

productivity. Productivity is what the economy of a country runs on and, Mr. Speaker, it is all that it runs on.

This country used to enhance its productivity by 2.5 per cent every year following World War II. Let me tell you where we are today, not by my assessment but by the assessment of the Minister of State for Economic Development (Mr. Johnston). Last week in a speech in Montreal he said:

● (1240)

Let's start with productivity... while our absolute level of productivity in Canada is high, our rate of productivity increase has been, to say the least, dismal. It was near zero from 1974 to 1982.

He was dead on. This country has not grown. Jobs have been lost because our productivity since 1970 has been in a straight fall. There is more to partisanship than this comment.

What is productivity? Let me take a second to explain the dimension of the problem. We take 10,000 tonnes of low grade crude ore from Labrador West, beneficiate it and run it 226 miles down the railway to Sept-Îles. If we segregate the cargo by sending 5,000 tonnes 750 miles down the Seaway to southwestern Ontario where a Chevrolet Citation is made, we bring it 750 miles back up the St. Lawrence, 266 miles to Labrador City and sell the automobile. The other half of the segregated cargo is sent 14,800 miles to Japan where it is turned into a Toyota Corolla. It comes 14,800 miles back to Canada, transported 266 miles on the railway, and is sold in Labrador City for \$1,300 less than the Canadian competitor. It takes 30.8 hours to make that product in Japan almost defect free and it takes 59.9 hours in southwestern Ontario. This is not an indictment of the automobile industry in Canada. It is an indictment of all of us. It is a situation that the Government has allowed to develop. Productivity must be pointed out as the single most important weakness in our economy. Management and labour must be brought together. Labour must be part of the process. There is a reference to it in the Throne Speech, for which I commend the Government, even though it is 15 years late, because that is when our productivity started to decline.

I know a bit about that, as do other Hon. Members. I come from a family where a lunch pail was a badge of honour. The workers of this country must always be treated with dignity. No one will co-operate to enhance productivity if it means being put out of a job; no one will co-operate in that regard. Productivity has to be recognized and rewarded. Again I commend the Minister of State for Economic Development. He put his finger on it in his speech when he said that the weakness was in the tax system. This tax system has crippled small business. It has extinguished the entrepreneurial spirit and it has debilitated any productivity enhancement.

**Some Hon. Members:** Hear, hear!

**Mr. Mulroney:** Those cars mean jobs; productivity means jobs. This is what it is all about. It is hard to get that through their noggins. However, in fairness, we are now told that the Ministers do not run anything. They run for office and the

smart guys in the PMO run the shop. Productivity is the key to our economic growth.

Our research and development during the same period fell from 1.35 per cent of GNP to 1.16 per cent. This is the only OECD country where research and development has actively declined as a commitment to the creation of a climate in the private sector for contributions to research and development. We spend less on research and development than any civilized country in the western world, with the exception of Iceland and Ireland—may St. Patrick forgive me! If we had done during the same time frame what the Japanese, Austrians, Dutch and French did, if we had increased our percentage of GNP by one percentage point, we would have created 800,000 new jobs and thrown off almost \$20 billion in manufacturing sales. That is what it would have meant.

There are some people in the association of the Government of Canada who have made some comments to which I think the Prime Minister should pay attention. One of them is Dr. Larker Kerwin, President of the National Research Council, a distinguished Canadian. I wish the Minister of State for Economic Development and Minister of State for Science and Technology would take the time to read his comments. There are many public servants who know what they are talking about. A number of years ago Dr. Kerwin, in a speech in regard to the program to double the commitment of the private sector and the Government to research and development by 1985, said that if Canada would do something like this, we would still have problems but that they would be the problems of excellence, the worries of the rich. He said that our export sales would be so high, our supply of energy, most of it in renewables, and our dollar would be so strong that we would be pressured, as are the Japanese, to reduce our exports. However, Dr. Kerwin went on to say: "I would rather face those problems of excellence than the stagnation facing this nation today".

The golden wave of opportunity for our youth has been lost. We have lost a complete generation because of the absence of commitment to science and technology and to research and development. One company in West Germany has more people on its industrial research and development payroll than the entire nation of Canada; 94 per cent of the *brevets d'invention* or patents granted in Canada in the last decade were granted to foreigners. This is brain power. Canadian youth is just as intelligent. They do not want to be cutting trails in the forests; they want real, solid, tangible jobs in their own neighbourhoods or regions.

The way to do it is by a massive manpower retraining program, not devised by people who do not understand the disciplines of industrial life. There must be a massive commitment, in co-operation with labour, management and government, to the development of the most thoughtful and generous manpower retraining program a civilized society has ever put together. What will we do with a man who is 43 or 44 years of age and becomes redundant? Will it be forever? He must be retrained. He is a priceless asset. He must be brought back into the mainstream, and this can only be done with the kind