

LOOKING AHEAD

CANADIAN POST-WAR AFFAIRS: DISCUSSION MANUAL No. 3

OUR **NEXT** JOB



INTRODUCTION

The chief objective before us as a nation since 1939 has been the destruction of Hitlerism. How we teamed up to complete it was reviewed in *The Job We've Done*. As Canadians, our next objective is to play our part in the final defeat of Japanese militarism. That task will require the same kind of teamwork that beat the Nazis. The main differences to be encountered in the Far Eastern war will be discussed in some forthcoming issues of *Canadian Affairs*.

Many of us will be in that war as civilians. For servicemen on their way home, the problems posed by war in the Pacific merge into the post-war problems of all Canadians. These are the problems now to be discussed in **LOOKING AHEAD**.

By far the most impressive and important of our post-war problems is the provision of enough jobs—or in official parlance “a high and stable level of employment”. A statement tabled in Parliament on this subject says at the outset:

“This goal cannot be achieved by legislation alone, nor by a single device or plan . . . It will not be enough that it is a primary object of government policy. It must be an object of national endeavour.”

—White Paper on *Employment and Income* (Ottawa, April, 1945.)

Opportunities will be afforded each of us to discuss his prospects in barbering or boat-building with others having the necessary interest and knowledge. These particular occupations can most profitably be discussed against a background of familiarity with the strategy for jobs for *all*. Full employment will be attained only if we are all, as citizens, at least as ready to learn and as ready to do our parts, as we are to make the attainment of victory possible. To see to it that, as a people, we open up the maximum of opportunities for ourselves is *Our Next Job*.

July 1945

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What can be done in the Service about the Old Job?

One man or woman in every three or four now in the Service wants to go back to a job when he gets out. But that is not to say that the fortunate one should sit back and wait for the day. He has a good deal to think about: how does the future for his position look from this distance in space and time? How did he feel about leaving that job to join the Service? If he was sorry—or glad—to leave, because of his associates in the work, are they still there? Would he get on with them in the future better than he did in the old days?

Or was it the *work* he liked more than anything else? What was it about the work? Has he done something in the Service since that he finds more to his liking? What was it? These are the questions which everyone who has a job to return to will be asking himself as soon as he knows his fighting days are over. He finds it easier to come to sound conclusions after seeing the Service Counsellor or Rehabilitation Officer.

The man who has a job to go back to—if he wants it—will do himself no harm to write to his employer, or his old friends in the business. Perhaps the set-up is not now the same one he left many months or years ago. It may be bigger and better—or it may not. He should ascertain the terms under which he will be reinstated. All these things are more profitably discussed with Personnel Counsellors than with anyone else; but no one is going to do the individual's thinking for him.

How about New Jobs?

Each of us knows dozens of men and women who entered their present occupation—in uniform or in overalls—straight from school. We know others who never liked their work, and still others who had none.

Adding up all the people we all know, they amount to hundreds of thousands of Canadians.

Many service people — probably the majority — *never* had suitable jobs to do—jobs that they were convinced they would stay at for the rest of their working lives. At any rate many a man doesn't think of his job, or what went before it, as a life-work. Schooling, training, fighting we have undergone—or are given a chance to finish—in order that we may be able to do constructive work, useful to other men, and satisfactory to ourselves.

Useful and satisfying work is what we all want, whether we are among the thousands of service people who mean to return to unfinished business, or are among the thousands of the armed and unarmed forces who seek jobs that will last longer than any they have ever had before.

The Re-instatement and Re-establishment provisions are working nicely, now when jobs are plentiful. What we are all wondering is this: It is evident that the Rehabilitation Program is based on the assumption that jobs will be available for all the returned servicemen and servicewomen who want them. What concrete evidence is there to support this assumption? Can we be reasonably sure when we begin operation 'Rehab' that we'll end up in useful jobs?

What makes Jobs?

Is there not an endless flow of needs to be filled? Of course, they are of every kind from dish-washing to city-planning. These are what economists call 'demands'. The rub is this: that unless a man gets three square meals a day for washing other people's dishes, or gets enough for bending over a civic draughting board to pay his rent, he cannot do the job for long. In other words, those who want a job done must be prepared to give the one who is to do it something in exchange for his performance. That something has to be as valuable to him as the reward he can get for any other performance of which he is capable — not excepting standing at ease. If the demander is able and willing

LOOKING FOR
THE FIRST
REAL JOB

END OF PRE-
LIMINARIES

EFFECTIVE
DEMAND

IS THERE A JOB
TO RETURN TO?

WHAT WILL IT
BE LIKE?

COUNSELLING

RE-INSTATE-
MENT RIGHTS

GET IN TOUCH
WITH INFOR-
MANTS ON THE
SPOT

to give the performer enough to satisfy him, then the demand is called 'effective'. There is always far more *demand* than *effective demand* in sight just as there are usually a good many more troops than 'effectives' in the Service.

Why was military demand "Effective"?

The war produced insatiable demands for certain types of products — demands so great that even with every available person working hard, we saw the need to stop making many non-war goods in order to meet the demand. The need for guns, ships, tanks, planes was paramount—but it took a multitude of administrative decisions to translate that need into effective demand for steel-plates, magnesium, aircraft birch, carburetors and cartridges . . . billions of components for millions of munitions products. How this was done was discussed in another session. The demand was effective all right. In fulfilling it Canada became the second largest exporter on this planet. Now that we have met the demands of war we are conscious of the efficient and huge production of which we are capable.

Why were we ready to try new methods in War?

Some people are inclined to say "Those who remember 1918 recall the same kind of talk about our expanded industry during the last war. What's the difference?" Well, aside from all the differences in complexity and mechanization between the two wars, there has been greater growth even in the foundation industries during this one and it got going quicker. The production of pig iron and the building of war plants will illustrate comparative wartime growth. Pig iron production increased only 6% during the whole of the last war, from the 1913 level to the 1918 level; this time it went up 66% in the *first two years*, from 1938 to 1940. Building activity in the last war was never up to the level it had reached in 1913. Between 1938 and 1940, our rate of industrial building increased by 178%, and in 1941 was even bigger.

Why did we adopt a more strenuous war production program in the 1940's than in World War I? At the outset, it was because we realized some of the differences between Hitler's kind of war and the Kaiser's kind. As we learned the bitter lessons of Narvik, Dunkirk, the Battle of Britain, the campaign of the Atlantic, the loss of the *Hood* and the *Prince of Wales*, Hong Kong and Dieppe, we got more and more thoroughly determined. Those things made us redouble our efforts.

Was it a series of headlines, a list of place-names that opened our eyes? Perhaps. But a big factor in making people at home willing to try *any* method that would produce more goods of war, was their concern for next-of-kin, relatives and friends in the forces. These bitter lessons were costing lives. There was a keen awareness at home that anything short of the utmost would be to let our men down. Looking back, we can see how Churchill's speeches, war films, posters, industrial publicity and the press show the lessons hitting home, month by worried month.

Does Civvy Street present such challenges?

It is all very well to say that we sense our power to produce abundantly in war; shall we be able to hit that stride in peace? We are told that for every ten Canadians killed in five years of this war, more than twenty died of *cancer alone*. We know that a great many of those deaths could have been avoided, by the application of war-winning ingenuity to the production and distribution of decent food, decent clothing, decent shelter, education and medical care.

Here then is another kind of war, another kind of challenge, another set of compelling demands to be met. There are myriads of these unanswered needs. We Canadians are only beginning to realize the richness of our resources, the adaptability of our complex organization for production and the seriousness of our continuing needs. This new sense of both our power and our problems has been sharpened, and driven

BITTER
LESSONS

WHAT HIT
THE FOLKS
AT HOME?

PEACE MAKES
DEMANDS

THE WAR
CLEARED
THE AIR

EFFECTIVE
DEMAND IN
THE WAR

DEMANDS FOR
WAR PRODUCTION
WERE
SEEN MORE
CLEARLY

home by the experience of five years and more of war. With the war came the changes, the relentless demands, the shortages and risks that unveiled our position in all its stark outline. With the war too, came our first full-scale manoeuvres, trying to adapt our resources to our military needs. From these manoeuvres we gained confidence in our ability to dovetail our human and natural resources and our machinery.

Now, less noisy *but equally pressing* post-war needs must be met: a job for each of us, a place to live in a peaceful world, a chance to keep healthy, and opportunity to go right on being part of a strong group of men.

Just as in battle, we need more than confidence. We need to know how we are going to manage our affairs so that there will be a place for every man in the *creation* of all the things we can make—and a fair share in their *use*.

Keeping the nationwide production team in top form is not going to be simple. Neither is it a job that the experts alone can do for us. As members of a team we have to know a good deal about the game before we can appreciate the value of the coach's advice.

The next group of discussions will raise questions on the general topic of full employment. The greater the number of Canadians who have thought out sound answers to these questions and are ready to go and act on their convictions, the better the chance that all of us will find the kind of work that we want to do.

★ ★ ★ ★ ★ ★ ★

FULL EMPLOYMENT

2

What is Full Employment?

There are almost as many definitions of full employment as there are economists, but for our purpose it is enough to say that full employment in Canada means a situation in which there are jobs for all Canadians who want them. It will be taken for granted that these jobs will not be of a socially useless kind. The reason for the work will be apparent to the individuals as they do it, and they will be well enough paid so that in time our deficiencies in food, houses, health services, education and so forth can be overcome.

MORE JOBS
THAN
WORKERS

Have we had Full Employment Before?

None of us can remember a time when this ideal condition prevailed at home. There have always been individuals who could not find productive work to do. Until the twentieth century, they were called paupers or beggars, and most of them were kept alive by the charity of the churches and their more fortunate fellows. In recent times, more responsibility for their 'welfare' was assumed by local and national governments. But the 'welfare' we really want is the chance to make our own way in useful occupations. We want to see our fellow Canadians in useful jobs too—if only because to have them out of work affects us no matter how secure our own jobs may be.

POOR ALWAYS
WITH US?

For instance, from the depression of 1929 up to the outbreak of war the bill for relief amounted to about \$300 for every man or woman who was fortunate enough to keep a job in Canada throughout that unhappy decade. The effects are still with us. If all the money paid in relief in the 1930's had been spent to build houses, we could have doubled the number of dwellings built in that decade in Canada. Those who

JOBLESS A
BURDEN ON
EMPLOYED

PEACETIME
KNOW-HOW

have to look for a place to live in 1945 will appreciate what kind of 'welfare' relief payments really were.

What Kind of Full Employment in War?

In contrast with the 1930's the war years have given us so much work to do that we ran short of people to do it. Apart from the hundreds of thousands of us in the services, there are well over a million more civilians at work in Canada now than there were ten years ago. Anyone willing to do a job in wartime easily found one to do. He may have had to move across the country to do it, or he may have found himself idle for short periods, while changing needs imposed plant conversion and retooling. (Shut-downs and moves mean flexibility; there are compelling reasons why our young economy must be flexible.) But these are minor hazards; we may say that in war we have attained full employment. We have also seen how even in wartime Canadians got more milk and meat than before. In many respects, our living standards improved.

Shall we Discuss Jobs or the Job?

The educational courses each man chooses in the next few weeks, the training benefits he decides to avail himself of after discharge, the kind of work he hopes to do—these are his personal affairs. The Service is prepared to help him solve these questions, if he wants help.

The one topic that can profitably be discussed by all the individuals in the Service is the overall question: How can the total number of jobs become large enough?

When the Supreme Allied Headquarters had an operation to plan, they didn't begin with the part to be played in it by any individual, or even any unit. They began with the overall requirements, and considered the details later. Similarly, in these discussions of jobs, we shall begin by looking at *all* the jobs together. Later on we may be able to examine the contributions to be made by particular industries, professions, vocations and groups.

MORE JOBS
IN WAR

AND MORE
TO EAT

WHOLE PIC-
TURE BEFORE
THE DETAILS

How Many Will Want Jobs in Peace?

Before each one of us can be reasonably sure he's going to get a regular pay envelope, there must be as many spaces on all the pay-rolls in the country as there will be people wanting to fill them. If we think of these pay-rolls all together as one big National Pay-roll, it must contain 95 spaces for the men off every corvette, 40 spaces for the men from every platoon, 17 for the men who kept each Lanky flying, and so forth. The economists have added us all up—those in the Services, in war industry and in ordinary occupations—and their estimate of the post-war working force is something like four and three-quarter millions of Canadians out of some eleven and three-quarter millions in the population.

WANTED: FOUR
AND THREE-
QUARTER
MILLION JOBS

Will the Post-War Working Force Be Larger Than it is Now?

The National Pay-roll at present, including three-quarters of a million individuals in the Armed Services, numbers slightly over five million persons. If it's going to number only four and three-quarter millions after V-J Day, where are the other 250,000 or so going to go? This is where questionnaires are useful. They show (a) that some people who have jobs now will *retire* when younger workers can be found to replace them; (b) that many in the forces and in war industry want to go back and finish their *education*; (c) that a good many *women* in the Services and in civilian jobs are looking forward to changing their tunics and overalls for aprons, as soon as the woman-power shortage is over. (For our purposes, the housewife is not 'gainfully occupied,' because she produces nothing she can sell.)

RETIREMENT

TRAINING

HOUSEWIVES

How Fast Does the Working Force Grow?

About 60,000 young Canadians leave school every year to join the working force, over and above the number who leave their jobs to retire, to become housewives, or because of death. So when some experts estimate that 4,660,000 Canadians will want peacetime

NATURAL
INCREASE

jobs at the end of 1945, they reckon that for full employment there must be 4,720,000 jobs by the end of 1946, and so on.

IMMIGRATION

After the war, as in the past, the Canadian working force is likely to expand by the addition of new Canadians from abroad. Their employment is one of the questions we must consider in forming an immigration policy for Canada. That policy will be examined in another discussion.

FLEXIBLE CAMPAIGN NEEDED

But if we are going to sketch out a campaign for full employment we must make certain assumptions. Suppose immigration were to occur at an unheard-of rate. Then the development of the ample natural resources of Canada could go ahead faster. The growth in population could proceed for a long time before the natural wealth per Canadian was reduced to the level familiar in most other countries. In the meantime we could revise our assumptions and adjust our full employment campaign accordingly.

How Much Would we Produce?

BEFORE THE WAR

Having agreed that we have to make some guesses, let's make as good ones as we can. Supposing four and three-quarter million Canadians will want jobs after the fighting is all ended, how much work could they do in a year? We said in discussing War Supplies and Finance that the value of work is tallied in dollars. In 1938, for instance, the total of goods produced and services rendered by Canadians was worth almost five billion Canadian dollars. In the seven years since then the number of dollars needed to buy a given amount of goods and services has risen somewhat. Also, our productive machinery has been improved, so that the average worker now turns out more work in a year in many industries. Most important, we want to be sure that a million more Canadians will be at work in 1946 than were in 1938. Putting these changes together, our Economic General Staff may say we should aim at about ten billion dollars for our 'gross annual product' (total yearly value of all goods and services) after the war.

POST-WAR PRODUCT

Remember, this does not mean that when fully employed we would turn out twice as much work in 1946 or 1947 as we did in 1938. But it does mean that if all get jobs who want them, we would turn out every year at least *half as much again* as before the war.

SPARK PLUG QUESTIONS

(NOTE: It may be hard to get the talk in a "cold" group hitting on all six, or eight or twelve, as the case may be. In such a fix, the discussion leader may use a question that sounds almost painfully simple, in order to ignite the fuel of differences which will always be present in a group. If necessary, one of the questions printed in italics throughout the Course may be put directly to a member of the group who is thought likely to warm up first.)

1. *What is Full Employment?*
2. *How many in the group have been out of work at one time or another? What reasons were they given for being let out?*
3. *How easy or difficult was it to find a new job? What seemed to be the main difficulties?*
4. *Does 'full employment' mean that everyone has a job all the time? Explain your answer.*



3 STRATEGY FOR EMPLOYMENT

How Shall we Reach our Target in Jobs?

POSSIBILITIES

We have now made two reasonable guesses: (1) as to the numbers of Canadians who will want jobs; and (2) as to the amount of work they would be capable of doing in a year when they are all employed. But that is like estimating how many cans a grocer can store on his shelves, or how many bushels of rye a farmer can grow in his field. The grocer's or farmer's worry is not how great is his plant *capacity*, so much as how good is his *market*.

PROBABILITIES

The same is true of the whole nation's business. It is one thing to be confident (as we Canadians are) that we are capable of abundant production. It is quite a different thing to be sure of a heavy, steady flow of effective demand sufficient to keep our people and facilities fully employed.

In other words, Canadians need plenty of prosperous buyers for our abundant wares. Many of the buyers will be our fellow Canadians. Other buyers will order our products from abroad. We'll have more to say about international buying and selling a little later on.

Are the Immediate Prospects Good?

Seeking effective demand for our goods in the next few years, we shouldn't have to look very far. At home there has been much saving of money, but little replacement of many kinds of civilian goods, from safety-pins to street cars. In almost every country in Europe, and in vast regions of Asia, the very means by which the inhabitants might have begun reconstruction—metals, seed grains, machine tools, for example—have been destroyed or were never sufficient.

Until the battle-stricken peoples can grow their normal crops, the fields of the Western Hemisphere are their chief source of supply. Europe may not harvest normal crops until the fall of 1946.

Almost everybody agrees that aside from short-term interruptions for plant conversion, full employment in the unscathed manufacturing and agricultural nations should be a relatively easy target—for a time.

FIRST OBJECTIVE EASIER

How About Lasting Full Employment?

We know what followed the last post-war boom well enough to want something better next time. We want to see nearly 5,000,000 Canadians kept busy every year; that is, we want effective demand for all kinds of Canadian goods and services—demands that will mount up to \$10,000,000,000, year after year. Ten years ago that would have sounded like asking for the moon. But in war we found our people and resources quite adequate to overshoot even that target. (Our gross product in 1944 was about \$11,500,000,000.) We are justified in thinking that there ought to be some way to harness our abilities—to flatten the barriers between us and a steadily prosperous and productive future. Do the difficulties now seem greater than military victory appeared in 1940? Or are we more weak-hearted about tackling them than we were then?

THE BIG PUSH

What Happens to the Stream of Demands?

Our long-term objective is to keep the annual flow of effective demand for the work of Canadians high enough. While we are at war that is readily done. When Japan is defeated we must still keep the flow up at least to the ten billion dollar mark to keep full employment. We have seen that civilian demands—and the cash to make them effective—have been dammed up during the war. We are likely to have a 'spring flood' of orders for civilian goods in the next few years. Every nation will be short of some kinds of food, clothing, houses, equipment and raw materials. The stream of demand should be flowing full.

FLOODS

The danger at first may be that demands will flow far faster than they can be met—which we have seen causes inflation. Or short-sighted private demands may drown out those of the nation and of the world, leading to national disunity, and international ill-will.

Let us assume for the moment that we can avoid the immediate dangers of inflation, and that we can strike a reasonable balance between private and community needs for those things which are scarce. Then in due time we can wash out the shortages. In the meantime the problem of finding enough jobs should not be too difficult. But what happens when we've caught up?

It used to be thought that all the money people got, from making goods and doing services, was promptly spent to buy other goods and services—that the even-flowing stream would regulate itself.

The experience of Canadians after 1929—and of Britons and Americans, too—compelled economists to have another look at the sources of this job-giving stream. The experts have come up with some valuable suggestions to regulate the current of demand.

Instead of re-spending promptly all the income received from buyers, most corporations and wealthy individuals have been in the habit of keeping a portion in reserve. In prosperous years about *one-fifth* of the value of all our goods and services is held back. Corporations save so that some day they can do a big re-tooling job or build a new factory or warehouse—or just in case. Individuals whose incomes are large enough to out-stretch their everyday needs put some aside for a rainy day, or for a new car or house, or something of that sort.

Where Do The Reserves Go?

Some of these private and corporate reserves go back into the stream fairly promptly. For instance, a certain amount of plant maintenance is inevitable. The rate at which reserves are used above the necessary minimum depends largely on the confidence of those

in charge of large accounts. Confidence is a very volatile thing. If holders of reserves think that plant replacement and expansion will pay for themselves in a reasonable length of time, they go ahead and spend heavily. If, on the contrary, they feel very uncertain about the future, they can cut withdrawals from their reserves to the bone.

The holders of reserves may loan them through banks and other financial institutions, so that other individuals and firms may open new businesses or enlarge existing ones. But again, the rate of such lending is apt to be very irregular. It depends on the prospects for success which the owners of the reserves see in their borrowers' projects.

The point is that there is not necessarily any balance maintained between the rate at which companies and wealthy people are accumulating reserves, and the rate at which they spend out of those reserves—to build their own businesses, or to help build others. The sums so spent out of reserves are said to be *invested*. By 'investment' is meant, not mere exchanges of paper, but actual *use* of materials and manpower to make productive facilities larger or better.

What Happens If Reserves Pile Up?

The process we have been discussing may be likened to a game of musical chairs in reverse—where the idea is to keep *everybody playing*. As long as the players keep exchanging their chairs—which are a kind of goods—everybody stays in the game.

This game has gone on for years (economic musical chairs, that is). The players have become accustomed periodically to withdraw one chair in every five (Reserves), for the purpose of beginning another game in another room (Expansion) or of replacing chairs as they wear out (Maintenance).

These withdrawals need not matter, except when chairs are removed faster than they are used for replacements, or used in other rooms. When that happens, some of the players are forced out of the game and must stand around the walls—unemployed.

BACKWATERS
OF RESERVES

ECONOMIC
MUSICAL
CHAIRS

WALLFLOWERS

CONTROL OF
THE STREAM

What Should the Participants Do About It?

SLOWER WITH-
DRAWALS

Our players, if they have their wits about them, will make arrangements so that chairs are kept in the play—are not removed from an existing game faster than they can be re-used. (That is, they will *slow the Rate of Withdrawal*). The need for replacements depends on the rate of the game, so it takes care of itself. But the players can do something about expansion. They can send a scouting party to expedite the setting-up of new games. (*Encourage New Investment.*)

QUICKER
EXPANSION

MINIMUM
INTERRUPTION

If they are successful in these steps, they should be able to keep people in the game. Except for minor delays while chairs are shifted and people move from one room to another, there should be no lasting line-up against the wall—no people unemployed indefinitely.

Another Reason Why Reserves And Spending Are Hard To Balance.

NO AUTOMATIC
BALANCE OF
TRADE

Canada must export and import great quantities of goods because of the nature of her resources, the sparsity of her population, and her position next to the world's largest and most highly developed manufacturer of goods for export.

WE MUST
IMPORT
HEAVILY

The pattern of our industrial organization requires that we *import* great quantities of raw materials, manufacturing equipment and semi-finished articles to do our own work. To maintain our living standards we must continue to import quantities of nourishing foods—like sugar and oranges; of textiles—like cotton; and of many other things—like petroleum and rubber. In other words, a fully employed Canada is bound to demand a large flow of goods coming in.

But full employment at home would not of itself ensure a correspondingly high demand for Canadian goods abroad, a demand which is essential to keep that full employment.

To be confident that there will be enough lasting jobs, that is, to keep the stream of demands for Canadian goods flowing steadily at \$10,000,000,000 a year,

especially after war-delayed demands are met, we need to carry on in two ways:

- (1) *To keep an eye on the big reserves.* We should see to it that immediate demands for civilian goods don't get too far ahead of our ability to meet them. Conversion will use up reserves. Later on, when we once more have the facilities to make the things we need, we shall have to see to it that the reserves are used up as fast as they pile up.
- (2) To take steps to ensure that the effective demand abroad for Canadian goods flows at least as fast as the effective demand for foreign goods coming into Canada.

SUMMARY

Recapitulation:

- (1) The time to begin to think about jobs is now.
- (2) Unless there are enough jobs for all, there can't be one for each of us.
- (3) Full Employment means a job for everyone who wants one.
- (4) Jobs are made by effective demand.
- (5) There are plenty of *needs*; in peace, as in war, we must organize effectively to meet them.
- (6) The first requirement is to convert our productive machinery and re-train our manpower to meet both the urgent needs of liberated countries, and the accumulated needs of Canadians.
- (7) The real campaign will be to keep the stream of demand flowing steadily and fully.
- (8) About four and three-quarter million Canadians will want jobs; so we want demands arising at about \$10,000,000,000 a year.
- (9) To keep demands flowing after re-conversion is finished, we must see that reserves are *used* as fast as they pile up.
- (10) We must arrange to keep Canadian goods moving abroad at least as fast as the rising living standard at home involves foreign goods moving into Canada.

FOUR-FRONT WAR ON IDLENESS

How Fast may Reserves pile up?

Suppose our four and three quarter million Canadians are all at their jobs. They produce goods and services at the rate of \$10,000,000,000 a year. Judging by their habits, their individual and corporate reserves will be added to at about one-fifth that rate, or \$2,000,000,000 a year. The rest they would spend on their day-to-day needs or 'consumption'. Perhaps they would spend on food at the rate of about \$1,500,000,000 a year, and so on—about \$8,000,000,000 a year for all kinds of consumer goods.

It is estimated that—if we proceeded at the rate we used to—expanding and replacing the productive equipment of the nation would use up the reserves at about the rate of \$1,300,000,000 a year. This is an estimate on the basis of the best years in the 1920's, with allowances made for the known differences. But there would then be some reserves left over:

	A Year
A. Rate of Gross Production	\$10,000,000,000
B. Rate of Consumption.....	—8,000,000,000
C. Rate of Addition to Reserves (A-B)	2,000,000,000
D. (Normal) Rate of Use of Reserves.....	—1,300,000,000
E. (Normal) Rate of Accumulation of Unused Reserves (C-D).....	\$ 700,000,000

What do the Figures Mean?

These estimates are no easier to make accurately in advance than are estimates of battle casualties. But to ignore either, in planning campaigns, would be folly. At any rate, it looks as if the damming up of reserves may go on—if we do nothing about it—at a consider-

able rate. What goes into unused reserves cannot produce effective demands for Canadian goods. The calls for our work would be getting behind the ability of our four and three-quarter million Canadians to do it.

As the calls for our goods got further behind, the rate of production would have to be slowed. Some of us would then have to quit our jobs—and to cut down our expenses. This would slow the stream of demand still more for goods—and others would be out of work. The vicious spiral is all too familiar to those who were looking for work in the early 1930's.

What should we Do?

Clearly our old habits—of buying, reserving, importing, expanding, and replacing—will not be good enough. They seem likely to combine to prevent all that is earned from being used promptly to create new demands. In other words, we must alter these economic habits if we are to reach our objective, the creation of demands sufficient to keep four and three-quarter million Canadians steadily at work.

How can we tackle this problem? We have to swell the purchases of Canadians—and boost our living standards. And we must do the same for our customers abroad—help them to a position where they can buy as much from us as we want to buy from them.

Why Not Buy Less Abroad?

Some member of your group may suggest that we could get on in the long run with less foreign goods coming into Canada. We have already discussed Mutual Aid in war, and the likely need for similar measures to boost the purchasing power of our customers abroad in the immediate future. We shall be known as friends by those whom we help back to their feet.

Much the same arguments apply to long-term trade policy. We saw that we needed some imports such as tools and materials, in order to do our own work. Once we begin to exclude imports, other nations will follow suit, trying to get along without *our* products. But

ABUNDANT
PRODUCERS

HABITUAL
SAVERS

OUR HABITS
LEAD TO
GRIEF

CHANGE OUR
HABITS

CUT DOWN
IMPORTS?

BARRIERS ARE
UNFRIENDLY

we want to see our products in greater demand abroad.

High world trade barriers would be particularly disastrous to Canada. They would put many Canadians out of work. They would reduce the variety and quantity of goods available for our use, and so lower the living standards, even among those who were able to keep their jobs. Finally, trade barriers are tokens of the kind of national exclusiveness that leads to war.

What POSITIVE Steps Will Lead to Jobs?

We are capable of producing great abundance. We want demands for our goods and services. We can see large areas of need. What is required of us, as a nation, is that we launch concerted thrusts to bring us within reach of those areas. We must move on *all* fronts:

- (1) *Higher Living Standards at Home*
Better shares of food, clothing, shelter, education and well-being for most Canadians.
- (2) *Higher Living Standards Abroad*
A campaign to enable people abroad to enjoy their share of the world's goods — including Canadian goods.
- (3) *Creation of Better Productive Facilities*
Inducements to Canadian individuals and groups to convert our war plants, and to expand and improve our peace plants, so as to maintain the nation's creative equipment in the most efficient possible condition.
- (4) *Creation of Communal Facilities*
The establishment of public facilities and institutions in accordance with the social needs we all see — improvement of human and natural resources, improvement of communications—when and where they are needed in the national interest.

In the next few sessions we shall look into the strategy and tactics proper to these four job-fronts. Only sustained actions in these four zones can lead to full employment.

JOB-MAKING ON THE HOME FRONT

How Big is the Whole Campaign?

Any Government which expresses the will of Canadians must devote its greatest efforts in the years ahead, to the attainment of full employment and a rising standard of living. (How we ensure that our government continues to express our collective will is to be the subject of another group of discussions.)

It will help if we appreciate the magnitude of the whole peacetime task we have set ourselves, before we tackle the theatres of economic operation separately. We said that to keep fully employed we should take steps to swell the annual demand for Canadian goods and services, by some \$700,000,000. We should increase the possibilities for useful work by encouraging plant expansions and technological improvements, and by direct public provision of certain works and services.

How much work does \$700,000,000 a year represent? If the whole of it could be directed to one field of employment only, the resulting project would look like one of the following:

If we could use \$700,000,000 a year on:

- (a) *Electric Power Utilities*, we could duplicate almost all the power houses and transmission lines in Canada in that year;
- (b) *Railways*, we could replace all the railway tracks and railway buildings in Canada in about four years;
- (c) *Houses*, we could build as many houses as have been built in the last ten years in about two.
- (d) *Factories*, we could build in one year nearly all the munitions, aircraft and ship-building plants which have gone up with public funds in this war.

Where is the Campaign Launched?

We can see that the drive needed to maintain full employment is no child's play. It will require the fullest co-operation of all Canadians, in their private and public affairs. It cannot be done alone by legislation, by big business, by trade unions or by farmers' organizations. The collective ingenuity of all will be needed to swell our buying, building and exporting to the levels necessary to keep us all busy.

CO-OPERATION
AGAIN

PARLIAMENT:
SUPREME
HEAD-
QUARTERS

Our collective abilities to plan boldly, to mobilize will-power, skills and materials, to co-ordinate our efforts, in peace or war, are measured by the effectiveness of our group organization. The top organization, the only one responsible to—and representative of—all Canadian adults is Parliament. We have seen something of Canadian mobilization for war. Let us turn to see what steps have been taken—and what additional steps are needed—to organize abundance in peace. Full employment is a war guest; we must all assume the responsibility for making him a permanent resident.

What is the Average Canadian's Living-Standard?

It is surely in the national interest that the low-income people in Canadian towns, and on Canadian farms, should be better fed, better clothed and better housed. Recent surveys and questionnaires show how many are under-nourished, how many children are kept away from school for want of clothing, how many dwellings are overcrowded and infested—or just too run-down to be useful much longer.

For instance, a survey of families having incomes less than \$1,500 a year in Halifax, Quebec, Toronto and Edmonton tells part of the story. It was made in 1939-40—when the wheat crop and wheat carry-over were breaking records.

WEAK POINTS
ON THE HOME
FRONT

The proportion of these families *deficient in Vitamin B₁*—that's the one in wheat germ, which makes for appetite, cheerfulness, speed and accuracy—ranged from 60% to 100%.

How Important is Food to Employment?

In 1941 the value of food sold by stores, bakeries, dairies and eateries—even though it was not enough—was about \$1,100,000,000. Arrangements to provide an adequate diet for the million town families earning less than \$1,500 a year could swell the food business by \$100,000,000 a year.

MORE JOBS
MAKING FOOD

Then there are the results of past malnutrition to consider. One recruit in five for the Canadian forces had to be rejected on medical grounds. In many cases the defects must have had their origin in lack of nourishment, proper clothing, and medical care. How are we to keep our national income high if one-fifth of our recruits for peace are unfit?

The records indicate that Canadian workers in 1941 surrendered \$250,000,000 in wages lost due to illness. The amount of work that went undone during the war because of illness in Canada has been estimated to be about the amount needed to turn out 2,000 heavy bombers. Some people ask how Canada can afford to provide her citizens with an adequate diet. With these facts before us, we might ask such people if they think Canadians can afford to go on paying the cost of our wide-spread under-nourishment.

BETTER WORK
BY THE
WELL-FED

Who are NOT the Well-Dressed Canadians?

Similar surveys of the standards of clothing of Canadians have opened our eyes. Questionnaires showed numbers of school children not having enough decent clothes to be able to attend school in cold weather. Others lacked shoes, or good raincoats. Doubtless some of the men in your group will declare that they are better clothed for destructive work than they ever were for constructive work. Here again is an important path to greater security of income. For in our climate poor clothing produces illness, absenteeism and inefficiency and so makes serious inroads into our earning power—which governs our buying power.

BETTER WORK
BY THE
WELL-CLAD

The Direct Assault on Higher Standards

It is obvious that the reason for shortages of food and clothing in many families is simply poverty. The family income is not great enough to permit its members to buy what they need. The Marsh Report (Canadian parallel to the famous Beveridge Report) on Social Security gives the desirable minimum income for an urban family of five as about \$1,580. Far more Canadians—both urban and rural—were below that level than above it in 1941.

One step might be to adjust wages upward, *wherever the usefulness of the wage-earners to their employers will justify a raise*. (That is to say, in such a way as to eat into some of our unused reserves.) The attempt to raise wages in undertakings where no reserves are being gathered would tend to raise the prices of the goods produced; or to reduce the efficiency or retard the improvement of the processes involved. Any of these effects would in the long run make jobs in these undertakings *less* secure. The existing minimum wage and collective bargaining laws are intended to provide orderly machinery for advances on the earning-power salient. Their successful use, when many post-war changes in occupation and process are taking place, will require the fullest co-operation between national and provincial governments, business and labour, and the consumers of the goods affected.

The Tools in the Right Places Will Furnish the Jobs

A further way to raise the level of wages *everywhere* is to encourage the improvement of existing industries and the establishment of new industries in areas where the methods of working have not kept technically up-to-date. A region which is comparatively primitive or backward in its ways of making things, is a threat to the living standards of the whole country, just as the inclusion of an old 'ironsides'—however majestically she sailed—would limit the efficiency of a modern naval task force.

Higher Skills earn Higher Incomes

Canadians need to be reminded frequently that the prices we can get for our products abroad depend on others. We can only sell in world markets if we can work as efficiently as foreign competitors making the same products. In other words, our incomes are limited by our relative 'productivity'. Along with better distribution of modern machinery, we must have better vocational education if we are to raise incomes to the desirable levels.

It is hoped later in this series to examine the need for training schemes in more detail for various industrial groups. But an instance may be given here.

Many Canadians badly need housing and are prepared to pay something for it. When materials become available, house-building should become a half-billion-dollar-a-year business. But for some skilled building trades we have relied on immigration, and trained few craftsmen in Canada. As a result, jobs for electrical workers might have to wait for the training of Canadian master carpenters—a matter of years—unless special steps are taken. And jobs for construction workers of all kinds may depend on increasing the efficiency—and so lowering the cost—of the whole house-building operation. Efficiency requires training, as any serviceman knows. (Ask the Educational Officer in your area to outline Vocational Courses now available or coming up.)

SYNCHRONIZ-
ING TRADES
TRAINING

OVER-ALL
EFFICIENCY

Combined Operations for Effective Demand

Wage-adjustments, collective bargaining codes, the best possible location of industry, and training for technical efficiency—all seem to have a good deal to do with making our living standards higher. These are ways open to us to reach great areas of demand right at home. We can make more jobs for Canadians by raising the lower incomes to the point where they will buy more of the goods that many Canadians badly need.

All these measures require joint action by the federal government, provincial and municipal governments, and private groups. Will our Constitution stand the strain? In 1939, the Report of the Royal Commission on Dominion-Provincial Relations was negative. "The distribution of public finance powers", they said "sabotages any effective action to increase the national income". Since then we have seen what widespread determination can do to gain military victory, and incidentally to *double the national income* at the same time. Does it take Hitler and Hirohito to erase Canadian unemployment—or does it rather take the same determination that is the enemy's undoing? (There will be a fuller discussion of our Constitution at another session.)

QUESTIONS

1. *How would you suggest that living standards in Canada be raised?*
2. *Do the facts given about food deficiencies in families earning less than \$1,500 correspond with your personal observations?*
3. *What will happen to the value of your war bonds, if prices and wages are pushed up rapidly in the next few years? Would the bonds then represent calls on more work or less work than they do now?*



DOES SOCIAL SECURITY MAKE JOBS?



Nearly everybody these days has his opinions on the Beveridge and Marsh proposals—on unemployment insurance, old age pensions, health insurance, family allowances and so on. Often they are discussed as if they were desirable ways of re-organizing charity, or a noble campaign of humanitarianism — or as if they were partly meant as vote-catchers.

WHAT IS
SOCIAL
SECURITY?

They may be some of those things too, but our subject at the moment is jobs. Aside from the people hired to administer them, do social security schemes increase employment in Canada as a whole?

Is Prosperity Indivisible?

To see the relation between social security and full employment, ask your group to recall some of the ground we've covered:

- (1) We fight for freedom from want, among other things.
- (2) We need organization to make our productive capacity effective in meeting our peacetime needs, and those of our customers abroad.
- (3) We want to slow the accumulation of reserves, and speed up their use, so that we will avoid the spectacle of idle money and idle men.
- (4) This involves a collective effort to mend our buying and saving habits, to see to it that the big reserves are used as quickly as they pile up.
- (5) To provide lower-income families with the food, clothing and shelter they need will involve hundreds of millions of dollars worth of work each year. That is, it would employ thousands of Canadians, and give them millions of dollars in wages and salaries.

Where Shall we look for Economic Reserves?

We find that reserves tend to stack up in one sector, while needs go unfilled for want of money in another. The result is unemployment and consequent loss of business and prosperity for all. The direct course is to plant the surplus funds where they are most likely to be used. Some yard-sticks are needed to be sure that the reserves will be used by those to whom they are sent. The best possible assurance of prompt use is known needs—a family to feed, disability, etc. Is such transfer of reserves necessarily unfair to the persons and corporations who have accumulated them?

Remember that savings so transferred are almost sure to be spent promptly on necessities. In other words they are certain to bolster the flow of effective demand, and increase the volume of business done. Do we expect the owners of large savings accounts to object to that? If they do object, we could point to the past, when slowing up of business hit the poorer people first, but ultimately dragged down the profits and big salaries too.

Nobody will admit that he gains by depression. Then why should anyone object to a measure, once he is convinced it has a part in outlawing depression?

Where Shall we Send the Economic Reinforcements?

How are we to recognize the parts of the economic front where reinforcements will be of greatest use? Canadians are pretty generally opposed to indiscriminate hand-outs. But there are some people whose ability to provide for themselves falls far short of their real needs. The most typical groups are those who have lost their earning power. We may be sure that reserves sent to them will be promptly put to use. These people are of three kinds.

Class I: Post-Job Population

Medical progress has made it possible for Canadians to live longer, which is a good thing. But most

people too old to work don't spend as much as they did while earning. As the whole population contains more and more old people—or as the statisticians say, as the population 'ages'—we need to shift more buying power to the oldest. Old Age Pensions go some of the way to meet this need.

Mutual Aid to the Old People after V-J Day could be carried on quite handsomely on the same basis as Mutual Aid to the 'Old Country' is carried on now. That is to say, the time will come when our primary interests no longer require that we provide the United Kingdom every year with hundreds of millions of dollars worth of the products of Canadian workers. We might then begin to supply similar amounts of our food and fibre to our own 'survivors', who are no longer able to produce their own. For comparison, it has been reckoned that present Mutual Aid, distributed among all the people in Canada over 60 years of age, would provide each of them with a pension of nearly \$60 a month. This is not suggested as a probable scheme, but it does illustrate the possibilities, if we are willing to apply the vision in peace that gets results in war.

There is ample evidence that reserves transferred by means of old age pensions are quickly used — and make more jobs for younger people.

Class II: Pre-Job Population

The largest group of non-earning people in the population are the children. In the past generation the proportion of the nation's families living in towns and cities has greatly increased. This is one aspect of the steady industrial expansion which Canada is undergoing. While farmers' children almost invariably work part of the time with their parents, and hence increase slightly the family's real income, city children generally do not. The amount of training needed to become good farmers or city workers has steadily increased. In the last few decades, school-leaving ages have risen. Both the shift to the towns and the extension of schooling cause an increasing proportion of the young population to be without incomes.

OLD PEOPLE

LIKE MUTUAL AID

CHILDREN

SHIFT TO THE TOWNS

LONGER SCHOOLING

NOT ENTIRELY
AT EXPENSE
OF THE
WEALTHY

SEND
RESERVES
WHERE USEFUL

MANY DEPEND
ON FEW

This tendency is further complicated by the fact that these children are largely dependent upon a relatively small group of workers for their daily bread. It is a fact that in 1941 over three-quarters of the Canadian children under sixteen were dependent for their living on less than one-quarter of the family heads, helped in some cases by other family breadwinners.

The cost of rearing a family has been climbing. This means that the real standard of living of the people with children must have become very much lower than that of people with equal income but without children. The disparity is becoming great enough to be a national problem. To require employers to pay dependents' allowances would penalize family men even further—for they might then be the last to get jobs and the first to lose them. For the nation as a whole to dip into unused savings and profits to pay dependents' allowances, or family allowances, seems much fairer—and more effective in maintaining full employment. Do you agree?

NATIONAL
DEPENDENTS'
ALLOWANCES

Class III: Between-Job Population

A third group for whom social security is in operation are the people whose jobs have been interrupted. Unemployment insurance is in force both to protect them against destitution, and to keep our stream of job-making demands flowing more evenly.

Naturally the scheme embodies safeguards against abuse by the lazy. Unemployed benefits don't go on indefinitely, and are much lower than normal wages. The unemployed worker is helped to find a new job and to get any training he may need to do it. In short, it is meant for the man who is out of work through no fault of his own.

In Canada, many occupations are subject to interruptions. The weather can delay almost any out-door worker—just as it grounds an aircraft. Technical changes can halt factory work temporarily, much as alterations and additions keep a corvette in port. And commercial changes in an allied industry or an overseas market can leave men idle for a time—as surely as

UNEMPLOY-
MENT
INSURANCE

SEASONAL AND
TECHNICAL
LULLS

strategic changes may hold a battalion in the depot or embarkation port for a few weeks.

But there's a difference. When we were in the depot, in port, or grounded our pay didn't stop—so long as we behaved ourselves. The Service found something to keep us busy, or gave us leave (with pay). Purchasing power in the area where we were stationed often rose to new heights. (Mention a specific occasion.)

But if an industry had to pay full wages to all its employees while it closed down to re-tool, the managers would naturally be inclined to do a minimum of re-tooling. Recall that re-tooling is useful to the workers because it generally increases the efficiency of the plant, and sooner or later raises the standard of living of the employees. It also may mean greater safety and less donkey-work. Finally, re-tooling and expansion put to use those reserves, which if they are dammed up, will cause the whole job-stream to become sluggish.

Government, management and employees all contribute to the Unemployment Insurance Fund. The nation has also provided Unemployment Insurance benefits for veterans, to protect us at least as well as the unarmed forces are protected—at no cost to us. (The Fund is now well past the quarter-billion dollar mark.)

The scheme is good for business because it evens out seasonal and other uncontrollable variations in the buying power of the community. It is good for the steadily employed worker, because it reduces the likelihood of his being let out of his job as a result of some interruption to work on the other side of town, or at the other end of Canada.

Government steps in because it can tap—through taxes—those troublesome surplus idle reserves. Unemployment insurance can work on the economic machine a bit like a mechanical governor, adding fuel when it slows, cutting the throttle when it races. But somebody has to regulate the governor. In this democracy, that will be done by a Commission, controlled by the people through their representatives in Parliament. (How democracy can work will be the subject of a later series of talks.)

FOR WORKERS

FOR VETERANS

FOR MAN-
AGEMENT

CONTROL

Class IV: Civilian Casualties

Sickness causes a fourth weakness in home front buying-power. We have already said something about the cost of illness in wages lost and work not done. (See page 25.) The federal government has sponsored very thorough investigations into the health of Canadians. (Your M.O. can probably tell your group something about the Heagerty Report on Health Insurance.)

Family Allowances, Old Age Pensions, and Unemployment Insurance should together result in making for a better fed, better clothed, better housed, and therefore a healthier population. But there is much to be said for a direct scheme to prevent sickness, or to treat it as soon as it appears, without waiting to ask who will pay the doctor or the hospital. (The proposals which have been prepared for discussion between the federal and provincial governments are outlined in CANADIAN AFFAIRS for March 15, 1945, *Dominion Health Parade*.) The idea is to provide certain medical services to all the population, and to collect (with the income tax) such contributions as individuals are considered able to make.

Health insurance should have steadying effects on the fitness, earning power, and buying power of the population. Furthermore, such a scheme will have a couple of other, less obvious, effects on the job picture.

Some of the cost of the service comes from taxes, that is to say (in part) from our old source—dammed-up reserves. And the knowledge that their health will always be looked after may persuade some people to put less by for a rainy day. This influence of a sense of security on savings is already perceptible among middle-income groups enjoying a high degree of social security—like the employees of the government and of some big companies.

There is no doubt that these people, because they have less to worry about, are more fit. Feeling secure, they enjoy more immediate pleasures and a higher *real* living standard than others, who seem to be getting just as much pay—but save more of it. "But", someone

objects, "the Health Insurance Fund is also a kind of savings." True, but health insurance, like any other type of insurance, by pooling everybody's risk, and guarding against that total risk with a joint fund, can give greater protection for less money than the insured individuals could provide for themselves.

Summing up, a national plan for health insurance can make for steadier employment:

- (1) By helping us to keep fit—to work and to play;
- (2) By using up some of the idle reserves that must be used to keep full employment;
- (3) By making middle-income people less inclined to accumulate 'nest eggs'.

Class V: Other Kinds Of Social Security

There are various other types of social security schemes. One that is already quite familiar in Canada—because some Canadian provinces have provided for it for many years—is Workmen's Compensation. The usual arrangement requires the employers to contribute to a fund, from which are paid the costs of injuries suffered by the employees.

Allowances for widows, deserted mothers and orphans have also been paid by some public or charitable agencies in the past. The ways in which these allowances will be affected by the federal family allowances now being paid have not been ironed out. Probably the final result will be fairer to everybody than the old set-up was. (This is the sort of subject to be dealt with in the Dominion-Provincial Conference of 1945.)

Do you think the social security measures mentioned in the text—Old Age Pensions, Family Allowances, Unemployment Insurance, Health Insurance, Workmen's Compensation, etc.—constitute a complete social security program for Canada?

DO REHAB GRANTS MAKE JOBS?

FOR DETAILS

A special type of social security for members of the armed forces is embodied in the veterans' re-establishment program. (Full descriptions of the various grants and benefits are available to your group. See CIVVY STREET NEWS, *The Commonsense of Re-establishment*, *DISMISS—but what of a Job?*, *On to Civvy Street* posters, *Back to Civil Life*, re-establishment films, and elsewhere.)

Is the Re-establishment Program Like Social Security?

VETERANS A
SPECIAL
BETWEEN-JOBS
GROUP

The rehabilitation provisions cover health, clothing, transportation, training, housing, setting up in business or on a farm, re-instatement or placement in a job, life insurance and unemployment insurance, and pensions for permanent disabilities. These provisions are partly intended, like any plan for social security, to fulfill Sir William Beveridge's definition: "...that every individual ... shall have an income sufficient for the healthy subsistence of himself and his family ... when for any reason he cannot work and earn ..."

Canada's re-establishment program is another good reason for congratulating ourselves on having landed on the northern half of North America. Other countries have found the plan pretty hard to beat, taken as a whole.

BROAD AIM
OF REHAB

It goes further than to help those who cannot work—although medical care, pensions and certain preferences are there for the disabled. The program is also devised to give every assistance—in guidance, training, treatment, equipment, and cash—to all the veterans who can use the help. It is recognized that we want to be where we *can* work—to fit in to Civvy St. jobs with

the least delay. The fundamental purpose of re-establishment is to ensure for each individual in the Forces the best possible chance to catch up to where he might have been, had the war never happened.

All that legislation can do for us is to unlock all the doors in sight. Each of us has to decide which door he'll enter, which opening has his number on it—financially, vocationally, temperamentally, and every other way.

From what we've been saying about social security, it should be evident that the man who takes hold of the re-establishment program at the right place will not only be helping himself, but that by spending his grants wisely, he is bettering the chances for good jobs for all Canadians—veterans included.

INDIVIDUAL'S
DECISION

What Does Social Security Do For Living Standards?

All social security measures are for the welfare of people who, through no fault of their own, are unable for the time being to earn their living. The measures are also designed to make employment more secure for those who *have* jobs, because the pensions, allowances and benefits are partly paid out of reserves which would otherwise have been withdrawn from the stream of consumer demand. (Nearly every cent of social security gets into the stream within the month in which it is issued.)

PUT RESERVES
BACK IN
STREAM

The longer full employment prevails, the less will people whose incomes are above the living minimum turn their thoughts to private nest-eggs. In other words, social security may ultimately discourage our habit of building up more reserves than we can use. We believe—in view of our experiences in the past—that to get lasting full employment this habit must be overhauled. So social security helps employment and raises sagging standards of living.

SLOWS WITH-
DRAWALS
FROM STREAM

★ ★ ★ ★ ★ ★ ★



Can Unemployment Be Bred On A Farm?

The man who owns a mouse-trap factory knows all about supply and demand. If mouse-traps are much in demand and prices high, well and good—he works two shifts and does beautifully. But if his competitor turns out a better mouse-trap in great quantities, at a lower price than he can work to, he has to make his choice:

- (1) Shut up shop;
- (2) Convert his factory to make ash-trays, or something else;
- (3) Turn out mouse-traps even faster—put on a third shift—so that he can come down to his competitor's price, by spreading his profit thinner (and his labour costs and overhead too).

But the farmer is not free to change his product or shut down production and live on cash reserves, when prices fall. Obviously the *real* need for his products is more constant and uniform than the demand for mouse-traps. But the *effective demand* for Canadian foods varies widely—depending on marketing conditions in Canadian towns and cities, and in scores of countries abroad.

The prices of agricultural products depend even more on whether it is a 'good' or a 'bad' year—whether the crop is abundant and of high quality or not. And that is as unpredictable as the weather itself.

The manufacturer may adjust his rate of production almost daily. The yields of field crops—insofar as they can be controlled at all—can only be adjusted at certain times of the year. The farmer also is less able to reduce the out-of-pocket expenses of his operation. If the price he is getting for his hogs begins to decline be-

cause the market is glutted with hogs, he can't stack live hogs in a warehouse and wait for the prices to go up again. He can only meet his expenses by selling even more hogs than he had meant to, thus flooding the market and driving the price down still further. (Get a member of your group who comes from a farm to describe a specific instance.)

Nor can the hog farmer convert to beef production, unless he is very wealthy and can get along without cash returns for a few years.

Farmers all over Canada—and all over the world—find their operations restricted in much the same way, as compared with manufacturers. That partly explains why farm prices and farm incomes suffer violent changes.

Lumbermen, fishermen and others engaged in extracting raw materials by harvesting and mining undergo like changes in their incomes.

When the incomes of these 'primary producers' fall, their reduced buying power soon slows the wheels of manufacturing. This is especially true in Canada where farmers and fishermen are more and more dependent on the townspeople to make their bread and butter, to slaughter their livestock, and to fashion their implements and equipment. Falling farm prices cause townspeople to lose their jobs and pull in their belts. That makes farm prices dip further. And so on . . . It is plain that town-dwellers and rural people are all of one economic body—the nation.

How Can We Keep

Farm Income Steadier?

One device to keep the incomes of primary producers on a more even keel is a direct outcome of war-time experience. The needs of the United Nations for food and fibre have been changing constantly because of changing scales of submarine and air attack, and the progress of the armies. In order that primary producers in Canada could keep up with these changes, an extensive agricultural information service has been developed. Also, farmers have been assured by the gov-

FOOD
GROWERS'
DILEMMA

LOW FARM
INCOME CUTS
TOWN PAY

INDUSTRY'S
WAYS TO MEET
COMPETITION

FARMER LESS
FREE TO MEET
LOW PRICES

ernment of cash returns for the crops most needed. We heard something of this when we were discussing the total war effort.

It is clear that the same kind of international co-operation will be needed after the war to meet the food requirements of the United Nations. International agencies like the Combined Food Board, U.N.R.R.A., and the United Nations Commission on Food and Agriculture can do much to co-ordinate world food supplies. As in war, the types of crop most in demand are likely to change from year to year.

Floor Prices Secure Our Jobs And Help Feed The World.

To help the Canadian farmers and fishermen to plan ahead in this situation, Parliament last year passed the Agricultural Prices Support Act, and the Fisheries Prices Support Act. They provide for government-guaranteed floor prices for these products, to be announced at the beginning of the next few crop years.

Once more we have an example of the close link between the action needed to help other United Nations, and the action needed for our own prosperity. These measures, by steadying the buying power of Canadian food producers, make it more likely that all Canadians will enjoy steady employment. Floor prices also provide a firm basis on which the individual farmers and the world food bodies can plan together—through regional and national boards—to supply the foods when and where they are most needed.

Incidentally, steady prices for farm products and fish products should speed up the world's approach to a state of humming international trade, without which—as we shall presently see—the prospect of lasting full employment in Canada would not be worth talking about.

FOR
CANADIANS

FOR WORLD
TRADE

What will the farm and fisheries price support measures mean to those in your group who expect to live (a) on farms? (b) in towns?

SECOND JOB-FRONT: OVERSEAS

9

Can Canadian Demands Alone Keep Us Busy?

We are in the habit of putting aside in reserves about a fifth of our annual gross income in good years. Most of these reserves are promptly put to use. But the reserves that lie idle cut down the flow of demands for our work, and therefore reduce our chances of keeping our jobs. Social security, the veterans' re-establishment program, and floor prices for farmers and fishermen tend to reduce the rate of piling up reserves, and to boost the Canadian standard of living where it is likely to sag. They are important actions on the home front, in the campaign for enough jobs. And they are actions which have already begun. But they are not the whole story.

Recall how in earlier discussions, we described the strategy of full employment. It was said that full employment could be maintained if the total flow of demands for Canadian work could be kept up to about the \$10-billion-a-year level. The danger is that by ourselves we cannot make enough direct use of all the goods which we are capable of making.

Can We Eat Our Cake and Let Others Have It?

For all that's been said about the wants of Canadians, we are still looking forward to getting home. Most of the people in Canada are going to seem pretty well looked after, compared with the people of Amsterdam or Athens.

In the war, Canada's ability to turn out some civilian goods far in excess of her own needs meant a lot to the other United Nations. The same surplus goods

PREVIOUS
INSTALMENTS

are going to count in the next few years. For instance, we are able to grow enough wheat to give every Canadian about five pounds every day. The greediest among us can't use more than about twelve ounces of cereals and flour a day. The obvious thing is to sell the rest—but to whom?

Put the picture together. On the one hand are hungry peoples who were our allies in the war. They can also be our allies in prosperity. Their victory over destitution and disease means as much to us as did their resistance to fascism. (An early selling point of A. Hitler was that he would put an end to German unemployment and begging. The less unemployment and destitution the world suffers, the feebler are the chances for new Hitlers.)

On the other hand there are nations like Canada, able to create much more of certain goods than they know what to do with. Is there any problem? There is.

Why Can't We Export as Before?

The surplus goods in Canada belong to individuals or groups of Canadians—thousands of them. These Canadians grew the stuff, or fashioned it, or bought it by their sweat from other Canadians. This exportable surplus used to amount to one-fifth or one-quarter of our whole output. During the war it grew to about one-third of our output.

To have full employment after the war, it is reckoned that we shall have to sell abroad about 15% more goods than we did in the late 1930's.

In the years before the war, the Canadian owners of surplus goods could usually sell them abroad on good terms. For instance, they could count on receiving dollars from the Czechs—dollars which had been sent to Prague by other Canadians in exchange for good Bohemian glassware, or some such product. Or they could count on receiving pounds sterling in Oslo—sterling Norwegians had received in exchange for pulpwood they sent to Britain. Canadian recipients of sterling could then buy university educations or Scotch or whatever they wanted in Britain. Or they could sell

the sterling to other Canadians who wanted British products.

Some Short-term Difficulties . . .

This kind of trading will of course continue. With the countries of South America, Africa, and with the U.S.S.R., our trade may become much bigger than it ever was before. But to offset this, it should be remembered that trade with some of our old customers—like Britain or the Netherlands—may prove more difficult in the next few years. European nations whose productive machinery has been damaged in battle may find themselves in a poor position to trade. They may be quite unable to make surplus goods to offer to others anything like as valuable as the seed-grains, machinery, building materials and other things they badly need to restore their lands.

Canadians are in the opposite position. We must dispose of our own surplus goods in order to buy what we're short of. As individuals and private groups, we can only afford to deal in cash or *short-term* credit. Many Europeans badly need our surplus goods—and we want to see these people spared unnecessary suffering. We want to see them back on their feet—and doing business—as soon as possible. But they require *long-term* loans and credits. In some cases, they may not want to saddle themselves with loans at all. That's one thing to keep in mind about our jobs that depend on exports. With the best will in the world, we in Canada can only go half the way. The rest depends on the policies of other countries.

The logical moves to break this impasse have already been taken. As private individuals and groups we are unable to extend the necessary help. As a *nation* we cannot afford not to. The common prosperity of the United Nations depends on our mutual good-will. Good-will is created in peace, as in war, by co-operation.

Five Routes for Reconstruction Aid

The Canadian people, speaking through our representatives, have undertaken to extend co-operation to

PRIVATE
DEALERS CAN
MAKE SHORT
LOANS

WAR-POOR
BUYERS NEED
LONG LOANS

other United Nations in five ways. These are:

- (1) **LOANS** to foreign governments to enable them to buy Canadian goods.
- (2) **INSURANCE** to Canadian firms against the risk of delay in collecting payment for their shipments abroad.
- (3) **RELIEF AND REHABILITATION** of countries formerly axis-occupied, given through U.N.R.R.A. and A.M.G.
- (4) **POOLING RISKS** in international lending, through support of the International Bank for Reconstruction and Development, the world banking system outlined by experts at the Bretton Woods Conference.
- (5) **REMOVAL OF CAUSES** of world trade restriction, by means of the International Monetary Fund. Canada also supported these proposals at Bretton Woods.

The first three of these co-operative undertakings are already under way. The credits and insurance are arranged under the terms of the Export Credits Insurance Act, 1944. Initial credits have been extended to Czechoslovakia (\$15,000,000) and Holland (\$25,000,000) under this Act. Larger loans are expected to be made as soon as the details can be arranged with these and other countries.

We have already looked briefly into U.N.R.R.A. and the Bretton Woods proposals. (See Manual No. 2—*The Job We've Done*—pages 13 and 15.)

What Do These Measures Mean to Canadians?

In the future, the help we give to our international team-mates can have a double-barrelled effect on our own jobs. First, the sale of Canadian-made binders to meet the demand, say, in France, will give us jobs just as surely as if some of our binder-makers moved over to set up shops there. The chief difference is that by staying in Canada the makers can use the proceeds for ice-cream or a great many things that would be hard to

get in France. The second, and less direct effect is this: as the French get their farming going full-scale again, they will begin to produce surplus goods for export. With their proceeds they might decide to buy refrigerating machinery from Canada, so that they too can have ice-cream. In other words, a little community priming of world trade pumps in the next few years can result over a long period in a heavier and steadier flow of demand for our goods.

What about World-wide Development?

Aside from countries unable to meet their own needs because their factories have been damaged in the war, there are huge areas of the world where wealth is bottled up simply because the inhabitants have little more than their bare hands to work with. Some countries have never had modern technical means for extracting and distributing their natural resources abundantly.

Some industrialization has gone on in India, in South America and in South Africa during the war. But most Asiatic and African peoples still have a great distance to go before their relatively primitive methods give way to mechanization. The living standards of coolies, peasants and tribesmen are limited because their labour-power is not greatly supplemented by mechanical power. The more advanced nations can help these people to increase the fruits of their labours, by lending them machinery and giving them technical help. As new industries grow up in Asia, Africa and South America, their workers will want more imports, from the other countries of the world. That means there will incidentally be greater demands for Canadian products.

To refuse help to economically backward people is the road of economic imperialism—the negation of the Atlantic Charter. Just as national full employment is impaired by unequal efficiency in the national team, so is world full employment in jeopardy while millions are living literally from hand to mouth. Individuals realize that, single-handed, they would quickly go

SOME HELP
NOW BEING
GIVEN

MANY HAVE
LITTLE TO
EXCHANGE FOR
OUR GOODS

BACKWARD
METHODS
THREATEN
WORLD
PROSPERITY

under, if they tried to tackle this kind of obstacle to prosperity. What they do not so often realize, is that responsible, United Nations can work together to do it, and be richer—not poorer—for the effort. But the governments of nations can lend aid only so long as individuals and groups support those governments in their actions.

What are Invisible Exports?

There are some other outside sources of Canadian revenue and jobs which may be mentioned in passing. Merchant shipping companies employ Canadians and use Canadian ships, to carry trade all over the world. In other words, Canadian wages and salaries are being paid by other nations. The fruits of Canadian labour are being 'exported.' Because no tangible commodity passes across our borders, the employment of men and use of Canadian ships by foreigners is called on 'invisible export'.

It is expected that a forthcoming issue of CANADIAN AFFAIRS will deal with the Canadian Merchant Navy. But its importance merits a quick glance at this point. Our merchant fleet during the war has risen to third position in the world—though still far behind those of the United States and the United Kingdom in size. It is comparable in tonnage with those of Norway and the Netherlands. Those countries have managed their merchant services so that they are in demand all over the world. Their fleets assume an important part in their whole job picture, and have played a large part in the financing of their valiant war effort.

Another 'invisible' export of great importance to Canada is the accommodation of tourists from abroad. The exact number of made-in-Canada hot-dogs, train-rides, etc., which they buy cannot be counted. Many Canadians don't know that in normal years contented tourists are nearly as valuable a Canadian export as wheat. The Department of Trade and Commerce reports that people abroad in 1937, for instance, bought Canadian wheat worth \$124,000,000. In the same year

tourists from abroad spent in Canada some \$166,000,000—over one-third more than the wheat export figure. Not typical, but significant.

For the sake not only of our own holidaying, but for our steady jobs, and for international goodwill we would do well to see to it that our travel facilities, national parks, playgrounds and hostelries, and our great natural tourist attractions, should all get better care and supervision. This matter is bound up with the question of conserving natural resources in the interests of lasting full employment. For convenience we propose to discuss that question at another time.

Summing Up On the Export Front

The crux of the story of more jobs by exports can be put this way. No matter how laudable the purpose, you can't lend so much—nor lend it so long—as your employer can. Banks can lend even more for a longer term and regard it as good business. Canadians as a nation loaned themselves about \$10,000,000,000 to win this war—and we think of it as a worthwhile accomplishment. Export credits, U.N.R.R.A., Merchant Navy, tourist facilities, the International Bank and Fund working together, can promote business between nations on a bigger scale than private groups or single nations alone could do. We can look forward together to a handsome, if distant, returns: lasting international good-will and prosperity. Much groundwork has been done on these schemes by the experts of the United Nations in 1945. This is one of the important reasons why chances for international co-operation in the future are far better than they were in 1918-1919. In the meantime, as individuals, we'll be busy.

Other ways of lending an international hand may be suggested from time to time. We shall do well to find out how each scheme works. The most likely obstacle to these advances is that men and women may be frightened by the colossal sums of money involved. Government would then be obliged to heed the murmurs of timidity. The offensive for world welfare might have to be slowed.

PRESERVING
NATURAL
ATTRACTIONS

TIMIDITY A
DANGER

MERCHANT
NAVY

FLEET LIKE
NORWAY'S OR
HOLLAND'S

TOURIST
TRADE

We Canadians were not too worried about spending \$15,000,000,000 to defeat Nazism and fascism. What is the defeat of Idleness and Want worth to us? As Roosevelt said, in launching a national assault on these foes of man, "the only thing we have to fear is fear itself."

QUESTIONS

1. *Should we keep on supplying food and machinery and seed to devastated Europe? Is it to our advantage?*
2. *Are we better off if we:*
 - (a) *export more and import more?*
 - (b) *export less and import less?*
3. *In assisting less fully industrialized countries to build their own factories, etc., are we likely to create competitors whose prices we cannot meet in Canada? What special factors contributed to make the prices of Japanese goods so low? Do you think Jap labour would have had their wages kept so low in any other than a fascist country?*
4. *Did you hear many people complain that the Government was going too far when it spent \$462.58 per person in 1944, to speed the victory? What would be your reply to a complaint that \$20 or \$30 per person per year is extravagant, if it appeared to make full employment more likely and to raise living standards in Canada or abroad?*



THIRD JOB-FRONT: MORE WORK-PLACES

10

A better distribution among Canadians of the goods we can make, is the aim of social security. Better distribution of our surplus goods to other peoples is the aim of the Canadian and international devices to boost world trade. Both social security and world trade measures will swell the current of effective demand for Canadian goods and services. They will therefore make for more and better jobs in Canada.

SOCIAL
SECURITY AND
EXPORTS BOOST
DEMANDS AND
USE RESERVES

We said that those measures—insofar as they are assisted by public funds—will also pump some of the dammed-up reserves back into the demand-stream.

Partly these corporate and private reserves are laid by for rainy days. Social security measures should make fewer rainy days for individuals, and make them less serious for the whole community. A larger and steadier volume of business between nations should also make rainy days less serious and less frequent for most Canadian corporations. So these measures are effective to some extent in reducing surplus reserves—and to some extent in making large reserves less necessary.

What is the Chief Purpose of Reserves?

But there is also a positive reason why people in business want to have reserves. They know that to carry on efficiently, they must occasionally spend heavily on repairs and replacements to their buildings, their machinery, their stock-piles of raw materials, and so on. The times when these heavy expenses are necessary are often the very times when the day-to-day income of the firm is cut down.

RESERVES ARE
BUILT UP FOR
2 REASONS

So firms have 'sinking funds' and 'depreciation accounts' in which they salt down some of their income. There would be very little point in expecting

legislators to step in and tell firms how much they should put by for replacements. The maintenance of a factory—like the maintenance of a bomber, a frigate or a truck must be done by the people who know it best. The cost of maintenance depends on how long and how well the machinery is run. Canadian firms can only discover that cost for themselves.

But public authorities are very keen—from the point of view of company income taxes—to make sure that private 'replacement funds' are not a great deal larger than they need to be.

In the interests of the workers and the general public there are also a great many laws and regulations—and a good deal of advice—on how to keep plants safe and clean. (Some members of your group may be asked to name specific laws of this kind—or to mention situations where such laws would be in the public interest. Or your group might compare Canadian plants they know—from the point of view of safety installations and appearance of cleanliness—with comparable plants they have seen in Great Britain, France, Holland or elsewhere.) Good maintenance makes for steadier, better jobs.

The third reason for a company to build up a reserve account is to provide for its own advance—not only in size, but also in the efficiency of its operations and the quality of its output. These advances are clearly needed to keep Canadian goods in demand. Enlargement and improvement of productive facilities is vital to full employment in Canada. The timing of improvements and expansions is also a private affair. Or is it?

Should Bigger And Better Plants Be Publicly Owned?

There are some Canadians who believe that the only satisfactory way to ensure that the manufacturing plants and machinery of Canada can be as well located and efficiently run as possible, would be to place them all under public control. But it is evident that in 1945 most Canadians do not think so. The great majority

of the people who work in Canadian industry—who contribute vision and brawn to its operations—prefer to have the primary initiative in private hands. (There are *some* operations which are now under public control. These we shall examine separately.)

If we are planning a campaign for the maximum of jobs, we must take into account the fact that the greater number of businesses are going to be privately run. Private reserves are going to be built up with an eye to technical improvement and expansion. Such developments will create jobs. Within limits, however, public policies can speed or slow the process.

How Can We Encourage Expansion?

To begin with, a great many industrial and commercial firms have repair jobs, alterations and additions waiting to be made as soon as men and materials can be spared from the war in the Far East. By an orderly reduction of contracts, and release of the most urgently needed manpower and supplies—as far as progress in the Far East permits—the government can make re-conversion much easier. Detailed plans for the re-allocation of men and goods for those purposes are already in operation. The quicker we can manage the change-over, the sooner some plants will be ready for manning by their peacetime garrisons. (You may know of highly skilled men who have been released from the Service to help lay the ground work for the employment of great numbers of their comrades.)

Another way in which re-conversion and plant expansion can be accelerated by government action would be to adjust the basis on which companies are taxed. (Some tax laws have not been revised for a generation.) The firm that was not allowed, because of war-time shortages and restrictions, to do a normal amount of repairs and alterations is therefore likely to have had somewhat lower than normal operating expenses, in some war years. It is in a position like that of the man who now has a bigger bank account because during the war he couldn't get the holiday or the car he previously paid for each year.

ALLOW PART
COST OF
PLANT CON-
VERSION FROM
WAR PROFITS
TAXES

The company, however, has been paying corporation income and excess profits taxes at high wartime rates. (See charts of Profits and Taxes in Manual No. 2—*The Job We've Done*—page 31.)

In the next year or two this company may have to do five years' repairing and replacing at once—and may operate at a loss. The new company tax laws allow this concentrated expense to be deducted from the profits in past years, when the maintenance work would normally have been done.

Similar deductions from past or future taxable profits may be made in the re-conversion period for certain expenses for research, for prospecting, and for the purchase of patents.

RESEARCH,
PATENTS,
PROSPECTING
ENCOURAGED

If a firm has a plant expressly built for war production, but wants to alter it to make peacetime products, that firm may count the expenses of running its munitions plant from now on as if it were going very quickly out of date—as if the plant were costing twice as much to maintain. This deduction is called a 'double-depreciation allowance.'

Reduced taxes for those companies who keep their factories in good shape, who are willing to undertake the conversion of war-plants to civilian use, who will sponsor scientific research, will finance prospecting and buy new plants—these are substantial public encouragements for the construction of bigger and better workplaces. They are therefore inducements to create more jobs.

How does the Small Business make out?

War plants have to be large, to turn out the quantities of stuff needed. Big companies have been the ones most concerned with patents or research. They can afford to apply big resources to the conversion of war plants and the application to them of new techniques. Nevertheless, in the peace, there will still be important places for the small business men and the founders of new kinds of enterprise. With our spread-out population, theirs are often the most efficient ways to handle our production.

SMALL FIRMS
HAVE LITTLE
CASH

The greatest obstacle to expansion in the path of the small firm or the new firm has often been the good old difficulty in raising money. The cash on hand is limited. Ordinary bank borrowing of the moderate amounts needed often proves expensive. Nor can they usually sell bonds or shares of stock in the market on the same terms as large, nationally-known firms. For these reasons, a government-owned bank has been set up under the direction of the Bank of Canada. It is known as the Industrial Development Bank. It is authorized to lend money or to guarantee loans made by others for the setting-up or expansion of small or new industries in the following fields: manufacturing, processing, ship-building and the generation and distribution of electricity. It is known that many Canadians—perhaps especially servicemen and women—look forward to jobs in the smaller, more human and less routine kinds of undertakings. The Industrial Development Bank was created to help establish just such jobs.

INDUSTRIAL
DEVELOPMENT
BANK

How about Farmers?

Farmers often have the same sort of trouble as small businessmen in raising money to improve their land, equipment and stock. The government is therefore prepared to make or guarantee loans for various kinds of farm improvement. These are quite distinct arrangements from those for farm houses under the National Housing Act, or those for service people under the Veterans' Land Act.

FARM IM-
PROVEMENT
LOANS

Looking to the broader development of the farm areas which suffered most severely before the war from drought and sandstorms, it is intended to continue the regional projects of the Prairie Farm Rehabilitation Administration. More efficient cultivation means better farm incomes. For Canada, that means better times all around.

FARM-LAND
REHABILITA-
TION

More Jobs for House Builders

We have already discussed the recent causes of the housing shortage in Canada. (See Manual No. 1—

Home as We'll Find It—page 22.) Shortages of materials and men head the list. The lag in supply is increased by high prices and rents because the building process is not efficient enough to build houses at prices most of us can afford. (See CANADIAN AFFAIRS—*A Place to LIVE*—April 15, 1945.) Difficulty in finding people to take the financial risks or individual houses is a third cause.

The National Housing Act, 1944, was drawn up and passed by Parliament to help this situation to some extent. Your group can find the detailed provisions of this Act for those who want dwelling places. (See the *Commonsense of Re-establishment, Back to Civil Life, Handbook on Rehabilitation*, CANADIAN AFFAIRS, April 15, 1945, and *Homes for Servicemen*.) Our concern at the moment is for those who want jobs.

The Housing Act goes at the third cause of the shortage, by permitting the lending of public funds at low interest to prospective home owners. The loans are arranged through regular banks and lending companies, who put up three-quarters of the amount loaned. Insurance companies and others are encouraged to invest in housing for rent, provided they are willing to take a limitation of profits in exchange for a government guarantee against very heavy losses. The financial institutions are responsible to the public for the safe handling of the reservoir of savings. They will be greatly aided by this housing law, if they want to pour those savings back into the stream of demand. In other words, the Housing Act fills the order for job-creating encouragements to investment of savings.

The second obstacle to more widespread house-building we considered to be the high cost of houses, resulting from the relative inefficiency of the industry. The Housing Act provides \$5,000,000 for research and the spread of information on better house-building methods. As these more efficient methods bring the cost of houses down, a great many housing needs will come into the range of effective demand. This is a particular instance of how research and information,

by reducing costs, increases effective demands. That means research makes jobs.

The Act also encourages the orderly planning of towns and cities. Town-planning to be successful must be the product of participation by all the townspeople. What could they do?

They could decide—in a democratic fashion—where they wanted their houses, their schools, their shops, their industries, their parks, and so on.

In an unplanned town, people sometimes hesitate to build because they don't know whether the lot next door is going to be used for a church or a garage. If they know of a spot which will be permanently clean and pleasant, and convenient to schools, shopping, playgrounds and transport, they'll go ahead and build on it. In other words, good town planning—the reasonable location of dwelling places and work places—is an encouragement to more building—to the release of buying power. Town planning makes for jobs.

We have seen that laws have been made to encourage the release of reserves to give jobs in factory repair and expansion, farm improvement, housing and town planning.

There are particularly generous provisions to aid veterans to do these things. The re-establishment program provides cash, loans and credits which may be used by veterans for the development of their businesses or professional practices, the purchase or improvement of their farms, and the building of their houses. In this area, too, wise use of available benefits will make for more and better jobs for all Canadians.

QUESTIONS

What happens to money deposited in banks, trust companies and insurance companies? To money handed over to slick promoters? Is it all put to use? What kinds of uses?

FOURTH JOB-FRONT: PUBLIC PROJECTS

We have gone some of the way to more and better jobs for Canadians. The path led in addition to better living standards on the home front. Secondly it led to greater international welfare, goodwill and trade. Thirdly it led to more better work-places for Canadians. Everywhere we saw the passage of more reserves out of disuse, into use. And all along, the signs pointed to a bigger national pay-roll—to a bigger total of jobs.

But to get our four and three-quarter million Canadians through to their job objectives, we'll have to explore every part of the route.

What Projects are to be Publicly undertaken?

When we were discussing encouragements to private groups to improve and extend their work-places, we agreed that there were some things which private groups would not be doing. What activities are commonly undertaken by public authorities? Why are these particular activities differently organized?

In general, there are two kinds of public undertakings:

PROTECTIVE (1) Those—like the police and the armed forces—which *protect* citizens from anti-social activities of their fellowmen, or the perils common to all;

EXPANSIVE (2) Those—like education and communications—which greatly *increase the opportunities* for private individuals and groups to work usefully.

Why are there Public Works?

There are as many stories of communal enterprise as there are towns and countries and governments in

the country. Most of them, however, have been undertaken publicly instead of privately for one or more of the following reasons:

(1) The forces at the beck-and-call of the management could threaten the peace of mind of the whole community. This was the case in the past when mercenary troops or fire-fighting squads were privately managed. Their owners had everybody at their mercy.

TOO POWER-
FUL FORCES

(2) The undertaking was almost inevitably *non-competitive*—a natural monopoly. Private toll-bridges and highways come in this class, as well as water supply, drainage, and in some cases other utilities. No community wants a double set of sewers in its streets so that it can get cut-rate sewage service. Nor do we want to risk the health of a city because the single owner of the sewers is able to stop up the drains of people who can't pay the high rates he would charge. There is much room for discussion of undertakings which may or may not be 'natural monopolies.' Radio broadcasting, where each area can have only two or three frequency channels out of the limited wave band, is a case in point. In Canada, we are—as in many other matters—midway between all-private radio, as in the United States, and all-public radio, as in the United Kingdom.

NATURAL
MONOPOLIES

(3) The undertaking is *too large-scale* or expensive to be attempted privately. Thus the world's great transport systems are mostly publicly-owned or publicly assisted. The provision of education for their children is too costly for most Canadian parents to bear without assistance. Preservation and development of tourist attractions might be mentioned. Schemes like the St. Lawrence or Columbia River developments, which would involve international action, are often managed publicly.

VERY LARGE-
SCALE
PROJECTS

(4) The undertaking is *too long* in execution to interest private groups. Many firms give short courses to their employees, but would hesitate to provide professional university training for others who might be much more useful if given it. An extreme example of

LONG DELAY
IN GETTING
RETURNS

long-term projects is reforestation, of which more later. In passing, it may be noted that much of the finest tree growth in Britain was originally planted by private gentlemen two or three centuries ago. They were quite content that only their grandsons should enjoy the fruits of their work. Nowadays, only a huge corporation can afford to wait a generation for its undertakings to begin to pay returns.

(5) The undertaking is useful—and pays dividends to society—but pays *no adequate returns* to individuals. Early examples of this sort of enterprise were the aids to travel and navigation helping the trade which made modern industrial organization possible. The aids to aerial navigation—which are much more expensive than commercial aircraft themselves—are of the same class. Perhaps the most important ventures of this kind for Canada are in the fields of low-rental housing, health and recreation centres, and the exchange of information and ideas through libraries, professional institutions and government departments. These all make for the development of our Number One natural resource—our people—but cannot be undertaken commercially in a satisfactory fashion.

So much for the different kinds of communal facilities. They give jobs by their creation, and also in their thorough use and wise management. How we manage our common property—through governments—will be thrashed out later on.

Where and When shall we Begin?

The careful planning of public projects is especially important to full employment in the next few years in Canada for two reasons. *First*, there are many pressing needs to be fulfilled, and we can't tackle them all, and encourage the private projects on which a lasting supply of jobs depends—all at the same time. We need thoroughly studied priority lists for our needed social facilities.

Second, the timing of public projects—federal, provincial and local—gives the public authorities a chance to exercise a certain amount of direct influence when

it is needed to keep jobs open for all who want them. Public works can provide many jobs when and where they are wanted.

This kind of public planning requires the most thorough co-operation between all the different kinds of government. Housing and town planning, training facilities, community centres, highways, electrification, development of natural resources—all will be on the list for discussion at the 1945 Dominion-Provincial Conference. If agreement is not reached, we might possibly find ourselves in the kind of difficulty experienced by the U. S. Government in the thirties—when the states and municipalities reduced their building programs faster than federal agencies could increase theirs. The results are well known—they didn't include a greater supply of jobs.

CO-OPERATION
NEEDED

We shall have To Call the Tunes

Public authorities will only be able to work together to open up job opportunities for us—and to improve those for our sons and grandsons—so long as the people who elect those authorities are prepared to examine and pass judgment on each proposal as it arises. Some will be more urgently needed than others. Some will give a few jobs, but lasting ones; while others will give many jobs, but temporary ones. But they must all be measured by the degree to which they benefit the whole community—not just the contractors and bricklayers in it. In the next few years we shall have plenty of schemes—from rural electrification to a new village pump—to consider. The imaginative conception and orderly execution of our communal projects will be the most unmistakable evidence of our collective determination to move ahead to better things. The most eloquent and permanent expressions of a community's ideals are to be found in its public property.

NOT ONLY
FOR JOBS, BUT
FOR SERVICE
AND FOR
SYMBOLS

★ ★ ★ ★ ★ ★ ★

NO ADEQUATE
RETURNS

SOCIAL
PRIORITIES

JOB TIMING

QUESTIONS

1. *When it becomes necessary to decide which public projects are to have the highest priorities after the war, do you think the final decision should be left with the experts (engineers, architects, doctors, agronomists, etc.); or should the decisions be taken by the elected councils, legislatures and Parliament, with the advice of the experts before them? What would you do to ensure that the best advice is 'on tap' for the various elected bodies?*
2. *How would the members of your group allot priority ratings to the following types of public projects in their home regions? (Write them on a blackboard.)*
 - (a) *Slum clearance in urban areas;*
 - (b) *Community centres as war memorials;*
 - (c) *Flood control and irrigation schemes;*
 - (d) *Paving of all main roads—rural and urban;*
 - (e) *Hospitals and health clinics;*
 - (f) *New vocational schools;*
 - (g) *Public playgrounds;*
 - (h) *Day nurseries or nursery schools.*
3. *The experts tell us that most of the people who need housing in Canada can afford something like \$12.50 a month for their shelter. The average dwelling built in the last ten years can yield a profit to its owner only if about twice that rental is charged. Does it follow that low-rental housing must be put in one of the classes of public project discussed on pages 57 and 58? Or would you prefer to have houses differently designed and built, so as to cost less? Or are both subsidies and re-design needed?*



JOBS FOR ALL: SOME BY-PRODUCTS

12

Jobs for All means a Job for Each: What Else?

We have been discussing how we should go about getting full employment. We saw that a number of things have been done in Parliament and elsewhere to make this more likely. Many more things will have to be done—by Parliament, by provincial governments, by town and county councils, by companies, by labour unions, and ultimately by individuals—before lasting full employment will be anything like as certain as victory was in the fall of 1944. Victory is gained only when we work together for it. The same is true of full employment; we must co-operate as individuals, as groups and as United Nations to make it possible.

The White Paper on Employment was quoted as saying at the beginning, that this goal — enough jobs — must be an "object of national endeavour". We can go further. The countries whose representatives signed the United Nations Charter have declared that full employment shall be an object of international endeavour. The delegates at San Francisco were bound to recognize that joblessness breeds fear and hate, while full employment and world prosperity are the best foundations for lasting peace. That is an additional inducement for each of us to find out something more about the economic mechanisms that can lead to more jobs.

What have We Learned of Full Employment in War?

We saw that we have experienced full employment only in war-time. But that is not at all the same as to say that we have to have a war to get full employment. Neither does it mean that we have to have rationing, draft laws, compulsory job placement and production restrictions to have full employment. Those things were by-products of the war itself, not of the full employment it brought.

However, full employment in war did bring in its train some things that we shall want in peace. We have all known young and capable people who rose rapidly to responsible jobs in war. Because

of the higher rate of activity generally, there was a wider choice of jobs and specialties. There were more opportunities for able men and women. Where some of these same people were before the war, they were not so free to advance themselves. Amid the restrictions of war, full employment gave people with ability a new freedom. And it gave Canada some new leaders. Our country cannot afford to overlook any of its outstanding human material in the years ahead. When it failed to recognize them in the past, they often went abroad.

How does Full Employment Affect the Common Man?

The thing about full employment that affects every employable person is this, that instead of the employee having to put up with whatever conditions an employer offers, the employer is obliged to take on whatever suitable workers offer themselves. As the economists say, the labour market becomes a 'sellers' market' rather than remaining a 'buyers market' as it was in the 1930's. Now this situation could produce far-reaching results. For instance, workers would be much freer than before to comment upon the safety and desirability of conditions affecting their work. They could call upon the management to make known more plans respecting their own futures. They would be less afraid of technical improvements, and more willing to adapt themselves to these in the interests of greater efficiency. These are exactly the things that have taken place in wartime full employment, largely by means of Labour Management Production Committees.

Before the war, when unemployment was common, the workers who made bold to offer comments and suggestions concerning their working lives were liable to lose—not relatively, as a company did—but outright: their pay, their health, their homes. These are the by-products of unemployment. That is why we must make plain our opposition to anyone whose actions make full employment more difficult to maintain.

Would Full Employment affect Monopolies?

There are a number of reasons why the business arrangements to restrict output and control prices, known as monopolies and cartels, would have to be different in a fully employed society. To begin with, businessmen have formed monopolies in many cases because the demand for their product fluctuated violently. With full employment, and its steadier stream of demands, they would not be

so anxious to protect themselves from 'recessions', and there would be less tendency to form monopolies.

Secondly, in the past a monopoly concern could always change its rate of production to suit itself, and draw on the unemployed—or add to the unemployed—whenever its private interests so dictated. But in the situation we've been discussing, a company could not be sure of getting additional workers just whenever it felt like it. There would be no large pool of the out-of-work to draw on. If it hastily discharged its staff, it would run the risk of never getting them back again. In other words, a monopoly would be much less free to say 'stop' or 'speed up production' just any old time. There would therefore be less advantage in establishing a monopoly at all.

In addition to *protection and control of production*, a monopoly also wants to control the *price* of its commodity so as to make large profits. If there were plenty of other jobs for its workers to turn to, they might feel freer to insist on the public knowing what profits the company was making. If the company laid its cards on the table, the workers would have a choice of action: (a) they could recommend that their wages be raised, or (b) they could recommend that the selling price of the product be lowered. Notice that if the workers were to succeed in getting their wages up, by collective bargaining, to the point where they would be out of all proportion to the work done, then those workers would themselves be co-inspirators in the monopoly; they would be cashing in on the spoils of the management, at the expense of the rest of society outside their industry. By getting their wages raised above their relative value, not merely to their employers, but to society as a whole, they would be creating inflation.

What about Good Times bringing High Prices?

Inflated prices in one sector would be a threat to the whole full employment effort. And our governments—like ourselves—all want to maintain full employment. Therefore if inflation threatens in any part of the economy, it may be necessary for the government to step in, like the *maestro* of an orchestra, and bring that part into time with the others. But the most successful orchestra is the one where the players discipline themselves to keep in time and in tune with their fellows, without sacrificing the contrasts of individuality and colour of which they are capable. It is just that kind of team-work combined with self-confidence that we must learn if we are to maintain full employment in Canada.

The Course to Follow

If Canadians are to co-operate fully for reconstruction, we must find better ways than in pre-war years to get our heads together, to span the distances — geographical, constitutional and temperamental—that have kept us apart. Some of the ways in which by working together we may overcome the obstacles in our path will be introduced in the next series of discussions: *Canadian Hurdles*.

LOOKING AHEAD, a series of pamphlets dealing with Canadian post-war affairs, was prepared by the Wartime Information Board at the request of the Directors of Education of the three Services. The material is meant for *discussion* by servicemen and servicewomen headed for home. These pamphlets, like the regular *Canadian Affairs* which they supplement, have been compiled by members of the Armed Forces.



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