manager.

On motion of the Honourable Senator Croll, a supplementary memorandum submitted by the Canadian Labour Congress was ordered to be printed as an Appendix to these proceedings.

At 11.45 a.m. the Committee adjourned until Thursday, February 16th, at 9.30 a.m.

Attest.

John A. Hinds,
Assistant Chief Clerk of Committees.

THE SENATE
SPECIAL COMMITTEE ON MANPOWER AND EMPLOYMENT

EVIDENCE

OTTAWA, Wednesday, February 15, 1961.

The Special Committee of the Senate appointed to study and report upon the trends of manpower and employment, met this day at 9.30 a.m.

Hon. LEON MÉTHOT in the chair.

The CHAIRMAN: We have a quorum.

Senator CROLL: Mr. Chairman, before we proceed, I have a motion. We received a supplementary memorandum from the Canadian Congress of Labour, which I think all members received, in which they make comment on some of the other briefs that were presented. Could we file that as an appendix to the proceedings today?

Senator HAIG: Why don't they come and give it?

Senator CROLL: They did come and make a presentation; then there were some other briefs came in, and now the Congress is commenting on them. We should have this as part of the proceedings.

Senator LEONARD: Also it is an answer to some of the questions that were asked.

Senator HORNER: If that is all it is, all right. But if they are presenting new material we should have a chance to comment on it before it goes into the record.

Senator CROLL: It is their comment on the material that is in the record.

Senator HAIG: If you allow comments on everything that has passed on the floor, we shall be here for perhaps three years.

Senator CROLL: I think it should be part of the record, so that we and other people can read their comments. Then we shall have the whole picture.

Senator HAIG: Then we will have to send out to each person the comments that have been made on the report and get their answers back.

Senator CROLL: But these people have presented us with an additional brief.

Senator HAIG: Ask them to come here and they will be heard.

Senator CROLL: They have been heard once.

Senator HAIG: But not on this statement.

Senator LEONARD: I asked a question, Mr. Chairman, and they were not able to give as full an answer as they wanted to, and this is largely an application of the answer to the question that I asked. I think it is in order for it to go in.

The CHAIRMAN: If it is an answer to the question we put, we cannot prevent them giving it.

Senator LEONARD: It also contains a comment on some of the material of Dr. James, but all really related to the question.

Senator HAIG: We will never get through, Mr. Chairman, with this committee in the next five years—some of us won't live longer than that—if we allow other people to answer what somebody asks afterwards.

The CHAIRMAN: I understand perfectly well. It is the same as in a court proceedings. We cannot permit anyone to reply to an answer to a question. On the other hand, if we ask a question I think we must admit the answer. There will not be any precedent anyway. If it persists we can stop it, but since we have asked them a question we must admit their answer. Do you not think so?

Senator HAIG: Well, please note my objection.

(For supplementary memorandum see **Appendix "A"**)

The CHAIRMAN: This morning we have representatives of the Canadian Federation of Mayors and Municipalities. I think Mr. Buckwold is going to present the brief.

Mr. S. L. BUCKWOLD, President, Canadian Federation of Mayors and Municipalities: Mr. Chairman, honourable senators: As President of the Federation of Mayors and Municipalities, may I express my appreciation to you for giving us this opportunity to present our comments on this problem which you are considering? May I also take the opportunity of introducing some of the distinguished representatives of the Canadian Federation of Mayors and Municipalities: Mr. George S. Mooney, Executive Director, Montreal; Mayor A. T. Alsbury, Vancouver; Mayor Michael Patrick, Windsor; Alderman Mark Danzker, Winnipeg; Mayor Lloyd D. Jackson, Hamilton; and Mr. Eric Beecroft, Ottawa.

Mr. Chairman and honourable senators, perhaps before I begin reading our brief I might just say that we are not trying to solve the entire unemployment or manpower problem. What we are attempting to do today is to give you the municipal point of view on the great pool of manpower requirements and the need for public capital in the municipal governments of Canada. We therefore feel that there is an important development required in the cities, towns and urban municipalities of Canada which will provide jobs for Canadians and will be important for the economic development of our cities and the entire country.

Unemployment has now become recognized, not only as the principal source of our current welfare problems, but as the most glaring symptom of disorder in the national economy.

The most disturbing aspect of the unemployment situation is the evidence, now abundantly clear from the excellent studies already presented to your Committee by Messrs. Denton, Hood and Judek, that the trend toward increasing unemployment may even persist and, indeed, has persisted, in the face of a trend toward increasing national productivity.

We now know, therefore, that if a high level of employment is to be maintained, it is not sufficient to rely simply upon indirect means to stimulate investment in production—any production; in any location. Almost every careful analysis of the facts of unemployment points to the urgent necessity to re-examine the priorities which we as a nation attach to the various needs of our citizens; to make a direct attack upon the areas of special distress; and to devise measures which will prevent such distress from occurring again as the price of economic progress.

Areas of Distress:

What are these areas of distress? We may think of them in several ways:

(1) Geographic areas in which the few local industries have been crippled or wiped out as a result, for example, of

(a) technological changes which cause old industrial processes to be replaced by new—often resulting in the complete or partial abandon-

ment of plants and the substitution of new plants in other areas using different materials and different employees;

- (b) centralization and integration of investment and management, producing a movement of management and labour into the large metropolitan regions;

(2) Areas of Obsolescence (obsolescent commercial, industrial and residential buildings, obsolescent street patterns and means of communication) which exist even in the midst of our most rapidly-growing regional economies and which throttle the growth and limit the gains which could be made in a sound and functionally efficient physical environment.

(3) Groups of our people who feel the special impact of economic and technological change: especially those who because of age or because of lack of sufficient technical training are not available or not wanted in new industries requiring new skills.

Impact of Economic Maladjustment on the Municipalities:

The Senate Committee will understand the special concern which local governments feel in regard to all of these areas of distress. This concern is derived from several circumstances.

(1) Our municipal authorities live close to those directly affected by unemployment; they see at first hand the direct human results of unemployment and must seek remedies for them; and their budget problems are intensified by requirements for public assistance and by declining tax revenues resulting from the effects of unemployment.

(2) Many of our municipalities are in those areas of distress where the problem is chronic. Such areas are victims of the changes in technology and shifts in the national and international economy. It is fitting therefore that they should look to a national economic program for a solution. In such chronically-depressed areas, the unemployment of people and plant removes the basis for a healthy human existence and for a viable municipal structure.

(3) In most areas of rapid economic growth, municipalities are no less concerned than in areas of stagnation or depression. For here the municipalities must face a menacing array of problems which result directly from the impact of growth:

- (a) The movement of people and industry to the suburbs has left the central cities with obsolescent commercial and industrial plant which contributes little to the productivity of the economy or to the revenues of the municipality; and while the abandoned housing is reoccupied by people of lower incomes, much of it is below a decent standard for habitation, hard to rehabilitate economically, and, like obsolescent commercial and industrial property, yields little revenue to the city;
- (b) The old downtown street patterns do not meet the demands of heavy automobile traffic and are ill-adapted to the needs of modern retail trade;
- (c) some of our rapidly-growing metropolitan areas, large and small, become the rallying-points for many of the unemployed workers, including those from the agricultural, mining and forest areas.

For these and other reasons, not only comprehensive redevelopment measures but costly municipal services, directly attributable to rapid growth and to maladjustments in the national economy, are required.

Indeed it might be said that our municipal governments have been the victims of both prosperity and depression. For, while our prospering economy has brought us great benefits—especially in the provision of consumer goods, in new housing and in the mobility and pleasure afforded by the motor vehicle—these benefits have been accomplished at the cost of a disorderly and un-economic growth of our cities and towns. A modern economy has been super-imposed on an urban plant which is entirely unsuited either to the needs of the economy itself or to the leisure-time or community needs of the people who constitute the managerial and the labour force.

As a consequence, we now face at the local government level—in both prospering and depressed areas—a costly investment in reconstruction arising from the decay, both structural and functional, of residential, industrial and commercial areas. A heavy investment will also be required in many suburbs where sprawling and wasteful growth has characterized the outward expansion of our cities and towns.

The Priority of Municipal Needs:

Our main purpose in this Submission, therefore, is to draw attention to the particularly high priority which must now be given to municipal capital works in any co-ordinated national economic program. To a large extent, the great backlog of unmet need has resulted from the effect of an expanding economy, and it is upon the national economy that we must rely to restore the balance—to adapt our urban plant to the needs of the national economy and to the needs of local citizens.

The Federation recognizes that an effective national program to maintain a high level of employment and a stable Canadian economy will be made up of many well-considered and co-ordinated measures, such as:

- (a) measures to make Canadian products known and appealing in foreign markets and, by appropriate banking and other assistance, to minimize any obstacles to our export trade;
- (b) positive efforts, not only to encourage the purchase of Canadian products in the Canadian market, but to organize Canadian production in such a manner as to suit the circumstances of the Canadian market;⁽¹⁾
- (c) improvements in the efficiency of both management and labour to enable Canadian enterprise to compete effectively with foreign industry in both foreign and domestic markets;
- (d) research into the possibilities of utilizing Canadian natural resources in developing new or expanding industry in Canada;
- (e) adjustment of taxes and of interest rates with a view to encouraging private investment, especially in enterprise which is productive in the national interest;
- (f) measures to regulate or distribute income—possibly, for example, through social security measures—in a manner which will promote a high and stable rate of consumption;
- (g) the amendment of unemployment insurance legislation to assure that it will serve its primary purpose of compensating the nation's breadwinners for involuntary unemployment;

⁽¹⁾ One striking example of our failure in this regard (and one that ranks high in its effect on our employment and our economic stability) is the automobile industry. Although there is now a rather large and growing Canadian market for motor vehicles—certainly large comparison with Sweden and a number of other car-manufacturing countries—there is no distinctively Canadian industry, and the foreign-owned automotive industry has made no attempt to concentrate production on a number of standard designs which could be produced economically on a large scale for the Canadian market. Our "protective tariff" appears to serve only to raise to high prices in the Canadian market for about 140 different car models imported wholly or in part from abroad.

- (h) co-operation in international programs directed toward a general world improvement in economic productivity and in purchasing power, as well as toward all other means to minimize international tension and the waste of resources.

In omitting specific recommendations in the fields just mentioned, the Federation does not minimize the importance of actions along these lines. On the contrary, it assumes not only the importance of carefully-studied measures in all of these directions, but the necessity for their coordination as a positive national program.

In addition to stressing the imperative necessity for a coherent national program, the Federation would like to offer one further observation of a general character before making its own specific proposals. This observation relates to the fear of inflation which enters into many discussions of proposals to encourage public and private investment in measures to increase employment.

The Significance of Anti-Inflationary Measures to Municipalities:

The fear of inflation is, of course, justifiable in the light of both theory and practice.

But often, when the danger of inflation is cited, it is intended only to discourage investment in public works. There is a disturbing tendency to assume that investment in public undertakings is, ipso facto, unproductive and inflationary.

A real concern for inflation must emphasize saving: that is, saving from wasteful or non-essential expenditure and the channelling of such saving into investment in the fulfilment of the nation's most urgent needs. An anti-inflationary program, therefore, involves an evaluation of both public and private investment and a balancing of the two. It cannot discriminate against one or the other as such—only against what is wasteful or non-essential. It must recognize that essential private investment generates the need for public services (e.g., public transit, roads, sewers, water, social institutions), and, conversely, that the construction of essential municipal works creates a demand for essential private investment in equipment and supplies.

In this nation, except in wartime, we have relied upon the federal Government's persuasion and coordination rather than statutory decrees in trying to attain these anti-inflationary objectives. As we must now make unprecedented efforts to maintain employment at a high level and to promote economic growth in essential directions, the Government's coordinating role in encouraging saving and sound investment will demand great skill and persistence. For it is evident that the rationing of expenditure is not merely a matter of exercising a general quantitative control through adjustment of monetary policy and interest rates. It is a matter of influencing, qualitatively, the direction of investment—of making and encouraging sound decisions regarding the priority of the nation's needs.

The municipalities have every reason to appeal to senior governments to strengthen their efforts, first to channel investment of public and private capital into the most essential and productive enterprise, and, second, to take all measures possible to increase the efficiency of both management and labour by intensive training and other means. These are essentially anti-inflationary measures and, thoroughly applied, they will assist the municipalities to obtain urgent needs such as roads, bridges and public transit facilities; facilities for water supply, sewers and sewage treatment systems; housing (new and rehabilitated housing); renewal of blighted areas in our central areas; schools; hospitals and recreation facilities.

Waste and Obsolescence are Costly:

There has already been a perilous delay in eliminating waste and obsolescence from the urban sector of our economy. The costs arising from this waste are already being incurred and compounded. Municipalities are losing large potential revenues as a result of the decay of their business and residential areas. At the same time, in the same decaying areas, costs of health, police and fire protection and other municipal services increase and a large proportion of our welfare problems arise from the condition of these areas. Furthermore, our delay in bringing traffic facilities up to date and to renew housing and industrial and commercial facilities leads to a costly decline in the efficiency of the urban economy with resulting loss in national productivity.

The delay in applying capital investment to urban needs has been due in part to our tradition of rural living. It has been difficult for our legislators—even for many city-dwellers themselves—to realize that, as the Honourable David J. Walker recently pointed out, “two Canadians out of three are now urban dwellers” and that “Canadians build the equivalent in acreage to another greater Toronto every five years”. Having taken stock of urban needs in recent years, we now know that there is no sector of the economy where there is a greater concentration of obsolescence and a greater need both for renewal and for new and urgent capital works.

Municipal Capital Borrowing:

Besides bearing many of the losses resulting from both growth and depression, the municipalities have suffered a further handicap. In their efforts to finance the backlog of capital works, they must compete in the capital market not only with private enterprise but with the senior governments themselves.

For the past ten years, municipal governments have been pyramiding their debt obligations. ⁽²⁾ Many are at a point where their debt-carrying costs are disproportionate obligations on their annual revenues. Directly and indirectly, in the past ten years, municipal works have been an important source of employment. If urban renewal and new and essential development projects cannot go forward, there would be a serious spiral effect, not only on municipal government works but indirectly on both commercial and residential construction.

While municipal governments desire to do their full part to provide the highly essential municipal capital works and thus to provide constructive employment, their ability to assume further indebtedness is conditional to a large extent on the cost of borrowing.

A Municipal Development Bank:

The municipalities ask for access to capital funds at costs within their capacity to pay. In their importance as basic community needs, many municipal works are of equal priority with those of the senior governments. It would therefore be equitable to enable municipal government to have the same advantages as senior governments in respect to the capital market.

One way—possibly the only effective way—to accomplish this equitable treatment is to establish a new federal agency, possibly called a Municipal

(²) Municipal Net Debenture Debt 1951-1959 (thousands of dollars)	Year	Total Direct Debt
	1951	\$ 1,392,264 (A)
	1955	3,041,549 (B)
	1959	3,801,904 (B)

(A) Source: *Financial Statistics of Municipal Governments, 1951*, Dominion Bureau of Statistics.

(B) Source: *Comparative Statistics of Public Finance* prepared by the Dominion Bureau of Statistics for the Dominion-Provincial Conference, July 25-27, 1960.

Development Bank, to assist the municipalities, in cooperation with the provinces, in their borrowing programs.

The procedure of such a bank would be to purchase the bonds of a municipality subject to certain specified conditions, including the approval of the province. The terms of such loans to the municipal governments would be as favourable as possible, consistent with the federal Government's own cost of borrowing. Private investors would still participate in municipal financing, either by sharing in the initial underwriting or by purchasing bonds from the portfolio of the bank. A federal Government guarantee of such securities would be as sound in principle as the federal Government's guarantee of home mortgages or railway bonds.

There is another major reason for such a municipal lending agency within the framework of the federal Government. It has already been emphasized that the federal Government has a critical role to play in coordinating capital expenditures, public and private, in the national economy as a whole. Because such coordination is a condition of steady growth and stability, it is vital to the welfare of both public and private enterprise. At present, the Federal Government is not in a position even to envisage clearly, let alone to coordinate, the capital expenditures of the three levels of government alone.

Still another purpose which a national municipal lending agency would serve would be to facilitate borrowing within Canada for Canadian needs. It would therefore be a positive means of implementing the federal Government's policy of encouraging reliance upon domestic savings.

For three impelling reasons, therefore, the Municipal Development Bank is a missing link:

- (1) in upgrading municipal capital requirements to the equal status which they deserve with those of the Federal and Provincial governments;
- (2) in facilitating—for the purpose of assuring economic growth and stability—the constant review and coordination of the nation's needs for capital expenditure; and,
- (3) in implementing, to the advantage of the entire national economy, the policy of drawing to the utmost upon Canadian savings for our capital investments.

Interest Rates:

As a further means to minimize interest rates to municipalities, it may be noted that substantial revenue is derived by the federal Government from taxes on the income from municipal bonds and debentures—both those held domestically and those held abroad. The federation believes that consideration should be given to application of this revenue, or its approximate equivalent (since it may be difficult to estimate precisely) to the reduction of the rates of interest on Municipal Development Bank loans.

The federation feels that the equalization and coordination of the three levels of government in their approach to the capital market will be in the interest of all governments concerned and will be a major step forward in the common effort toward growth and stability.

Municipal Responsibilities in Capital Financing:

With the introduction of such intergovernmental cooperation in borrowing, the municipalities themselves would have an important responsibility.

They would retain the initiative—and would indeed be in a better position than now to exercise the initiative—in the planning and execution of comprehensive programs of capital works. Already more and more of our local governments are preparing long-term capital works budgets based upon carefully-considered programs of physical development. The establishment of a national municipal lending agency, by removing one of the most frustrating

obstacles to development, would give a sharp incentive to the forward planning of growth and redevelopment. It would help greatly to keep constantly before us in each urban area a planned capital development program which would not only provide work but would direct such work to the satisfaction of basic community needs.

"Shelves" of public works as an anti-depression program have long been advocated. As the last war drew to a close and unemployment was feared, the advance planning of public works for this purpose was strongly advocated by the Federal Government in its statement to the Dominion-Provincial Conference of August 1945. It is particularly significant, moreover, that it advocated that such planning should be undertaken community by community.

This reliance in a democratic manner upon municipal initiative is important. For it is only at the level of the local community that a balanced program representing the needs and desires of local citizens can be developed. Even a large proportion of Federal and Provincial works (such as roads, bridges, harbour installations, airports and office buildings) must fit into a workable community program in the interest of all concerned.

Municipal responsibility for such programming must therefore be acknowledged and must of course be fully exercised by the municipalities themselves if they are to take advantage of a more favourable relationship to the capital market which a federal lending agency would make possible.

Investment in Urban Development is Largely or Wholly Recoverable:

It will be noted that our statement emphasizes investment. The paramount need is for federal assistance in borrowing at rates comparable to those enjoyed by the senior governments. A step of great value in this direction has been taken by the Federal Parliament in December 1960 by making loans available to the municipalities for trunk sewers and sewage treatment plants, with an interest rate at a level only slightly above that of the Government's borrowing rate and with provision for a grant of 25% of the principal of the loan if the work is completed by March 31, 1963.

May I say that that is probably one of the most significant actions taken by the Federal Government in recent times, as far as meeting the demands of municipalities is concerned. In this instance the specific purpose was trunk sewers and sewage treatment plants, for which the Government made available to us at very reasonable rates capital funds for this particular facility and these programs, at the same time saying to the municipality, if you do this work before 1963 we will rebate to you 25% of the principal of the loan. I draw that to your attention as a very important step in our program.

The same principle of lending might well be adapted to other long-term municipal investments in transit facilities, water supply and other costly but self-liquidating projects.

Under the Federal-Provincial housing provisions of the National Housing Act, large-scale Federal assistance (75% of the capital cost) is already available to the municipalities. The investment required for the municipalities is quite small (only 7½% in Ontario, for example) in those province where the Provincial Government assumes a part of the remaining 25% of the investment. Limited-dividend housing may also be built by municipalities with federal loans at favourable interest rates for 90% of the capital cost.

These are all investments, largely or wholly recoverable by the public authorities at all levels.

Another type of investment is the intergovernmental sharing in the costs of purchasing and clearing land for redevelopment. While the principle underlying this intergovernmental partnership is sound, the Federation feels that there are two major obstacles to its use:

- (a) the limitation of the Federal share of the investment to 50%, leaving a large part to be borrowed by the municipality in the private market;

- (b) the limitation of the Federal participation to projects in which there is a housing element.

The Federation feels that urban redevelopment offers one of the greatest possibilities for constructive employment in the nineteen-sixties. The liberalizing of the two features of the National Housing Act, just mentioned, should open up large possibilities of employment. (Our municipalities have great hope that this will happen.) The importance of city-building as a part of a program of national development has been stated recently by the Honourable David J. Walker, Minister of Public Works:

As we approach our centennial year, it is time that Canadians should possess an array of handsome cities from sea to sea, cities that are as noble in their way as the natural grandeur in which they stand, and yet are as individual in their character as the regions and cultures they represent. For being so, they cannot help but be Canadian. To create such cities must be the aim of a policy of urban development.

Benefits to be Recovered by Private Enterprise and Government:

Enough has been said here to indicate that the municipalities desire mainly to have the Federal Government assist in mobilizing capital for investment and making it available at the lowest possible interest cost for high-priority projects, many of which are self-liquidating.

Many of the improvements resulting from this investment will serve the Canadian people for 30, 40, 50 or even 100 years. The necessary financing may therefore be amortized over long periods.

Private enterprise can play the major role in urban redevelopment. But only the municipal government can establish the general framework in which private investment in urban redevelopment may take place in an effective manner. The experience of extensive redevelopment in a number of American cities has demonstrated the economic value of combined measures involving public and private investment.⁽³⁾

Senator ROEBUCK: Did you know that Pittsburgh has assessed its improvements 50 per cent, and the State has given it the power to exempt them entirely?

Mr. BUCKWOLD: I was not aware of that.

Senator ROEBUCK: That is the chief explanation of the incidents you have mentioned.

Mr. MOONEY: In the State of Pennsylvania there has been this permissive authority to certain of the municipal governments to obtain their property

⁽³⁾ The following comment on Pittsburgh experience was made by James W. Rouse, a leading mortgage banker, at the International Municipal Assembly in Chicago in May 1960:

"The Golden Triangle project in Pittsburgh...cost the City of Pittsburgh not a penny in terms of writedown; nor the state nor Federal Government; and it increased the tax revenues of Pittsburgh by over two million dollars a year. If you had taken a little piece of the Golden Triangle and a little piece of the land that is now Gateway Center and fashioned that land for office buildings, they never could have been built; but because these projects were tied in with the city and state public works program—building bridges, bringing new highways into downtown, a park at the point—and this was related to the commercial development which was to occur, enormous new values were created, and those enormous new values made the project an economic one."

Mr. Rouse summarized results of development in a number of other U.S. cities as follows:

"In New Haven...the Oak Street project which is 42 acres...yielded \$105,000 in tax revenues before it was redeveloped. It yields \$537,000 in tax revenues today. It will yield \$700,000 when it is completed. Furthermore, in New Haven they took the trouble to project what happened to the operating costs of city government in this area, and they estimate that the total cost to the city government of operating and maintaining that area has declined from \$200,000 a year to \$100,000 a year. That is a clear annual gain of \$100,000 a year. New Haven's total cash cost was \$690,000

(Concluded on page 734)

taxes basically from land and less from improved values, and that is a trend that is growing. There is a wide interest in many sections of the United States in the application of site value instead of improvement value for local taxation.

Senator ROEBUCK: Very good.

Mr. BUCKWOLD: It is also a matter of some interest in Canada.

Senator ROEBUCK: I am glad to hear that. I received a letter from New Zealand just yesterday in which it was stated that unemployment in that country is between 200 and 300. They raise practically all of their taxes from land values.

Mr. BUCKWOLD: In regard to what Mr. Mooney has said, there is a growing interest in this method of raising municipal taxes, namely, by site value, although I do not know of any Canadian municipalities—

Mr. MOONEY: Some did, of course, many years ago. One example is New Westminster.

Senator BUCHANAN: We had to abandon it in Edmonton some years ago.

Mr. BUCKWOLD: A typical example the success of combined public and private enterprise in redevelopment is that of Philadelphia. A publication of the City of Philadelphia entitled *A Manual of Urban Renewal and Finance*, published in October 1959, presents a detailed table showing the effects of urban redevelopment on the city's tax revenues. It sums up the results as follows:

City tax revenues for most of Philadelphia's important urban redevelopment project areas are expected to increase from a yield of \$879,881 to \$6,156,916 when the projects are completed.

As shown in the footnote this is not an untypical example. Ample evidence of economic gains resulting from renewal is shown in *The Challenge of Urban Renewal*, by Carter McFarland, Technical Bulletin No. 34, published by the Urban Land Institute, Washington, D.C., 1958.

Canadian experience with renewal has not advanced far enough to yield many such statistics. But the comparatively small-scale instance of Regent Park North in Toronto yields the following result: municipal taxes in 1957 before redevelopment amounted to \$32,000. In 1957, after redevelopment, they yielded \$260,000.

(Continued from page 733)

and its total public improvements were \$997,000. It put \$1,700,000 roughly into a project which has increased the tax revenues of the city by \$600,000 a year and reduced its operating costs by \$100,000 a year."

"In Baltimore...the fact is that downtown is obsolete. The best of the city is obsolete, and this 22-acre project called Charles Center goes to the very heart, the 100 per cent business district, and except for four elevator buildings, demolishes them. The block which has been our 100 per cent retail block will be closed completely. Four other streets will be closed. Eight new office buildings will be built, a new hotel, 400-car parking underground, a city park of the Rockefeller Center type scale, are scheduled. The personality of the city of Baltimore will be transformed by the completion of the Charles Center project, and what happens? The city's projected contribution is 25 million dollars. The increase in the assessable base in the City of Baltimore is 50 million dollars. The increase in tax revenues alone will get the city its money back in less than 15 years in addition to solving the most basic problem the city faces."

"In Newark...the economic development committee, working with Mayor Carlin, has begun to take on one of the old cities of the East. Their first major project, 65 acres, produced taxes of \$178,000 a year before the redevelopment occurred, and this year, 1960, will produce taxes of \$600,000 a year. The City's total cash distribution was \$500,000 plus the public improvements which it would have had to make in terms of normal city development anyway."

From "CITIES AND THE SIXTIES"
(edited by Geo. S. Mooney)
Canadian Federation of Mayors and Municipalities, Montreal 1960.

It is not difficult to demonstrate that a total attack on blight in our urban areas will not only afford employment but will be economically justifiable. Indeed so substantial are the gains from replacing uneconomic with economic uses of land that the taxpayers of an urban area—especially if they plan, financially and physically, in terms of whole urban areas—should be able to apply some of the gains toward meeting the cost of setting aside lands for schools, recreation and the other public requirements which cannot be economically self-liquidating by themselves. With the great increase of population, increasing leisure and our desire for higher educational, cultural and health standards, such costs will of course be substantial.

Non-self-liquidating Projects:

There are of course many necessities of urban life which cannot be wholly or even mainly self-liquidating. Among these are schools, hospitals, recreational facilities, cultural centres and other civic buildings. Outright grants are more desirable for such facilities. The construction of such basic institutions will provide a substantial backlog of employment for years to come while contributing to improved citizenship and a higher standard of individual and community living. Local authorities in every case must establish a balance between these projects and those of a self-liquidating character and ask senior governments to extend a maximum degree of assistance by grants and loans at favourable rates of interest.

Cost of Delay:

It is often forgotten that delay in attacking the backlog of urban development needs can be costly to the municipalities and their citizens. The cost of urban sprawl, decay and congestion increases with a cumulative and devastating effect. Adequate well-designed low-cost housing alone, along with the rehabilitation of existing housing—not to mention the many related measures of redevelopment—would give employment to many Canadians, besides removing the principal breeding grounds of juvenile delinquency, crime, vice and disease. The cost of essential urban development may seem high, but it is a cost which cannot be evaded except at our peril, and it will be many times greater if the program is postponed.

Depressed Areas:

Municipal governments in depressed economic areas require special assistance. To these municipalities, the problem of employment is more than a problem of spreading work throughout the year or applying occasional measures of relief. It is a chronic problem resulting from forces beyond their control. Whole urban regions, even whole provinces, are victims of changes in technology and shifts in the national and international economy. Regional distress in certain areas is the inevitable result of the progress which has taken place elsewhere, especially in our great centres of modern industry.

The changes are national, even international, in scope and require national and international solutions. A strong federal initiative is therefore indispensable. The situation is too serious to rely solely upon local efforts to find remedies single-handed, although most communities are making a valiant effort to do so. In their efforts to be self-reliant, municipalities often resort to bold measures to attract new industry. Such efforts are often successful; but many are fruitless, even harmful, where they are not supported by a thorough survey of the region's resources and potentialities. Federal and provincial aid in such surveys is usually needed; and if potentialities for development exist, federal or provincial aid may be needed in developing the basic facilities of power and transport as well as the regional urban services, such as water supply, roads, schools and other community facilities.

The areas of chronic distress must be pinpointed and studied. Such study must be conducted in the light of the local resources of materials and manpower available and the national and international conditions which affect the marketability of the area's products and services.

Elements of a Program for Depressed Areas:

Measures of assistance required for this purpose are expected to fall in the following categories:

1. A careful analysis, by cooperation between federal, provincial and municipal governments, of the special causes of economic depression in the area, with the purpose of making decisions as to the possibility of restoring economic health to the area (through new or improved industry, agriculture, fisheries or forestry) or, if such a possibility is determined not to exist what program should be adopted to assure an orderly depopulation of the area.

2. If a program of area redevelopment is found to be feasible, the measures which will be necessary to assure its success. For example:

- (a) the provision of roads or other improved means of transport or the provision of power needed to develop known resources;
- (b) the provision of industrial structures as a means of inducing private capital to establish industries suited to the development of local resources;
- (c) the urban renewal measures needed to clear blighted areas for new industry or housing; to rehabilitate existing usable industrial and commercial structures and existing housing to restore a sound tax base for municipal government;
- (d) new municipal facilities which may be needed to provide serviced land for industry and housing;
- (e) vocational retraining for local workers displaced by declining industry in order that they may be absorbed productively into the new enterprises which can contribute to the economic reconstruction of the area;
- (f) in some cases, the transfer of workers out of the area to other parts of Canada where their skills can be employed.

Coordination Needed:

It is evident that all such measures of area redevelopment—the survey of area resources, the provision of new industrial structures, the rehabilitation and replacement of housing, schools and other community facilities, the provision of efficient municipal utilities, the retraining or transfer of workers—require the closest possible coordination, (a) at the Federal Government level through a Cabinet Minister; (b) between federal, provincial and municipal authorities; and (c) between public agencies and private enterprises.

The Federal and Provincial Governments have taken many steps along the lines indicated. The need now is: (a) to fix definite responsibility for a coordinated program of study and action; (b) the financing of such coordinated programs in such a manner that their success can be assured.

The urgency of such coordinated area redevelopment programs is underlined by the following considerations:

1. Unemployment of people and plant, as already pointed out, is removing the basis for a healthy human existence and for a viable municipal structure in many Canadian communities. The effects, economic and social, of this deterioration are cumulative and such communities lose the capacity to help themselves. As Dr. Judek has remarked to your committee . . . “depressed areas have a slow death”.

2. Every city and town in Canada represents a large investment, public and private. The savings and work of decades have gone into them. As a nation, we must minimize the building of new communities when usable well-equipped communities already exist. It may be unavoidable in some cases to let some communities become ghost towns—to deliberately facilitate the migration of their people and to abandon their fixed installations, however costly. But such write-offs should not be permitted unless analysis shows that the continued effort to use such sites and plant are uneconomical. It is within our power, by study and action, to prevent unemployment and a slow miserable decline of many of our towns in the midst of a prospering economy.

Administration:

The principle has already been stressed that, if urban development measures are to go forward with speed and economy, an absolute prerequisite is coordination between governments and between governments and private business.

The formulation of programs is the primary responsibility of municipal governments with as much positive assistance as their provincial governments can give them. Inevitably the Federal Government has a key role in the attainment of the very active coordination that is needed. It is already involved in urban development through a great variety of federal activities such as public works, housing, urban renewal, transport, railway grade crossings, civil aviation, hospitals, public health engineering and industrial and commercial development.

At the Federal Government level, there is a need for a more effective coordination of programs relating to housing, urban development, area economic development and related matters. Housing, urban redevelopment and public works are already linked under the Federal Minister of Public Works. It might well be fatal to all such measures, especially in the trying circumstances of depression areas, if those two mutually-dependent programs are not fully integrated. In the view of the Federation, such integration should be made the responsibility of a single Minister at the Cabinet level.

To this end, in a Submission to the Federal Government on November 8th, 1960, the Federation recommended . . .

“that the Federal Government establish—in close coordination with urban renewal, housing and other federally-sponsored community facilities programs—a program for study and for special financial assistance to areas of chronic economic depression”.

It was also recommended that . . .

“the coordination of all these programs relating to urban development and redevelopment should be the responsibility of a single Cabinet Minister”.

It was also pointed out that similar coordination would be necessary in provincial governments on the many matters relating to urban development, as well as permanent liaison arrangements between the Federal Government and the provinces.

Final Comment:

In such municipal capital works as have been described, there exists one of the greatest potential opportunities for increasing the employment of Canadian plant capacity and Canadian manpower in the years ahead.

The Federation is convinced that a program of capital works, planned and initiated by Canadian municipalities with assistance from senior governments, would provide a strong stimulant for large-scale private investment, not only

directly in the construction of needed facilities but in the manufacture of the essential equipment and supplies. Its effects would be pervasive and beneficial in all segments of the national economy.

By producing a better use of urban land, both in the central areas and small towns, it would greatly improve the tax base of our municipalities.

Beyond all these benefits, it would enable countless Canadians of many trades and professions to combine their energies in the creation of a better living environment for themselves and their fellow-citizens.

Mr. Chairman, I thank you very much for giving me the opportunity of presenting this brief. I understand that Alderman Mark H. Danzker of the Winnipeg City Council has a short statement to present on behalf of the City of Winnipeg.

Alderman MARK H. DANZKER, Winnipeg City Council: Mr. Chairman, honourable senators, the City of Winnipeg fully endorses the submission of the Canadian Federation of Mayors and Municipalities. There are many things that governments can do about the unemployment problem. Certainly, they can do more than they are doing now, including municipal governments. But the effectiveness of effort by a municipality depends very heavily on close co-operation from the provincial and federal governments. Where there is a lag or a holdup on the part of any one level, whole programs can be delayed.

The two main areas of action for the larger cities, like Winnipeg, are winter-works and urban renewal, both involving three-way sharing of costs by the different levels of government.

In winter works, Winnipeg has recognized that the original planning must come from the municipal level and has done something to help achieve the maximum effect. What Winnipeg has done is to have its Special Committee on Winter Works sit the year 'round. Much longer-range planning is thereby possible. What might formerly have been considered naturally summertime projects are reassessed to see if they cannot be deferred to the winter period when private employment is falling off. The city's experience with processing and approval of applications by the provincial and federal governments has been good.

In the other main area of action, urban renewal, we see a great potential in Winnipeg, but inter-governmental co-operation has not been as good as in the case of winter works. The City has approved and now is working with officials of the Central Mortgage and Housing Corporation on a fairly large project which, it had been hoped, could have been launched during the present winter season. But there have been long delays, first in granting the required provincial statutory approval, and now in the approval of a provincial share of the capital costs of the project. So far the government has declined to make any financial commitment without consulting the Legislature. As you know, the Legislature began its sittings yesterday.

To further assist in urban renewal, which can obviously utilize much manpower and can be timed to keep unemployment levels lower, the City of Winnipeg would like to see the Federal government institute action aimed at reducing interest rates on new debentures. If municipalities are going to fight unemployment through works programs, then heavy borrowing must continue, but present high rates of interest are a deterrent.

Impact of Unemployment on the Municipality:

Possibly the greatest, and certainly the most easily recognizable, immediate impact of rising unemployment on the municipal government is the cost of relief payments. In Winnipeg one third, approximately, of the cost of these payments must be raised by the municipality. The municipal share was up \$176,000 in 1960 over the previous year, and the number of individuals on relief at the end of 1960 was up 11 per cent over December, 1959.

Total relief costs in the City of Winnipeg amounted to \$2.7 million, or up a half-million from the previous year.

Other effects on the municipality include increasing numbers of requests for grants and a predictable drop in tax collections. Thus far, happily, Winnipeg's tax collections have held up.

There has been, and continues to be, a great influx into Winnipeg of transient unemployed single men. They are taken care of by the Salvation Army, and the Army has found it necessary to ask the City for a large grant to assist in building an addition to their present facilities to take care of these men.

Analysis of recent official figures indicates that the number of jobless, who are able to work, is up 25 per cent at the beginning of this month, compared with one year ago.

It is clear that the situation would have been worse without the winter works program, but it is also clear that more could be done in other areas of effort, with improved co-operation from the provincial government, and by any steps the federal government can take to facilitate capital borrowing.

Senator HAIG: I want to ask the Alderman one question. You have the Metro system in Winnipeg now, have you?

Mr. DANZKER: We have.

Senator HAIG: When the Metro people at Winnipeg took over all the surrounding municipalities such as St. Boniface, etc., and needed a new building to house those people, what did you do?

Mr. DANZKER: Well, as the honourable senator knows, Metro came into effect in Winnipeg only very recently. By force of necessity they had to find quarters in order to organize administration and to operate. They had no choice but to make available for themselves the most likely area, the most likely building that would be adaptable for that particular purpose. They bought a piece of property at a price, which is assumed by people who know to be an excellent purchase; there would be very little difficulty to dispose of it when the occasion required them to do so. We in Winnipeg hope, and I am speaking on behalf of myself at the moment, that eventually Metro will be one government of an overall area; but that may not be the thought of everyone. Yet a number of us feel that where there presently exist 19 levels of government, eventually it will be one government and at that time one main building will be established for this purpose.

Senator HAIG: Who owned the building you purchased?

Mr. DANZKER: It was owned by Imperial Oil on the basis of an arrangement with the Great West Life, who actually were the owners, leased to the Imperial Oil, under some arrangement of which in detail I am not entirely aware.

Senator HAIG: And the Imperial Oil sold it to Metro?

Mr. DANZKER: Imperial Oil sold it to Metro; that is right, sir.

Senator HAIG: How long did Imperial Oil have the building?

Mr. DANZKER: It is a comparatively new building. I would say the building would be about 12 years old.

Senator HAIG: Not that long.

Mr. DANZKER: Well, it is approximately that long.

Senator HAIG: Now, Metro is going in there and ultimately you are going to have a new city hall?

Mr. DANZKER: That building is located immediately next to the Transit Building that is owned by the city of Winnipeg, or by the Metro Winnipeg today. The facilities in the Transit Building are such that they co-ordinate the space between the building recently acquired and the requirements of the

Metro government. They hope to facilitate the arrangements in such a way until we require the additional space to function and one main building is acquired or built for the overall purpose.

Senator HAIG: There is no chance to rent that building from Imperial Oil?

Mr. DANZKER: No, they would not consider a rental arrangement; and then it was also determined on the basis of the price—we made a careful study at the time. Had they purchased it we would have found that in about 8 or 9 years it would have been cheaper to have acquired it in the manner they did, because the rental cost would have been about the same thing.

Senator HAIG: You have a policy that you are going to build buildings, and you are going to have the dominion Government and the provincial Government pay the money to give people employment. You had a chance to spend money, but instead you helped a rich corporation in an investment on a building it didn't want to keep.

Mr. DANZKER: That appears to be right in the circumstances, but the Government needed space immediately. They could not operate on the street

Mr. BUCKWOLD: May I say that the Alderman of Winnipeg is not a representative from Metro Winnipeg, but rather the city of Winnipeg.

Senator HAIG: Unfortunately, my dear sir, the city of Winnipeg, has to pay most of the cost.

Mr. BUCKWOLD: I would presume so; probably.

Senator CROLL: There are two questions I wanted to ask. I notice in the brief there is no request for activating of the Municipal Improvement Assistance Act, which as you are all aware is far broader than anything you have at the present time. Is there any reason why that was not requested?

Mr. MOONEY: The reason it was not requested was that in the view of the municipal governments it would not be adequate. There were marked limitations in the framework of the act, and actually the demand on the act after 1935 was, I think, probably less than \$10 million, perhaps nearer \$5 million, simply because it just was not applicable in terms of the then requirements of municipal government. It was based on certain propositions which made it almost inoperative.

Senator CROLL: Well, Mr. Mooney, the act was passed in 1938. It provided for loans for self-liquidating works at the interest rate of 2 per cent, if you recall, with a guarantee by the province, which you agree with, and it permitted, as I have it before me, the construction of schools, water mains and sewers, hospitals, city halls—it had almost unlimited application. It is true the act was not used a great deal. It was passed in 1938, it came into effect in 1939 and of course the war came along and the economy picked up, but it was reactivated in 1947.

Mr. MOONEY: The limiting factor is in the act itself, namely that a fund of \$30 million, if I am not mistaken, was to be created or made available from the general revenues of the Government, and this fund was to be made available as loans to municipalities based on their per capita population in relation to the fund. Now, if you take the percentage of the population of the city of Montreal in relation to \$30 million, and also that of Toronto, Vancouver, Winnipeg, you will see that no municipality could have built a city hall or a hospital or anything, as a matter of fact.

Senator HORNER: It was spread out far too thin, is that what you mean?

Mr. MOONEY: Yes.

Mr. PATRICK: Senator Croll, was there not a limitation of \$200,000 on a loan to be made to a municipality?

Senator CROLL: Well, Greater Vancouver Water District got \$750,000, all of which they paid back in time, so that the limitation you refer to was not quite as important as Mr. Patrick puts it. Here is Montreal—it received millions, many millions. So that the limitation was evidently not observed. When you see that the county of Cape Breton obtained \$200,000, that loan could not have been based on any per capita population figures.

Mr. MOONEY: Nevertheless, the act itself says that a loan of \$200,000 would be available to any municipal corporation irrespective of its population, so a number got the minimum allowed; but the maximum permissible, if I may put it that way, was inadequate for the real needs of the larger cities of the country. It is on that point on which the municipal governments would be hesitant at seeing the act even reinstated because it does not offer great promise to the larger cities in terms of their needs measured by the submission made this morning by the president of our association.

Senator CROLL: But the larger cities are more capable of looking after their needs than are the smaller municipalities.

Mr. MOONEY: But this is only relative to the growing volume of capital borrowing since 1945, when borrowings by municipal corporations amounted to less than \$850 million. The total outstanding municipal debt last year amounted to \$3,800 million. This has stretched the borrowing capacity of municipal Governments very close to the margin of what the market will stand in terms of their ability to raise additional revenue.

You will recall that ten days ago the city of Ottawa approved a capital budget of \$26.9 million for the current year, and you may have read that the finance commissioner of the city warned the Board of Control, pointing out that this now represented 26.7 per cent of their borrowing capacity based on their taxable value of property—the rule of thumb says that when a municipality has reached 20 per cent it has about reached the saturation stage of being marginally credit-worthy. Indeed most of the larger cities of Canada are at that marginal point of borrowing now. They face an increasing difficulty in raising large sums of money in terms of their capital borrowing needs in the period ahead. The capital borrowing position of municipal Governments in Canada today is at a very critical point.

Mr. BUCKWOLD: Mr. Chairman, may I supplement that with a few remarks. Actually in my opinion, whether we use the act as you suggest, or create a municipal development bank, the implications are the same—it is a question of having funds available. I do not think we are too particular just what means are used. I think the prospect facing most of the municipalities today is in the fact that we are limited by the amount of money that we can float or borrow on our markets. I come from a relatively small city, and we can borrow \$5 million a year. That is what our bond people tell us we can handle, and that is how we have to cure our problem, relating it to the amount of money we can safely bring in for any heavy capital expenditures. This gives us no opportunity to meet that tremendous backlog of work that our city has. The \$5 million is just enough to keep us building new schools, a new hospital and the odd new sewer and watermain. We keep up with our current developments, but it is not giving us a chance to do what we want to do in the way of implementing a program of urban renewal. So, basically, the problem of every municipality is to have funds available which it could repay during much longer terms of repayment at an interest rate which would hold down the cost of borrowing the money.

Senator CROLL: Just while you are on that: What you are really asking for is to take the limitation off your ability to borrow. You ask the federal Government to make that money available to you?

Mr. MOONEY: Yes, in an average year, averaging it out, municipal Governments require about \$250 million new money for capital purposes. Now the act, as you can see immediately, makes available to the municipality a percentage of that total, as I pointed out. It is not only the smaller municipalities who are facing critical situations in so far as the market is concerned, but the larger municipalities too.

Senator CROLL: Just let me put it to you this way: In reading the brief you have pointed out that there are certain distressed areas and you have read Professor Judek's brief on that point in which he named some of the distressed areas. You have also indicated that there are chronic areas too and that there is spreading unemployment and comment on how difficult it is for the municipalities to face up to the problem. I notice in the course of the brief you have not indicated or pointed to the fact that this has now become a national problem rather than a problem that can be dealt with at the local level. What are your views on that? You did not express them in the brief.

Mr. MOONEY: I think we expressed them indirectly in the brief, by pointing out that the problems which municipal governments are confronted with are problems which are in effect indirectly related to the prosperity of the nation as a whole.

The present situation is adversely affecting the national economy, and is having its full peak locally. Therefore, this problem is no longer local; it is national.

Our submission is in the nature of an attempt to paint a national picture, to suggest or to indicate the solution, or that phase of the responsibility which is that of the local government, and which they are unable to deal with effectively, because it is beyond their capacity to do so. The "beyond" point is the responsibility, first of the provincial governments, but primarily that of the federal Government.

Senator LEONARD: Mr. Buckwold, in connection with your footnote No. 3 which commences "The following comment on Pittsburgh experience was made by James W. Rouse", where you are dealing with the cities in the United States, could you tell us what kind of financial assistance those cities got in their urban re-development, first of all from the federal Government and, secondly, from their respective states?

Mr. BUCKWOLD: I will have to ask Mr. Mooney to answer that again.

Mr. MOONEY: In a general way it is not too dissimilar from the assistance available under the National Housing Act of Canada, through urban renewal facilities. But there is a variation from state to state, and there has been a variation in actual participation by individual municipalities in this federal-state-local-urban renewal program.

Senator HORNER: You do not know about any state in particular, with regard to the financing of the money, or the federal Government either?

Mr. MOONEY: In a broad way, I think federal participation in the United States and federal renewal programs stand pretty much at our level in Canada. Dr. Beecroft may add a supplementary word to what I have said.

Dr. BEECROFT: The States contribute comparatively little to the urban renewal in the United States. Most of the assistance to the municipalities comes from the federal Government, through the Housing and Home Financial Administration. The assistance is a little more generous towards clearance and demolition and the acquisition of land, than it is here. But in a general way, the arrangement between the federal, state and local governments are very similar. There have been many more funds available and a much greater

use so far in the United States, because of the keen interest taken by the larger and older cities, such as Pittsburgh, Philadelphia, New York City, Baltimore and Washington, D.C.

Senator LEONARD: When you say they are very similar, do you mean, very similar to what we have here?

Dr. BEECROFT: Yes. I am referring to the arrangements under our National Housing Act, and to section 23 in particular, which provides that the federal Government may invest 50 per cent of the cost of acquiring and clearing the land for urban renewal. I think something like \$25 million have been committed here for that purpose. That is a very small amount compared to what has been provided by the federal Government of the United States.

Senator LEONARD: Are those municipal bonds not taxable?

Mr. MOONEY: The earnings on municipal bonds in the United States are not subject to the federal taxation. The net result is that municipalities in the United States can borrow more cheaply than we can.

Senator CROLL: What is their normal borrowing rate?

Mr. MOONEY: A full percentage point less, at least.

Senator CROLL: I thought it averaged out about 3 per cent.

Mr. MOONEY: I think that is high. It would work out, on the average, about a full percentage point less. If we are paying $4\frac{1}{2}$ per cent they are paying at $3\frac{1}{2}$ per cent.

Senator HORNER: In the case of those states in the United States that took advantage of this scheme and made this wonderful showing, their own local municipal governments were live wires; but some others have neglected to take advantage of it.

Mr. BUCKWOLD: I think that would be right. Very often the initiative of good civic administration will get these things under way. We see that in some of our Canadian cities.

Senator HORNER: You talk of money for hospitals. What would you think of a hospital sweepstake in Canada?

Mr. MOONEY: It almost passed our national conference two years ago.

Senator HORNER: In the light of what is going on now—winning cars, bingo, and the tremendous amount of horse racing we have today—surely, no one would balk at the idea now? If it was a \$2 fee, we might raise money sufficient for our hospitals.

Mr. MOONEY: I expect that would be a matter of continued discussion among the mayors of the country.

Senator HORNER: Such a bill passed our Senate many years ago, but it was turned down in the House of Commons.

Mr. BUCKWOLD: May I ask the honourable senator if such a bill could pass the Senate today?

Senator HORNER: I honestly believe it would.

Senator ROEBUCK: I hope not. The control of the management of municipalities in the States is not in the hands of the federal Government, across the line, but is as it is here.

Mr. BUCKWOLD: Yes.

Senator ROEBUCK: Really, the control of municipalities in Canada, in all our provinces, is in the hands of the provincial government?

Mr. MOONEY: Yes.

Senator ROEBUCK: Why do you say the supplying of the needs of the municipal governments rests not with the provincial governments, but primarily with the federal Government?

Mr. MOONEY: Senator, I think the answer to that question is almost answered inferentially. The provinces, in substance, are not in too different a situation in the aggregate from the municipal governments in the aggregate, in relation to this whole problem of their financial requirements. Part of the difficulty the municipal governments have been faced with in recent years has been the inability of the provincial governments to go as far, perhaps, as they would like to go with reference to their assistance to municipal governments, because their revenues are severely limited in terms of their joint participation and sharing in federal tax revenues.

Senator ROEBUCK: You are going where the money is?

Mr. MOONEY: We do not imagine it can be found anywhere else in Canada.

Mr. BUCKWOLD: I think the federal Government has already set the pattern, namely with the major activities of a national type, such as housing and re-development. There has been a national pattern set by the federal Government. I am thinking of the national housing and re-development—all these programs. They are participating in our social aid and relief costs to a very great extent, through the provincial governments, naturally.

Senator ROEBUCK: If the federal Government is to be fundamentally responsible, should not the federal Government have more control over the municipalities; and, if that is the case, what is Montreal going to say about that?

Mr. BUCKWOLD: I suggest that that is a very good question. We are not proposing that the federal Government be responsible, really. In fact, we want them to make funds available, the greater part of which would be repaid. It is not that the municipalities are asking for something for nothing. It is a question of being able to take advantage of the federal Government's ability to provide funds vis-à-vis the municipal government.

Senator ROEBUCK: Should not those who pay the piper call the tune?

Mr. MOONEY: They do.

Mr. BUCKWOLD: I think they do.

Mr. MOONEY: Actually, all the federal legislation involving financial participation in urban growth requirements is legislation conditioned upon the consent of the provinces. The relationship that exists technically, or constitutionally, is that the province acts on behalf of the municipalities in its financial or legislative dealings with the federal authority. The federation is not suggesting there is any need for a fundamental change in the constitution of the British North America Act; but there has been a great change in the nature of the Canadian economy since 1867.

Senator ROEBUCK: There is no doubt about that.

Mr. MOONEY: And in these recent years, a growing parallelism has crept into the relationship of the three levels of government. The federal Government, the provincial and local governments are now joint partners in many of these undertakings that take place in the urban communities of Canada. To facilitate this, the federal Government has enacted legislation within the constitution.

Senator CROLL: May I try to sum up what you are saying, though I may be wrong? What you are saying is that there is an opportunity, and a vast opportunity, to provide social capital for Canada, which only the federal Government can provide, and for which they will have an ample return in the way of bricks and mortar, employment and what-not.

Mr. MOONEY: And taxes.

Senator CROLL: May I ask Mayor Patrick a question? I hesitate to do so, but I really do not know the answer, and that is the only reason I am asking it. Under the heading, "Priority of municipal needs", there is a footnote. You put it into the brief yourselves, and I am raising this point because you put it in your brief. We had the secondary manufacturing industry before us a couple of days ago, and they were asking for certain alleviations, and they made certain presentations to us. They were telling us about the percentage of component parts or parts they were selling, and I think they had reduced it by 10, from 88 to 78. I think that was the point. I have two questions with respect to the footnote. While we have had an automotive industry in Canada for 50 years—and I remember it for that long—is it true that we have not yet built an all-Canadian car? Secondly what is the percentage of Canadian-made components of cars produced in Canada at the present time?

Mr. PATRICK: Senator Croll, in attempting to answer your question, may I elaborate a little?

Senator CROLL: Go ahead.

Mr. PATRICK: It could perhaps be added that one of the reasons for the so-called distressed area is the large concentration of one type of manufacturing that is restricted or governed in such a way that production and employment are affected by the inflexibility of government regulation. I have in mind, for instance, the steel industry which, a few years back, was experiencing considerable difficulty because of commodities coming into Canada duty free. Then, the Tariff Board, I believe in 1956, took action, as a result of which the industry is now pretty well on its feet. Likewise, the same applies to the automobile industry, especially in the Windsor area.

In the past ten years I do not think there has been any growth in the auto industry relative to Canadian-made component parts; yet, until the industry is almost dead, no action appears to have been taken. Now by reason of presentations made to the Government, a royal commission has been set up.

To answer your question directly, it is definitely true that no fully Canadian-made car is being manufactured; and as to the component parts, it seems to me only about 30 per cent are actually made in Canada, with all other parts being imported. I stand to be corrected in that statement.

Senator CROLL: I think the figure is 37 per cent.

Senator HORNER: There should be nothing to prevent our making an all-Canadian automobile.

Mr. PATRICK: We agree. For example, some thought is being given at the moment to the making of the automatic transmission. Despite the complexity of that component part of an automobile, I do not think there is any reason why it cannot be made in Canada. Yet, to date there has not been a single transmission made here.

Senator SMITH (*Queens-Shelburne*): Mr. Chairman, I would like for a moment to make reference to that part of the brief which deals with the program for depressed areas. I think Mr. Buckwold indicated that he had read Professor Judek's paper on that subject. Let me ask him first, does he agree with Professor Judek's measurement of what should be considered a depressed area, that is, the measurement related to the percentage of unemployment, those who are registered at the unemployment insurance office.

Mr. BUCKWOLD: Honourable senators, I must say that I personally have not read Professor Judex's brief, although it is mentioned in our brief. That research was done by our Executive Secretary, Mr. Mooney, and I would ask him to comment on it.

Mr. MOONEY: We agree generally with Dr. Judek's formula of measurement, and we concur generally in his delineation of depressed areas.

Senator SMITH (*Queens-Shelburne*): Perhaps I could ask Mr. Mooney whether he agrees with some of the other recommendations made by Dr. Judek? Do you think there is call for a little greater vision on this problem?

Mr. MOONEY: We believe that this whole matter of chronically depressed areas did not arise yesterday, but that it has been a growing situation over a period of years, which has been left more or less unattended. There have been moments when the Government has taken action by way of expediency, raising momentary hopes, but did not achieve a re-stabilization of these areas.

I think I can speak with some feeling on this question of depressed areas. I saw Mayor D. A. MacDonald of Glace Bay a few days ago—he had expected to be here today—with respect to the displacement of employment in Cape Breton that may take place in May. We believe something forthright has to be done, something bold, imaginative and concrete. In our submission we simply cite those things which we think are basic. Dr. Judek went further and said there were certain other things that needed to be done. We concur with Dr. Judek's general concept of the problem.

Senator ROEBUCK: Mr. Chairman, may I on behalf of my colleagues express our appreciation for this brief which has been presented to us, for the attendance of so many people who no doubt have great responsibilities in their own municipalities, for the excellent discussion we have had, and generally for the great contribution made to our study of the problem of manpower and employment. The brief has offered us straightforward advice and clear analysis of the problems, and shows that a great deal of thought and consideration has been given to them. I am sure I speak on behalf of all my colleagues in expressing our thanks to these gentlemen.

Mr. DANZKER: Mr. Chairman, I hesitate to let this opportunity pass without making reference to one matter referred to by the Honourable Senator Roebuck, that of federal responsibility towards the various municipalities. I would point out that there are definite areas where this responsibility is applicable. We take as an example in that connection the transient situation, particularly with respect to single unemployed men. Winnipeg being geographically situated as it is, has a very serious problem. We regard it not as a problem at the local or even the provincial level, but at the federal level. There are other areas in much the same circumstances.

Mr. BUCKWOLD: Mr. Chairman and gentlemen, we appreciate the opportunity of meeting with you. We appreciate your listening attentively to us, and for your kind statement, Senator Roebuck. We thank you for your intelligent question, and we wish you every success in your deliberations.

The CHAIRMAN: Honourable senators, we have with us now the Canadian Importers and Traders Association. I understand that Mr. Bosanquet, the president, is going to read the brief, and before he does so I would like him to introduce his colleague.

Mr. L. C. BOSANQUET, President, Canadian Importers and Traders Association: Mr. Chairman and honourable senators, before I introduce my colleague I would like to say that we have listened to a very interesting discussion this morning. Having heard the weighty problems that you have been discussing we approach the presentation of our brief with some diffidence as it does not talk about great building schemes and that kind of project for the encouragement of employment.

My colleague is Colonel H. C. MacKendrick, who is the general manager of the Canadian Importers and Traders Association.

Senator ROEBUCK: From where do you come, sir?

Mr. BOSANQUET: Besides being president of the Canadian Importers and Traders Association, and resident in Toronto, I am employed as the General Sales Manager of Pilkington Glass Limited.

1. The Canadian Importers and Traders Association is a non profit and non political national organization representing nearly 500 business firms in all parts of Canada. These firms are either directly or indirectly engaged in importing raw materials, semi finished products or wholly manufactured goods; or are providing services to the import trade. The chief objective which is sought by the Association is a prosperous Canada and for this reason we particularly welcome this opportunity to present to this Committee our views concerning the possibilities of promoting and maintaining a higher level of employment in this country.

2. Any constructive ideas concerning the problem of employment must take into consideration the present orientation of the Canadian economy. We must progress economically from our present base and increase the tempo of the economy. It has become evident that the gross national product is not increasing at a rate sufficient to provide the high level of employment that we would seek.

3. If we examine the present state of our economy we find that our international trade accounts for nearly one third of our gross national product. The United Nations statistics for the year 1959 show that our imports and exports respectively account for 16.12 and 15.06 per cent of our gross national product.

4. The importation of merchandise into Canada is an important factor in providing employment to Canadians. Appendix "B" shows the many areas of the economy where imports are at present providing such employment. In addition, imports (which provide the funds for other countries to buy our exports of merchandise) are indirectly responsible for the vast employment of Canadians engendered by our export industries. We cannot engage in international trade hoping to have healthy and prosperous exports without having healthy and prosperous imports. International trade is a two way street and in order to export with continuing success we must import.

5. It should be realized that considerable revenue is obtained by the Government from our imports. In fact on July 6, 1960 the Minister of National Revenue referring to the Customs and Excise Divisions stated: "This is one branch of government without which it would be very difficult to carry on the government of Canada." One can readily imagine the crippling effect on our industries if it was necessary to compensate for this revenue by increasing taxes on profits and income. This added burden would certainly aggravate our economic difficulties and adversely affect the employment situation.

6. Technological improvements have brought about a situation where less people can produce more goods than before. However these same technological improvements have also created vast new industries. This is a trend that is likely to continue but to sustain this requires great amounts of capital as well as considerable skills and management ability. As the second most wealthy nation in the world on a per capita basis this is a great challenge and a wonderful opportunity for success providing we move ahead in the right direction.

7. To meet the challenge offered by science it is going to be more essential than ever before to have a labour force willing and able to keep abreast of the developments in technology. It is equally going to be essential to have a management force able to use the best techniques available. To have a useful high employment economy it is necessary to have maximum efficiency. To maintain this maximum efficiency there will have to be considerably more

training and education of labour and management than there is at present. Incentives will have to be given so that this aim can be made a reality. Consideration should be given to providing tax incentives for this purpose. For instance, firms which will provide technical training for labour or further education for management could in addition to getting tax deductions for these costs also get supplementary tax deductions of a percentage of the costs involved.

8. It is also vital that there should be maximum efficiency from all levels of government whether they be federal, provincial, or municipal and constant studies should be made to achieve this. The increasing complexity of doing business is such that there must be more co-operation between government, management, and labour. The setting up of a productivity council is a good step in that direction. Unless there is this maximum efficiency and co-operation our hopes of having a high level of useful employment are not likely to be realized.

9. All this is merely a means to an end which is to put ourselves in a favourable competitive position so that we can increase the sale of our products and in consequence stimulate our economic growth to provide more jobs. However it must be realized that a population of only 18 million puts a definite limit on how much we can produce and sell to ourselves. It cannot be emphasized too much that we can only achieve economic growth sufficient to maintain a high level of employment by increasing our sales to the rest of the world. International trade is expanding. If we are sufficiently energetic and able in securing foreign markets for our goods we can take advantage of this expansion to accelerate our rate of economic growth. Here is our best opportunity for providing a very high level of employment. We must use our skills and ingenuity to "Sell Canadian" in the overseas markets.

10. We will be unable to "Sell Canadian" if we are not competitive as to price, quality and delivery with other trading nations. It will be unrealistic to attempt to achieve a high level of useful employment without a successful "Blitzkrieg" on costs. This is one battle that will have to be continuously waged. All sections of the nation must realize that our hopes for economic survival depend on reversing the present trend for costs to spiral higher and higher.

11. We believe that a co-operative effort by labour, management, and government can and must reduce our costs and make our prices competitive both at home and abroad. This will necessitate some short term sacrifices but failure to do so will cause far greater suffering in the long run. It is realized that it is not easy to ask that certain apparent short term advantages be given up by some to obtain long term gains for the benefit of all. However, if we want to achieve long term economic growth sufficient to support a high level of useful employment there is really no choice.

12. The overall costs of production are directly proportionate to the costs imposed by labour for its services. If these labour costs are raised then prices have to be raised. This can have but two results. There can be complete consumer resistance. In this case there is unemployment. There can also be a situation where the increased price will still make the sale. This causes a lowering of the real wages of the consumer. There is less real purchasing power remaining and some other products sales are affected with a loss in employment. It would seem that the interests of labour as a whole would best be served by seeking to increase the value of real wages as opposed to seeking higher wage rates.

13. History has shown that the attempt by the Luddites to halt the Industrial Revolution by smashing machines which they feared would replace

labour and cause unemployment was doomed to fail and based on an erroneous economic theory. In fact, the Industrial Revolution raised living standards and increased employment. Our present technological revolution is a continuation of the industrial revolution of the past and can also lead to higher living standards and higher employment. To resist the advances that technology can bring may temporarily assist some but will definitely be detrimental to most. To insist that labour be kept on in positions that are made redundant by automation is to add unnecessary costs. The accumulative effect of these unnecessary costs by making our prices uncompetitive can only worsen our economy and cause unemployment.

14. Furthermore we will not be able to compete with other trading nations if we have too high a ratio of administrative personnel. This is an area where much can be done to remove "administrative fat" wherever it may exist. If this is done with enough skill and vigour then price reductions and tax cuts can effectively increase consumer spending power without raising wage rates.

15. Any efforts to reduce our prices will be nullified if we do not purchase our industrial requirements from the cheapest sources wherever they may be found. In this connection it is interesting to note from the attached **Appendix "C"** that two-thirds of Canada's imports are for the purpose of aiding industry. The remaining one-third composed of consumer goods helps to keep consumer prices down. Whenever duties are raised or other difficulties placed in the way of imports then our costs are proportionately raised. This increase in costs puts a pressure on wages. In fact labour has to receive higher wages in order to maintain the same purchasing power. This in turn puts a pressure on prices. There is then a vicious circle of rising costs and wages which places us at a competitive disadvantage and leads to a slowdown in the economy and to unemployment. We thus have the ironic situation that the protection that is sought by some can in the long run cause the very difficulties which they seek to obviate.

16. It is the spirit of competition which will exert the incentive for us to reduce our costs. Imports provide this competitive spur. It has been advanced as an argument by those who seek more protection for Canadian industries that the competition from low wage countries is the cause of our economic difficulties. This argument does not stand up to the facts, which are that two-thirds of Canada's imports are from the U.S.A. which is the highest wage country in the world. (See **Appendix "D"**). Also our imbalance of merchandise trade is with the highest wage country in the world, namely the U.S.A. In total we have a favourable balance of merchandise trade with the low wage countries. (See **Appendix "E"**). These figures have been obtained from the Dominion Bureau of Statistics.

17. To sum up, our recommendations in brief are as follows:

(a) Granting of tax incentives for further training and education of management and labour.

(b) Maintaining maximum efficiency and co-operation between government, management, and labour.

(c) A maximum effort to "Sell Canadian" in export markets.

(d) Positive action in maintaining the two way street of international trade.

(e) A concerted and continuous effort by government, management, and labour to reduce costs and make us competitive both at home and abroad.

(f) Management and government to be on the alert that there is no "administrative fat".

(g) Purchase our materials for industry from the cheapest source whether our own or foreign so as to reduce our costs.

(h) No wholesale increases in duties on imports which can only result in rising costs but rather to welcome fair competition from abroad as a means of holding down costs.

Senator ROEBUCK: Mr. Chairman, that is a statement after my own heart.

Senator HORNER: You indicate in your brief that your imbalance of merchandise trade is with the highest wage country in the world, the United States, rather than with the lowest wage countries. It is a fact that quotas have been set. For instance, Japan could flood this country with textiles and other goods which they produce cheaply, but they have agreed to export to us a limited amount under what you might call a gentleman's agreement. In other words, it has been agreed that only a certain amount of these Japanese goods will be imported into Canada. Therefore, your statement is not precisely correct in that regard. According to your theory it could very well be that those low-wage countries could put us out of business.

Mr. BOSANQUET: We do not advocate that theory. We have presented a brief on the conditions as they exist in Canada today where we have, in the case of Japan, a balance of trade in our favour and not in the favour of Japan.

Senator HORNER: But that is because of something that has been called the good will of Japan.

Mr. BOSANQUET: We are not suggesting that that condition be changed but we do suggest that fair competition from abroad is a good thing for Canada.

Senator PRATT: Do you not find from practical experience that the policy tied in with the argument constantly heard that we are bringing in goods from low-wage countries can be very erroneous from the point of view that the chief consideration is production per hour per person rather than in actual wages that have been paid?

There are countries with much lower wages rates than here, for instance, where their costs of production are higher than here. You find that right away down the line, do you not?

Mr. BOSANQUET: Yes, sir. But to come back to the Japanese situation again for a moment, although we are not advocating a change, there is one slight change we suggest for consideration, that is, that the people to be affected by these quotas in Japanese goods coming into Canada should have an opportunity of considering the effect of them, and stating their case as to the effect of this on their economy before a change is made on this gentleman's agreement basis which may effectively put them out of business.

Senator ROEBUCK: I would like to know, Mr. Chairman, if Japan flooded us with goods, such as radios and a lot of nice things I would like to have, what would we give them in return?

Mr. BOSANQUET: Well, at the moment, of course, Japan is, I believe, the second largest buyer of Canadian wheat in the world. Japan has an unfavourable balance of trade with Canada at the moment.

Senator ROEBUCK: \$37 million last year.

Mr. BOSANQUET: There is another aspect of the Japanese situation also, which is that Japan also has to live in this world if she is to survive economically, and politically it is obviously wrong to discriminate against her to the extent that she is forced into the Communist orbit in the world.

Senator HORNER: Oh, no, I had no thought of that at all.

Senator ROEBUCK: I was only considering the suggestion of being flooded with good things. I would like to be flooded myself; but is it not a fact, witness, that if they send us goods they will expect us to send them goods in return?

Mr. BOSANQUET: That is true.

Senator ROEBUCK: They won't unless they get something for them?

Mr. BOSANQUET: It certainly is true as an economic fact, that the more we buy from them the more they will be able to buy from us.

Senator ROEBUCK: It is a two-way street?

Mr. BOSANQUET: Yes.

Senator ROEBUCK: We had a case some time ago of the Japanese sending us fabric gloves, and the manufacturers here complained that they were too cheap. I like things cheap myself, if I am buying. So we stopped them and took measures—I don't know just what they were; put a quota on them, or something—and then the general result was that our consumers had less of those goods than they previously had. The Japanese did get the money that we might have given them for those gloves, in order to buy Canadian wheat.

Senator PRATT: What is your feeling with regard to the practical application of the rules of customs by which we value import goods on the basis of a similar type made in Canada, and customs officers examine them, hold them up, and appraise them on the basis of set values rather than the purchase price?

Mr. BOSANQUET: We do not like that regulation. As importers into Canada we believe the dumping duty regulations properly enforced as to the fair market value at the country of origin is adequate to protect the Canadian manufacturer against unfair competition from overseas, and that when you discriminate against the fair market value of the exporting country that is unfair discrimination.

Senator PRATT: Do you not find that the process the various products have to go through by reason of import transactions is itself a great deterrent to importing, and makes it most discouraging?

Mr. BOSANQUET: That is true. It is an impediment to good trade.

Senator PRATT: Apart altogether from the imposition of the duties, the delays and so on, are an impediment?

Mr. BOSANQUET: Yes. It is also an arbitrary method of dealing with the situation which is difficult to get around.

Senator BUCHANAN: Do we not have the same problems in exporting?

Mr. BOSANQUET: Yes, particularly with relation to the United States, where we export most of our goods. Their customs are more severe, but that does not necessarily make the evil any better.

Senator BUCHANAN: But you do have that problem to meet?

Mr. BOSANQUET: Yes.

Senator BUCHANAN: And if it is a two-way street we must not be prevented from exporting while still allowing imports to come in?

Mr. BOSANQUET: This is something that our export trade will certainly have to highlight if we meet resistance of that kind. The federal Government will have to take action. Again, on the basis of this two-way street, and coming back to the United States, of course imports from them are so tremendously in excess of our exports to them, it should be possible for the federal Government to find amelioration of some kind.

Senator PRATT: Generally speaking, the products we sell to the United States do not come under that same examination as to valuation and revaluation, do they?

Mr. MACKENDRICK: Many of the products that we sell to the United States do suffer from the administrative blockades which the United States customs impose, but I think that story has two sides to it, as most stories do. Our customs procedure vis-à-vis the United States customs procedure is not perfect,

and there are people who have produced studies which pretend to show that our customs set-up generally can be just as restrictive as any other. For instance, it is possible to have nine rates of duty on one product entering Canada.

Senator PRATT: By reason of revaluations?

Mr. MACKENDRICK: No sir, by reason of our three-way tariff, the British preferential, the most-favoured nation, and the general tariff. Then they have brought in a certain classification and another classification where it may be for the use of a manufacturer—there is another set of three rates of duty, and then there can be an all-inclusive thing, such as “all manufacturings of” and so on. So it is possible to have three times three rates of duty which may apply.

Senator SMITH (*Queens-Shelburne*): I would like to get an idea, as an example, of the type of product to which that would apply. We are talking about hindrance or impediment.

Mr. MACKENDRICK: It is in certain metal products, I think, but I would not like to be held to that. There are thousands of rates and tariff items in the Canadian tariff, and I don't intend to keep them in my mind.

Senator SMITH (*Queens-Shelburne*): More complicated than freight rates?

Mr. MACKENDRICK: Almost.

Senator PRATT: What is your experience with regard to machinery of the very large type costing tens of thousands of pounds sterling brought from England? I know of a particular machine, that was distinctly an English product. It was held up for weeks by our customs officers to ascertain whether certain parts of that machine were of a similar type made in Canada, and what parts were made in Canada. Do you run into that sort of thing?

Mr. MACKENDRICK: Yes, frequently.

Mr. BOSANQUET: Quite frequently, and perhaps more frequently recently than formerly. The regulations have been tightened up a little bit so far as importers are concerned, and there are these additional improvements in the administration of customs affairs.

Senator PRATT: I know that this machine could not possibly have been bought in Canada, but it was held up for two or three months before possession could be taken while they were trying to find out what parts of it could have been made in Canada.

Senator VAILLANCOURT: In *Appendix 'B'* of the brief you state that imports are directly responsible for employment in the following areas of the Canadian economy, and you list some sixteen of them. May I point out that in Montmorency, Quebec, the Dominion Textile company is operating only at 50 per cent of its capacity because of competition from imported textiles, importations from Japan and the United States, to mention two countries. And you state that it is necessary to increase the capacity of our production, increase the installation of machinery, and so on to improve production. Only fifty per cent of the working force in Montmorency are working, and yet the company has decided to develop a new plant in that town, install new machinery and processes to produce more, better and quicker, with the result the next year only one-third of the labour population will be employed there. Could you comment on that situation as against your statement about increasing imports?

Senator HORNER: It is not just so simple because in the first place countries produce more where they are working the year around, where they have no winter to contend with. In Canada we have severe weather, storms

which make it difficult or impossible to carry on certain works, and so there is bound to be unemployment. We have that factor to contend with.

Mr. MACKENDRICK: There are a great many factors in the textile industry, senator Vaillancourt, which are not entirely concerned with wage rates. It is a fact that the textile industry in every country of the world is suffering from exactly the same difficulties, perhaps not to as high a degree in some cases but in a lesser degree to those of the province of Quebec, but I think it can be quite clearly proved that there are other factors which enter into the inability of the Canadian textile industry other than competition from abroad.

Senator ROEBUCK: Or wage rates.

Mr. MACKENDRICK: Or wage rates.

Senator CROLL: Continue, Mr. MacKendrick. What are they? We want information on this. Just give us your views.

Mr. MACKENDRICK: I am afraid, Senator Croll, I cannot be as specific as you would like, but there is the question of certain mills in Canada—and this is not a matter of opinion, it is a matter of proof—who make several hundred textile products. This is plain from a perusal of their price lists. There are a number of those products in which they can compete with any country of the world successfully, but they are trying to compete in every one of the multiple products which belong to the textile industry, and they just cannot do it, nor could any one, with the market that is available. There are textile mills situated in the province of Quebec which are doing very well. These are mills which are up and coming and they are keeping abreast of patterns and colours and textiles and so on, and their financial statements show that they are operating profitably.

The CHAIRMAN: Are there any more questions?

Senator ROEBUCK: Mr. Chairman, I would like to say how much I appreciated this brief. I believe the views expressed are sound. It is too bad that more people do not understand the basic principles underlying economic trade, as you gentlemen seem to do. I think you have made a contribution.

Mr. BOSANQUET: Thank you, Senator Roebuck. Before we adjourn also I would like to thank you, Mr. Chairman, and honourable senators, for giving us the opportunity to come here and present our brief to you. We have enjoyed the discussion.

The CHAIRMAN: Thank you, gentlemen.

The Committee adjourned.

APPENDIX "A"

SUPPLEMENTARY MEMORANDUM
TO THE SENATE SPECIAL COMMITTEE ON
MANPOWER AND EMPLOYMENTSubmitted by
THE CANADIAN LABOUR CONGRESS

OTTAWA, February 8, 1961

Mr. Chairman and Members of the Committee:

When the witnesses from the Canadian Labour Congress appeared before you on January 26, Senator Leonard asked some questions connected with Dr. Warren James' evidence and its relation to the evidence which the Congress had just submitted. At that time, the Congress had not seen Dr. James' evidence. It had seen only brief newspaper reports of a very small part of it. The Congress' witnesses commented briefly on what they understood to be the point at issue, and undertook to submit a supplementary memorandum when they had had an opportunity to study the official text of what Dr. James had said.

This they have now had. The result is to confirm what they then said, and the Congress submits herewith its reasons for this conclusion, with certain further comments which seem called for.

The first point that must be emphasized is one which Dr. James himself took great pains to make clear, repeatedly: that the figures he was dealing with, registrants at National Employment Service offices, are totally different from the only figures the Congress referred to at all, the Dominion Bureau of Statistics *Labour Force* figures. Dr. James even went to the trouble of placing before the Committee three charts which explicitly compared the NES and DBS figures, and provided notable, even startling, illustrations of the differences between them: Charts 3, 5 and 7.

He also uttered an explicit and emphatic warning (p. 253 of the Committee's *Proceedings*): "The final conclusion, and this deserves special attention, is that we have been analyzing a particular group in the population, namely those registered for jobs with the National Employment Service in September. At any given time there are genuinely unemployed people who are not registered with the National Employment Service but this survey throws very little light on their characteristics or circumstances. Any conclusions or findings in this report relate *only*" (Dr. James' italics) "to the first group mentioned above, that is, the registrants, and cannot be applied to the latter group without more information and appropriate qualifications."

It happened that the NES figure of total registrants for September 22, 1960 was very close to the DBS figure of total unemployed for September 17, 1960. The first was 339,300, and the second was 327,000. This however, is pure coincidence. In the summer and early fall, the two figures are usually fairly close together; in the winter and spring, they are far apart. Table 1 gives the two sets of figures for every month from January 1957 to September 1960 inclusive. It will be noted that in each of the last four years, the NES totals for January-April inclusive, and in each of the last three years for January-May inclusive, averaged over 200,000 higher than the DBS totals. It will also be noted that there is an enormous seasonal variation, in each year, in the difference between the two figures, from the summer or fall low to the winter

high. In 1957, the absolute difference ranged from a low of 34,000 to a high of 223,000, the percentage difference from 10.7 to 72.2. In 1958, the absolute difference ranged from a low of 14,000 to a high of 253,000, the percentage difference from 4.3 to 65.0. In 1959, the absolute difference ranged from 20,000 to 267,000, the percentage difference from 8.0 to 64.8. In the first nine months of 1960 (precisely comparable NES figures have not been published since September), the absolute difference ranged from 12,000 to 235,000, and the percentage difference from 3.4 to 51.6.

Even where the NES total figure of registrants and the DBS total figure of unemployed are close together, the components can be very different. This is plain from Dr. James' own charts and tables.

For instance, his Table I shows 225,500 male NES registrants. But the DBS figure of male unemployed was 268,000. In other words, the DBS figure of unemployed men was 42,500, or 18.8 percent higher than the NES figure of male registrants. On the other hand, the same table shows 113,800 female NES registrants, while the DBS total for women unemployed was only 59,000. In other words, the DBS figure of unemployed women was 54,800, or 48.2 per cent lower than the NES figure of female registrants. Putting it another way, the NES figure of female registrants was almost twice the DBS figure of women unemployed!

Or take Dr. James' Table II. It shows that males from 14-24 years of age made up only 23.4 per cent of total male NES registrants. But they made up 31.3 per cent of DBS men unemployed. Males of 45 and over made up 34.4 per cent of NES male registrants. But they made up only 28.4 per cent of DBS men unemployed.

Dr. James' same Table II shows that married men made up 60.0 per cent of male NES registrants; but they made up only 54.5 per cent of DBS men unemployed.

Dr. James' Table III shows that females from 14-24 years of age made up 38.5 per cent of NES female registrants. But they made up 59.3 per cent of DBS women unemployed. Again, that same table shows that married women made up 66.9 per cent of NES female registrants. But they made up only 25.4 per cent of DBS women unemployed.

These are enormous discrepancies. Nor do they stand alone.

Dr. James' Chart 3 shows that for men the percentage of NES registrants in British Columbia and the Yukon, the Prairies and Ontario, is greater than the corresponding percentages of DBS men unemployed; while for Quebec and the Atlantic provinces, the opposite holds true. For women, the percentage of NES registrants is greater than the corresponding percentage of DBS women unemployed on the Prairies, in Ontario and in the Atlantic provinces; while for British Columbia and the Yukon, and Quebec, the opposite holds true.

The actual NES figures on which this chart is based are not available to the Congress. But for August, for both men and women, the regional distribution of NES registrants and of DBS unemployed, both sexes taken together, shows marked differences. In the Atlantic provinces, the NES figure of registrants was 10,000, or 25.0 per cent, below the DBS figure of unemployed; in Quebec, the NES figure of registrants was 9,000, or 7.8 per cent, below the DBS figure of unemployed. In Ontario, on the other hand, the NES figure of registrants was 20,000, or 16.1 per cent, above the DBS figure of unemployed; on the Prairies, the NES figure of registrants was 9,000, or 32.1 per cent, above the DBS figure of unemployed; in British Columbia, the NES figure of registrants was 1,000, or 2.3 per cent, above the DBS figure of unemployed. The national total of NES registrants was 12,000 or 3.4 per cent, above the national total of DBS unemployed; but this small difference in the totals masked very wide deviations in the regional figures and in opposite directions for different regions.

Dr. James' Chart 5 shows very marked discrepancies between the NES figures of registrants and the DBS figures of unemployed. For men, the percentage of total NES registrants in the 65 and over class was enormously higher than the corresponding percentage of DBS unemployed. For the 55-64, 45-54 and 35-44 classes, on the other hand, the NES percentages were markedly lower than the DBS. For the 25-34 class, the NES percentage was slightly lower than the DBS; but for the 20-24 and 14-19 classes, the NES percentage was distinctly higher than the DBS.

For women, in the same chart, the NES percentage was slightly lower than the DBS percentage for the 65 and over class, decidedly lower for the 55-64, 45-54 and 14-19 classes; distinctly higher for the 25-34 and 20-24 classes, and slightly lower for the 35-44 class.

At pp. 233-4 of his evidence, Dr. James noted that at September 22, 1960, there were 76,200 married women NES registrants. But on September 17, 1960, the DBS figure for married women unemployed was only 15,000.

Dr. James' Table II indicates that at September 22, 1960, there were 135,300 (60 per cent of the total) NES married male registrants. But at September 17, 1960, there were 146,000 married men in the DBS figure of unemployed.

So the NES figure for married women registrants was over five times the DBS figure for married women unemployed, while the NES figure for married men registrants was about 7.3 per cent below the DBS figure of married men unemployed! The absolute difference was about 61,000 one way for the women, and 11,000 the other way for the men.

All this (and there is plenty more evidence, some of it even more striking, to the same effect) proves beyond shadow of doubt that figures drawn from the survey of NES registrants simply cannot be applied at all to figures drawn from the DBS Labour Force survey. They have, as the Congress told the Committee (p. 223 of the Proceedings) "not the slightest relevance"; for this purpose, they "might as well be on the moon".

Specifically, this applies to Senator Leonard's suggestion, at p. 321 of the Proceedings, that we could subtract from the DBS September figure of unemployed, 327,000, the 116,300 NES registrants who, according to Dr. James (at p. 250 of the Proceedings) "probably ought not to be regarded as full-fledged members of the labour force or as being unemployed on the basis of any meaningful definition of these terms". You might as well subtract oranges from potatoes. To suggest, as Senator Leonard did, at p. 321, that such an operation "would substantially reduce the problem" of unemployment, is to suggest something to which, with great respect, the Congress finds it impossible to attach any meaning. Similarly with the implication, on the same page, that the DBS 327,000 includes the NES 116,300 (which it does not), and that the 327,000 is therefore "probably over-stating the extent of unemployment in Canada", "over-stating the extent of the problem". The NES figures, or any figures drawn from them, have no bearing whatever on the extent of the problem as shown by the DBS Labour Force survey, which, for reasons fully set forth in the report of the Interdepartmental Committee on Unemployment Statistics, August 1960, gives the only scientific and accurate figures available in Canada for measuring unemployment. These DBS figures, it must be emphatically repeated, are the figures, and the only figures, the Congress used in its submission to Your Honours.

So far, the Congress has been dealing with inferences mistakenly drawn from Dr. James' report in spite of his warnings. It must now draw attention to a feature of the report itself which is disquieting, to say the least. This is the theory which emerges again and again, and notably in Dr. James' final (unnumbered) table on p. 250 of the *Proceedings*, and his comments on it,

that we can exclude from the "full-fledged" members of the labour force, and from the number of the unemployed, people "for whom it is not a necessity to work to support themselves or their families". Dr. James calls this, his "second conclusion", "complicated and controversial". In the Congress' opinion, it is neither complicated nor controversial, but simple nonsense.

It is also astounding nonsense. If a man is capable of work, available for work and willing to work, he is in the labour force. Whether he has private means, or a rich wife, or an affluent grandfather, has nothing whatever to do with it. Exactly the same is true of a woman capable of work, available for work, and willing to work. She is in the labour force, regardless of whether she has private means, or a rich husband, or an affluent grandmother. No labour force statistics in the world have ever been compiled on the basis of finding out whether people "need" to work to support themselves or their families. Any statistician who tried to do it would go stark, raving mad; and any statistics he produced would belong to "the reign of Chaos and old Night".

Similarly with the unemployed: if a man or woman is capable of work, available for work, willing to work, and can't find work, he or she is unemployed. Whether he or she "needs" to work is wholly beside the point.

The utter absurdity of this test for deciding whether people are or are not in the labour force, are or are not unemployed, becomes patent if you try to apply it to deciding whether people are or are not employed. The ordinary, simple, common sense test of whether a man or woman is employed is, "Has he, or she, got a job?" Just fancy going round a factory or office where men are at work, and saying, "This chap is employed: he has a wife and five children, no private means and no relatives able to support him. That one is not employed: his father is a widower with only this one child, and dividends of \$10,000 a year." Or think of going around a factory or office where women are at work, and saying: "This girl is employed: she is an orphan, and apart from her salary she hasn't a copper to bless herself with. That one is not employed: she has a husband, working full time, at \$100 a week; and she has no children."

The next step, obviously, is to start weeding out from among the people who have jobs those who do not "need" them, and giving their jobs to those unemployed who do. Tell the man who has a job but doesn't "need" it to go home and put his feet on the mantelpiece; to take as his guide in life James Elroy Flecker's,

"Give all thy days to dreaming
"And all thy nights to sleep.
"Let not ambition's tiger
"Devour contentment's sheep."

Tell the woman who has a job but doesn't "need" it to go home and sweep the kitchen and boil the potatoes. The man may be a first-class nuclear physicist, the woman a brilliant biologist. No matter; if they can keep the wolf from the door without working, out they go.

It should perhaps be pointed out that, among the NES registrants who do not "need" to work are (Dr. James' Chart 12) 6,300 young women (14-19 years of age) and 4,600 young men. They are able to work. They want to work. Are we to say to them, "Oh! forget it! Your old man has a good job. He can look after you. Go out and have yourself a good time"?

This means test, Poor Law, destitution theory of employment and unemployment, is strange and perilous doctrine, subversive of the character of the individual and pernicious to the general and paramount interests of the nation and of Western civilization. In the face of the Communist challenge, it is a confession of defeat, a counsel of despair. The Communists strain every effort to make the fullest possible use of their manpower and womanpower.

We, in effect, are called upon to throw up our hands, say that we just cannot find enough work to occupy all the brawn and brain we have; that we must content ourselves with parcelling out what work there is to those who, without it, will come nearest starving.

To come back to Dr. James' final table: the Congress has already pointed out that none of the figures in that table can be taken out of the DBS 327,000 unemployed, because they never were in it. This applies, of course, specifically, and for the added reason just explained, to the 71,300 registrants "for whom it is not a necessity to work to support themselves or their families". The Congress must add that even if someone could cull out from among the DBS 327,000 unemployed (as of September 17, 1960) those who did not "need" to work to support themselves of their families, it would be senseless and immoral to subtract them from the 327,000; senseless, because their "need" is irrelevant; immoral, because we should in effect be telling them that work is evil, preaching to them the gospel of laziness.

The Congress was under the impression, from the Committee's terms of reference, that Your Honours were charged with investigating, among other things, how we can best use our manpower. If you accept the theory set for by Dr. James at p. 250 of your *Proceedings*, and the inference which Senator Leonard seems (not altogether unnaturally) to have drawn from it at p. 321, you will find yourselves investigating the very opposite: how *not* to use a considerable proportion of our manpower. This, the Congress ventures to think, would not only be a poor use of your time and talents, and the taxpayers' money, but a confession of intellectual bankruptcy which would rejoice the heart of every enemy of our free society.

Respectfully submitted,

William Dodge,
Executive Vice-President,
Canadian Labour Congress.

TABLE 1

DBS LABOUR FORCE UNEMPLOYED AND NES REGISTRANTS,
1957 TO SEPTEMBER 1960

(in thousands)

	1957				1958			
	DBS	NES	Difference		DBS	NES	Difference	
			Absolute	%			Absolute	%
J	328	526	198	60.4	579	817	238	41.1
F	352	575	223	63.4	601	854	253	42.1
M	378	597	219	57.9	637	884	247	38.8
A	334	545	211	63.2	554	825	271	48.9
M	209	360	151	72.2	389	642	253	65.0
J	177	271	94	53.1	340	527	187	55.0
J	181	257	76	42.0	311	412	101	32.5
A	194	249	55	28.4	318	358	40	12.6
S	214	256	42	19.6	285	327	42	14.7
O	223	279	56	25.1	329	343	14	4.3
N	318	352	34	10.7	379	399	20	5.3
D	422	571	149	35.3	467	574	107	22.9
	1959				1960			
J	578	776	198	34.3	547	755	208	38.0
F	571	791	220	38.5	599	800	201	33.6
M	554	796	242	43.7	609	831	222	36.5
A	467	734	267	57.2	552	787	235	42.6
M	355	585	230	64.8	419	635	216	51.6
J	249	321	72	28.9	315	401	86	27.3
J	240	292	52	21.7	330	374	44	13.3
A	258	279	21	8.1	352	364	12	3.4
S	225	259	34	15.1	327	339	12	3.7
O	251	271	20	8.0				
N	317	356	39	12.3				
D	406	549	143	35.2				

SOURCE: DBS *The Labour Force September 1960 Supplement*;
DBS and Dept. of Labour *The Employment Situation*.

APPENDIX "B"

Imports are directly responsible for employment in the following areas of the Canadian economy.

Importers,
Manufacturers Agents,
Airlines,
International Departments of Banks,
Customs Brokers,
International Customs Freight Forwarders,
Marine Insurance Companies,
Ocean Steamship Agents,
Steamship Companies,
Railways,
Cartage Companies,
Truck Transport Companies,
Warehouse Companies (including bonded warehouses),
Stevedoring Companies,
National Harbours Board,
Customs and Excise Departments of National Revenue.

APPENDIX "C"

TWO THIRDS OF CANADA'S IMPORTS ARE BROUGHT IN TO INCREASE PRODUCTIVITY. ONLY ONE THIRD OF CANADA'S IMPORTS ARE CONSUMER GOODS.

1½%

27.

SPECIAL ITEMS

CANADA'S IMPORTS CLASSIFIED
BY END USE
IN 1959
AS PERCENTAGES
AND
IN MILLIONS OF DOLLARS

INVESTMENT GOODS

31%

1711.

INDUSTRIAL MATERIALS

26½%

1461.

CONSUMER GOODS

33%

1799.

FUELS AND LUBRICANTS

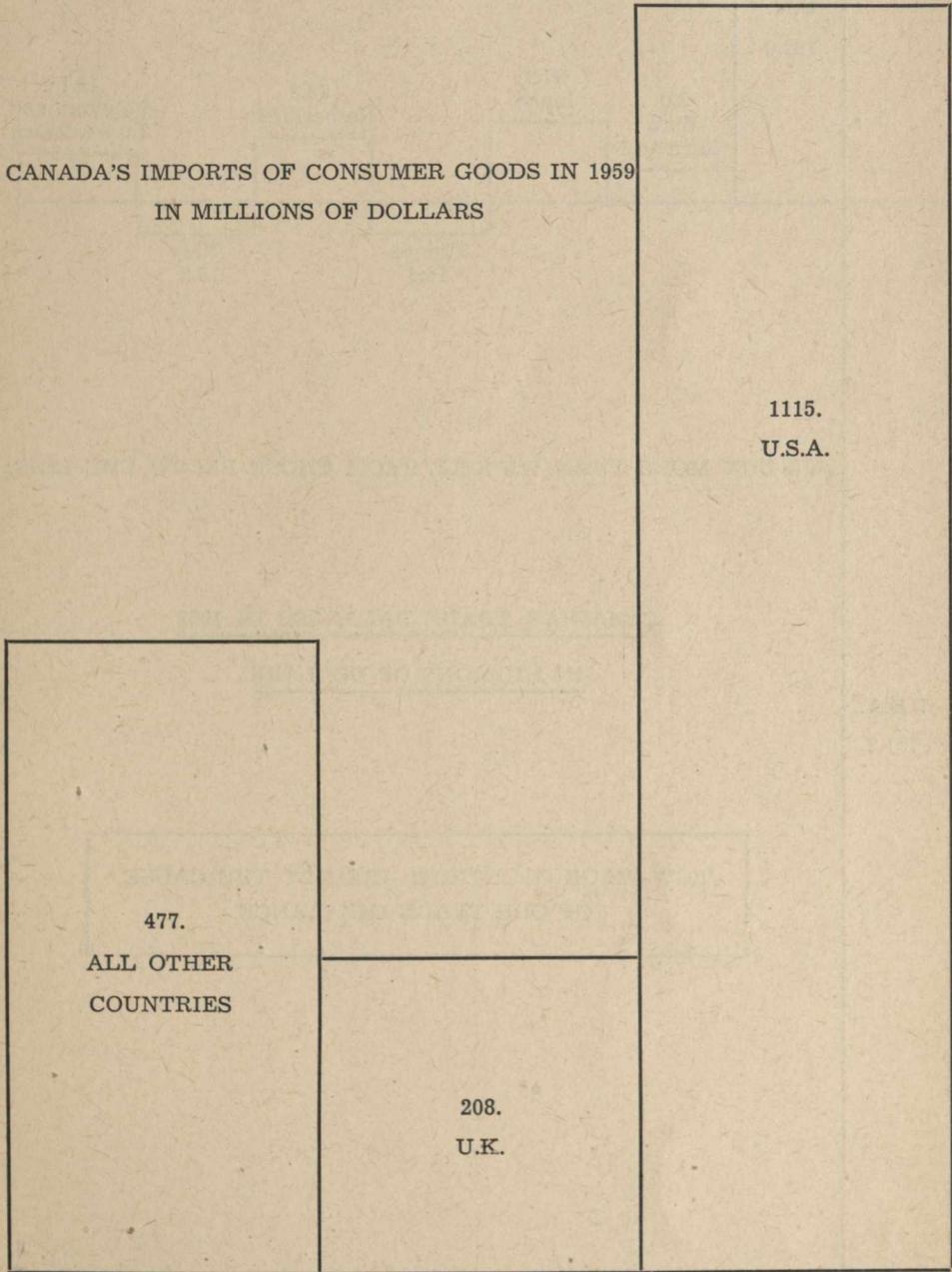
9%

510.

APPENDIX "D"

THE BULK OF IMPORTED CONSUMER GOODS ARE **NOT** FROM
 "LOW-WAGE COUNTRIES" BUT FROM HIGH-WAGE U.S.A.

CANADA'S IMPORTS OF CONSUMER GOODS IN 1959
 IN MILLIONS OF DOLLARS



APPENDIX "E"

