

# Unemployment In Canada

## The Cause and the Solution

*Points from a recent speech by Senator ARTHUR W. ROEBUCK, Q.C., in the Canadian Senate*

**T**HERE are something in the order of 500,000 citizens of Canada ready and willing to work who are out of employment.

It is difficult to estimate the hardship, suffering and frustration that come to a worker who finds himself out of work, his source of supply for himself and his family cut off, his time no good, with no place for him in the economic sun, his rent unpaid, the debt to the grocer rapidly mounting, his children not properly clothed or fed, and the lines of worry and care rapidly deepening on the countenance of his wife. That is a terrible situation! When the persons who are so affected number something like half a million, many of whom are to be counted as families, I look upon it as a national disaster.

If we are to tackle this question we must go to the root of the problem. We should study the cause of unemployment, and the remedy, if there is one—and there is—impartially and boldly.

As I see it, the enterprise of employing men is divided into three factors. First, there is the factor of our great natural resources in Canada. It is not so much the amount or even the richness of our natural resources, but rather their availability for use, that counts in promoting enterprise and thus employing men. Second, there is the question of the capital with which to develop our natural resources; and third, there is the manpower for doing the work and providing the management.

While it is true that we have great resources, we must not forget that the economic situation has changed in our life time. The free land of the west has practically all gone. The arable land in all the provinces has been taken up and is held in private ownership. One can no longer register for a claim and commence a business of lumbering, farming or mining. Our forest lands, at least those that are available and usable, are for the most part under lease and our vacant urban lands, which are very important in this relationship, are held at prices so high as to be almost unusable.

For instance, the city of Montreal has vacant land which is assessed on the books of the city for 1958 at \$37 million. All that land is suitable for use, otherwise people would not want it and it would not have value, but just try to get a square inch of it! Try to buy enough on which to construct a commercial building or a house. You will find that the price is so high as to make your enterprise of very doubtful profit. The used land in the city of Montreal is assessed at \$395 million, and, of course, the assessment of land is notoriously low in all our cities, including Toronto.

Metropolitan Toronto has an assessed value of land as great as \$820 million—that is getting close to \$1 billion of land value. I am quite sure that if the land were assessed at anything like the price that is being asked for

it the figure for land value would be over \$1 billion.

*I am not speaking about building values or business assessment. I am speaking about that value which attaches to the sites of these great cities by reason of the presence and activity of the community and its expenditure on streets, police and a thousand other things of that kind, values which are not due to the activity of the owners, except as part of the community but are due to public activities and are therefore the property of the public. I suggest that if we are to make our wonderful resources available for development we should shift the nuisance taxes from enterprise, from people who do things, and levy them upon land values.*

At one time I lived in northern Ontario, in the town of New Liskeard. I went there in the summer of 1904; I was the editor of the local paper. I was thrilled by the exploits of the army of prospectors who used to go into the wilderness with picks and shovels in their hands and packs on their backs, searching for signs of valuable mineral. That was a fine enterprise. They were splendid men, bold and hardy.

Where is that enterprise today? It is all gone, and has been gone for a long time. Why? Because with every claim they staked, the area for prospecting became less and less. They staked these claims at every sign of calcite and every sparkle of quartz. Then what happened? Well, they were supposed to do work on the claim for three years, and they did. At all events, they registered their proofs of it. Then it passed under patent from the Crown and from then on they paid taxes at the rate of five cents an acre per annum—two dollars for a mining claim of forty acres, a claim which ostensibly was to be a mine. Frequently they did not pay even that. I know, because when we took office in Ontario there were huge unpaid arrears of taxes.

What has happened so far as these claims are concerned? Well, the nickel claims have passed into the control of the nickel combine and a vast territory is held for a song, a mere pittance of five cents per acre per annum. A few claims have been developed, and the others are held, not for development, but rather to forestall those who might develop them. The way to promote the mining enterprise—not the mining monopoly—is to multiply the tax of five cents an acre per annum to a fair percentage of the true value. That would throw open many square miles of territory for re-staking by those who would use it.

Let me give another illustration. I planned at one time to build a house in the city of Toronto. I was amazed to find that the ground would cost at least \$6,000. This sum was simply to get someone out of the way. The result was that I did not build a house. My experience was that of hundreds of others. What is the great difficulty with re-

gard to house building by the public? Why, the high price that the nation and later the occupier has to pay just for room on which to build a house in a country of hundreds of thousands of square miles in area. That is the National Housing Corporation's great difficulty, and that also is why private capital looks askance at house building. It is the high price of land . . .

Expenditures from the public treasury of the Dominion of Canada for 1959 amounted to about \$6 billion. How can an individual lay up capital when the Government takes from him one-third to one-half of all his gross earnings? How can a corporation gather the capital that is required for extension of its operations or for founding a new enterprise when the Government carries off 45 per cent of its profits annually?

If our Government is sincere in its expressed desire to cure this vexed problem of unemployment by the promotion of enterprise there are several things which should be done. First we should lower our tariffs in order to promote trade, for trade is one of the great factors in our economy. Only by buying abroad can we sell abroad the products of our lands, of our forests, of our mines and of our cities; only by buying as well as selling. Accordingly we should lower our tariffs rather than raise them.

The test of the usefulness of an industry is whether it can make its way at a profit. If an industry must depend upon other industries for its profits or upon inflated prices of the things it sells, it is not an asset to the community, it is a liability. All industries should be subject to that test. The workers who are employed in a losing industry should go into one more suitable to this community.

Next, we should cut down our governmental expenditures and live within our means. This business of piling up great debts is a terrible thing. I repeat, we should live within our means. Think of it: we are spending \$1,600 million a year on national defence. Much of that is pure waste.

As to welfare expenditures, I think they are our best money. Without such money as unemployment insurance benefits, mothers' allowances and old age pensions, we would face a drastic situation in this country that would far exceed in its ruinous character the amount of money we are spending on welfare. Aside from welfare, however, we should reduce the fantastic amounts which we are spending and we should cease in that way to deplete the capital of our citizens.

We should lower the income tax. We should lower the tax on corporations, and so leave more of corporate profits for capital expenditures, in order to build up enterprise and absorb labour.

Finally, we should study the shifting of the burden of taxation from the fruits of enterprise and labour to the fruits of monopoly, chiefly to land values. Let us so encourage industry and, at the same time, so discourage the holding of national resources out of use, that we will cure the vexed question of unemployment.

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## Former Chancellor's dynamic speech during the Budget Debate "State Spending Must Be Cut"

MR. PETER THORNEYCROFT did not think that the Chancellor had room to reduce taxation. Nor did he think that Mr. Amory was lacking in courage and commonsense to take the position as it was and try to do the best with it. "I want to talk about the policies that led him into that position" and which would undoubtedly lead the country to that position in the future unless something was done about it.

"We have had two years of considerable prosperity, described in glowing terms by the Chancellor of the Exchequer: investments, incomes, consumption, production, wages, profits, savings, revenue, exports—all of them up, and all of them up with stable prices. That is a very satisfactory picture, and I think that everyone can claim a share in it—the technicians, the workers, the managers, the boards, my right hon. Friend himself: even, perhaps a little low on the list, those whose measures two years ago did something to re-establish faith in sterling may claim a modicum of credit."

The Chancellor and the so-called authorities were right in their judgment that they were faced with an emergent crisis and that it was better to act soon rather than to act late. "The only thing is that that action, action in this budget to the extent of imposing additional taxation this year of some £40 million might have been matched by some reduction in the increased expenditure of £350 million on a Budget of £6,000 million . . . Have we really got it so good that we can never hope for effective and consistent lowering of taxes without running into another crisis?"

### VICTIMS — OR ARCHITECTS?

The Government could represent themselves as "strong men battling against undeserved adversity". Alternatively, "they can say that they are the architects of the situation: that they're rather proud of it; that they like it; that this rather drab Budget and these threats of restriction are the price we pay for continuing expansion. The Chancellor lent rather to the first approach, the President of the Board of Trade rather to the second . . .

"Last year we budgeted for a deficit of over £700 million. We planned to spend a great deal more money. We plan to spend a great deal more money this year. We are embarking upon a round of wage increases backed by demands for a shorter working week, and, at the same time, under the pressure of demand, competition for labour in the factories is driving up current earnings." Yet it was unlikely that production would continue to increase at last year's pace. Against that background one