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What must we do? Making sales on the export market requires doing four things well: first of all, going overseas and making personal contact with potential buyers; second, while overseas, finding out firsthand what is needed to meet the competition in that market; third, coming back to Canada and producing products which will not only match but beat that competition; and fourth, displaying those products which we produce effectively before potential buyers. The incentive that I suggest would allow producers to write off 200 per cent of all expenses connected with making sales trips abroad, displaying products at foreign trade fairs, and any other expenses incurred in sales promotion in the export market. The kind of incentive that I suggested will greatly encourage the kind of activity that I have described as being very necessary indeed, activity which is needed to increase export sales. Not only would all such expenses be completely written off in the year when they are made, but a considerable cash bonus will accrue to the company undertaking additional export activity.

Another thing which the government should do to help increase the sale of Canadian products abroad is to introduce "fly and buy" missions, whereby the important buyers from the principal foreign markets of the world would be flown to Canada once a year to see Canadian consumer products displayed in giant trade fairs in Montreal, Toronto, Winnipeg and Vancouver, and our heavy machinery in the factories across Canada where it is made. These kinds of missions will pay for themselves many times over in the future by way of additional jobs, profits and taxes which these additional sales will make available to Canada.

Next I would like to deal with the need to increase productivity in our country. As we well know, increased productivity makes possible the lowering of costs of production, which in turn makes possible lower selling prices, which produce more sales which result in more production, which produces more jobs. It is as simple as that, but nevertheless is very necessary. Increasing productivity requires the installation of new plant machinery and production systems. These usually cost a great deal of money, and in order to persuade industrialists to undertake a program of increased productivity, we must first convince them that they will be able to get back their costs, and then some, by making these usually heavy investments. To make this possible, the government should introduce a productivity incentive which would, first of all, allow industrialists to write off capital expenditures within two years and, second, which would provide a bonus to industrialists and producers generally at the end of the year based on increased productivity in that plant or in that operation during the past twelve months, compared to the base year which would be the year before the plan goes into operation. This kind of incentive has been very effective in increasing productivity in such countries as Japan and West Germany, where spectacular results have been achieved since the end of the second world war. There is no reason at all why equally satisfactory results cannot be obtained in Canada by a similar process.

Next, I should like to deal with what is needed to increase research and development in this country. One of

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the reasons we have had to rely so heavily on foreign capital in the past is that investment brought with it technology which was produced by research done in the country where the capital originated. We need more research and development in our country for two reasons: first of all, so that we will be able to rely less on foreign capital for our industrial development, and second, to win new markets because by means of additional research and development we will be able to lower costs, to produce better design and better quality, and to win new markets by a combination of any of these factors.

The incentive which I believe should be offered is to allow industry to write off 200 per cent of the cost of current and capital expenditures on research and development in excess of those made in the base year, which would be the year before the plan goes into operation. This would once again be attractive to producers and would induce them to undertake such a program because they would not only be able to write off the whole cost of the operation in one year but would receive a substantial cash bonus at the end of the year as well. Where this plan has been adopted, it has been very successful in greatly increasing research and development in the countries concerned. There is no reason why it would not be equally successful here in Canada.

Finally, I should like to deal with the need to process more of our primary products in this country. All of us here, all industrialists and all politicians in this country, have agreed for many years that we export far too large a proportion of our bountiful supply of raw materials. We send them to other countries which turn them into finished products and thereby gain the great advantages of increased employment, taxes and profits, gains which rightly should be ours. What is needed to bring about greater processing in Canada? We have talked about it for a long time but have done nothing in this direction. Thirty years ago the government of Ontario required companies which had been shipping logs to paper mills in the United States to process a far greater proportion of those logs in paper mills in Canada. This led to a spectacular expansion of the pulp and paper industry in Ontario and is the reason that we have such a large and thriving pulp and paper industry in this province.

What has worked so well in the province of Ontario with regard to pulp and paper will work equally well in the case of other primary products which are shipped out of this country in large volume at present to other countries for use in their manufacturing processes. It can apply to all of our raw materials which we produce across Canada. If we apply the same principle that Ontario did regarding the shipping of logs out of the province some 30 years ago and since that time, it can work equally satisfactorily for all raw materials in this country because of the great dependence which other countries have on Canadian raw materials to run their factories and turn out the finished products.

It is obvious that a certain proportion of our primary products should be shipped abroad in their raw state, but not nearly the proportion that is shipped today. I believe that the Department of Industry, Trade and Commerce should now undertake an intensive study of what proportion of our primary products should reasonably be