



## STATEMENTS AND SPEECHES

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No. 53/13 CANADA -- THIS CENTURY'S BEST INVESTMENT

An address by the Minister of National Health and Welfare Mr. Paul Martin, made to the Hamilton Junior Chamber of Commerce, March 16, 1953.

### Canada is a Going Concern

Tonight my talk is about investment. I want to recommend investment in one of the soundest, fastest-growing enterprises in the world -- this country of ours.

Canadians are going places because they face their destiny with determination and open minds. We recognize, of course, that today all our future progress and prosperity depends on our success in maintaining peace in the world. From my work at the United Nations, I know how resolutely Canada and the other free nations are striving to find a satisfactory formula for lasting peace. While continuing our efforts at the UN and strengthening our participation in NATO, at home our country is enjoying its greatest burst of economic activity.

Yes, Canada is a going concern and its 15,000,000 shareholders are even now drawing rich dividends on the work and the savings they have put into its development. But present returns are as nothing compared with the long-range prospects for the future!

Let me give you four or five reasons why our stock is so high:

- Since 1939 our population has increased by 4,000,000 and is continuing to grow at the rate of 500,000 a year;
- During this same period, however, our total national output has been multiplied four times over!
- Since the war, \$25 billions -- one-fifth of our total production -- has been ploughed back into the economy for new investment;
- This tremendous volume of investment has made our rate of industrial expansion the highest in the world!

### Our Prosperity is Soundly Based

Canada is today experiencing a period of growth and prosperity unrivalled in our history. No matter what indicator is applied -- whether it be national income, foreign trade, employment or investment -- 1952 has been a record year and the prospects for the year ahead are just as bright.

But the most significant feature of our present prosperity is that it is based on the sound foundation of a stable and well-balanced economy. The Wall Street Journal, in discussing Canada's record expansion, referred to this country as a nation "where a soundly developing economy and sound fiscal and monetary policies are coincident".

That our prosperity is solidly based is best illustrated by the fact that -- at a time when most nations are borrowing on the future -- Canada is living within its income, both at home and abroad. This is made clear by our balanced budget and the strength of our dollar in the markets of the world. How else could we have reduced our national debt by \$2½ billions in the past seven years?

#### Canada's Three-sided Investment Programme.

At the outset of my remarks I used the word "investment". What does this word mean? It is the courage and foresight to spend today in order to make sure of tomorrow.

Now, most of us usually think of investment purely in terms of the maintenance and expansion of our physical capacity to produce raw or finished goods. But there are really three dimensions to think of if we want Canadians to be prosperous and secure in a happy land: we must invest in our national security, in our resources and industry -- and in the health and well-being of our people.

The strength of the Canadian system lies in the balance of defence effort, business enterprise and the essential needs of the citizen. No country that fails to invest can prosper; no country that puts property above human personality can find prosperity at home or security abroad.

#### Investing in our Physical Growth

A group such as this, composed of Canadian businessmen, knows, of course, the importance of investing in the development of our natural resources and in the expansion of our industrial capacity. Today, in Canada, investment activity of this kind is at a record level. Our new capital investment last year reached something like \$5.2 billions -- nearly one-quarter of our gross national product.

Much of this capital investment is being channelled into the expansion of our basic industries and the development of the natural resources on which industrial development and economic growth so largely depend. The whole country is alerted to new developments. The Kitimat aluminum project in British Columbia, oil in Alberta, the Quebec-Labrador iron ore development, and the recent multiple metal finds in New Brunswick, are striking examples of resources development of a long-range character.

However, these basic developments that are so strengthening the foundations of our economy should not obscure the diversified growth in our secondary manufacturing industries which they are helping to make possible. It is, I think, significant that, of the \$25 billions in new capital investment since the end of the war, no less than \$5 billions have been spent on new plants, machinery and equipment in the Canadian manufacturing industry.

As a result, the value of our manufacturing output has more than doubled since the end of the war. In communities all across the country, some 7,000 brand new industries are now providing employment for upwards of a quarter million Canadians.

Dramatic evidence of all this expansion is seen in the fact that we are now producing twice as many radios, three times as many automobiles, and five times as many refrigerators, as before the war. Besides this increased output of standard products, Canadian industry is now turning out in quantities a variety of products that were either unheard of before the war or else imported from other countries.

Now how is this investment programme being financed? Certainly foreign capital particularly from the United States, has flowed into this country in considerable volume. This, in itself, reflects the confidence investors from other countries have in our future. A leading financier from the United Kingdom puts it this way:

"If you're responsible for a trust for young children, put as much of the fund in a well-spread portfolio of Canadian securities as you like. By the time the children are 21, you won't regret it."

But foreign investment in Canada must be balanced against the very substantial amounts being invested by Canadians themselves. I am afraid it is not generally realized that, in the last seven years, our own people have provided an amount of savings at least equal to the total cost of our post-war industrial development. When account is taken of Canadian investment abroad, which has matched dollar for dollar the inflow of foreign capital to this country, it becomes evident that, on balance, Canada is financing its own growth.

It should be remembered that our greatly increased industrial capacity has meant not only the turning out of more goods, in absolute terms, but also the production of more goods with less labour per unit of output. As the productivity of this nation has increased, its real standard of living has gone up. Moreover, this rising productivity has enabled us to expand our defence effort without significantly affecting civilian standards of living.

#### Investing in National Security

Mention of the defence effort now brings met to the second aspect of our investment programme -- the investment we are making in national security.

It is a melancholy thought that today, at the highest point in our development, we must once again reckon with the possibility of war and all that it would cost in human suffering and economic waste. We recognize that we are living in an uncertain world and that we can have no prosperity and no personal security without national security. That is why forty-five cents out of every dollar now spent by the Federal Government must be devoted to the needs of defence and defence production.

But our security is to be found, not in defence preparations alone, but in our steadfast efforts to work out around the conference table a satisfactory formula for lasting peace. We have sought peace, so far without success, in the United Nations. We have sought and found security in the formidable fellowship of the North Atlantic nations.

The great question of the moment is whether the climate of the years ahead will be "set fair" for progress or whether they will be "stormy" with hunger, hatred and fear. The forgotten men of the past half century -- the millions who have known so little of freedom and so much of privation and poverty --

they will not let us forget them any longer.

While we must concern ourselves with defence, and while we must support the free forces fighting against aggression, we must lead as many of the world's peoples as we can away from despair, away from the deadening influence of Communism. We must save the peoples of Asia from oppression; we must also do what we can to protect them from exploitation. But while their social systems need reform and while we should help them when we can, their basic problem is simply how to keep alive.

We know how to make the good earth produce abundantly for us; we know how to get the most out of machines. These things we can teach less-privileged peoples. We have technicians that we can send to help them. We have the resources to invest in their future. For they have vast material and manpower reserves and rich human qualities that, with help and understanding, can form the sound beginnings of a happier and more prosperous life.

In assisting these nations through projects like the Colombo Plan and the United Nations Technical Assistance Programme, we are not doling out charity -- we are showing our faith in humanity. We may be sure that they will never forget what we do for them. The political, economic and social development of these other lands is bound to have a profound influence on our own future well-being for it is increasingly evident that countries like ours cannot exist as islands of prosperity in a bankrupt world.

While increasing our defence expenditures and increasing our assistance to friendly nations, every effort must be made to maintain our own social and economic progress. And this brings me to the third aspect of our investment programme -- investing through social action in this nation's citizens.

#### Social Security -- an Investment in Prosperity

While everyone recognizes the importance of capital investment, it is less commonly realized that there is an important relation between prosperity and investment, through responsible measures for social security, in our human resources.

It has required many years of patient work on the part of Canada's governments to build up a comprehensive system of social security that has not only broad welfare implications but also important economic objectives. In this connection, I should like to emphasize that programmes like Unemployment Insurance, Family Allowances, the Veterans' Charter and prices support for farmers and fishermen are just as much an instrument of fiscal policy as they are an expression of social justice.

A nation thrives on confidence and falters with fear. The principal economic purpose of social measures is to banish fear and restore faith in our economy and in our future.

Social security payments also have an important stabilizing influence by putting a floor under consumer expenditures. A large proportion of the social security payments made by the Canadian Government, in part on its own account and in part in conjunction with the provinces, serves to increase the incomes of individuals or families who without such aid either have no income at all or too little to meet all their essential needs.

Social security payments cannot, of themselves, guarantee prosperity. But, they are designed to strengthen the weak links in our economy. The objective of government policy is to encourage private initiative to thrive and to ensure that everyone gets a fair break. Canadians also want to act through the agency of their governments in protecting their fellow-citizens against the major unavoidable hazards of life.

### Social Security is Good Business

In a country like Canada, our greatest achievements are made possible by individual initiative and ingenuity, assisted and encouraged where possible by Government, so it would be unwise to over-burden the individual and thus defeat the prime objective of economic activity -- which is to encourage prosperity and not, by rash expenditures, to endanger it.

In this connection, I was interested in reading what Mr. Harvey Perry, the Director of Research for the Canadian Tax Foundation, said to a group of businessmen in New York last week. He pointed out that the true genius of Canadian fiscal policy is reflected by the gradual introduction of social measures in harmony with a continuous and accelerating industrial growth in a free economy.

While Canada's greatest period of social progress has been over the past dozen years, its history has been the steady unspectacular development of measures responsibly conceived and unhurriedly brought into effect. This is easily proved. From 1939 to 1952, the percentage of our gross national product devoted to voluntary and governmental health and welfare expenditure has increased by only about one percent.

There are always reasonable and sensible limits to what governments or other agencies can do. No one can establish the extent to which governments can provide for the welfare needs of their people. It must be considered within the stringent framework of national security and balanced against the competing demands that the defence effort makes on the capacity of the nation. Each new act must also be judged in the light of its relative priority in our total welfare pattern and against the overall record of national productivity.

There can always be too much social security; there can, just as truly, be too little.

Canadians have good reason to be proud of the way that, over the past dozen years, as this country has become more and more productive, we have steadily maintained the proportion of our national income that is devoted to measures for the health and well-being of our citizens. As our prosperity has increased, we have found better ways to provide against ill-health and insecurity.

The development of social measures which protect the health and welfare of the individual citizen, protect the very prosperity dependent on his well-being. If we should fail in our future planning to recognize that social justice is good business, then we would be closing our eyes to one of the most significant lessons of modern times.

We must remember, however, that social security is not an end in itself. To have a prosperous economy, governments must consistently follow sound economic and fiscal policies and full scope must be given to personal initiative and enterprise. No amount of social security, no matter how well conceived or well intended, can compensate for foolhardy economic policies.

In my remarks this evening I have attempted to assess the strength of Canada's prosperity and to indicate my faith in the boundless capacity of our future. If, in the years ahead, we can continue the balanced development that results from courageous investment -- in our productivity, in peace and in our people -- we will continue to build, in freedom, a structure that will stand the hazards of the years.

The way to the future does not lie through Communism or any other sort of violent revolutionary upheaval. The gradual revolution of democracy has brought the individual citizen and his welfare to be the first concern of government and this is the only revolution that will endure. It will endure because it centers, not on hate and despair, but on faith and brotherhood. It will endure because it takes its inspiration -- not from the needy or the wealthy or those in between -- but from the widespread conviction of Canadians that the welfare of each is the welfare of all.

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