

*Productivity and Trade*

Between 1973 and 1975 the situation was very different. According to Ms. Cohen the situation is that at present increases in productivity have been falling and now contribute only 40 per cent to real gross national product growth. This is an extremely serious problem, and it is one which we must be concerned about over the next few years.

The obvious question, once we can recognize the importance of the problem and that something must be done, is: what is it that governments can do? Obviously the most important thing the federal government must do is begin to show some leadership in our economy.

I have been interested to follow the trend of government growth in Canada over the last few years. Over the past while the trend has been toward increasing government domination of our gross national product. At present about 40 per cent of our gross national product is controlled by government of one level or another, and over the New Year's break Canadians were treated to the spectacle of the Prime Minister (Mr. Trudeau) condemning the free market system, saying that free enterprise has failed in Canada, arguing that the government had to get yet bigger, and saying that Canadians will just have to live with the consequences of that.

I say to the Prime Minister that the problems we are faced with today, the problems of high inflation and high unemployment, are not the fault of business or labour; they are the fault of the government. This government in particular has shown very little restraint in its activities, and I do not think it serves Canadians well when it seeks to pass the buck and to blame Canadians for the problems created by the government itself.

● (2100)

In recent years when we have faced problems of unemployment it has been the trend to expect the government to try to create new jobs at the government level. When this happens it fuels the growth of government, increases the bureaucracy, stifles individual initiative, and it means that the percentage of the gross national product taken by the government increases.

By its nature government is unproductive and extremely inefficient. If real growth is to take place it will not happen in the public sector but in the private sector. The whole trend of government policy must be to get people back to work but, more important, to get them back to work in the private sector in meaningful jobs at decent salaries, with opportunities for advancement. Instead the government has taken the pessimistic approach to the problems of the economy. Its policy is to discourage the growth of new jobs in the private sector.

In an attempt to stimulate productivity in the private sector the government could start by removing some of the disincentives. I can give three examples of this from my own constituency which illustrate in part some of the problems with government policies.

The hon. member who spoke before me mentioned the problem of the government's dairy policy. In my constituency, which I think is fairly typical of rural constituencies across Canada, a large number of dairy farmers in recent years invested amounts as high as \$100,000 in some cases to expand their dairy herds and increase their pro-

duction of milk. This was done at the insistence of government which argued that Canadian producers must produce more. Incentives were given by federal and provincial governments to encourage producers and now those in my area, having acted in good faith and increased their debts, find that their subsidy cheques for industrial milk have been slashed. As well, the government is considering vastly increasing the amount of cheese imported from abroad. This will only exacerbate the surplus of milk and milk products in Canada today.

I have written and made representations to the Minister of Agriculture (Mr. Whelan) and the Minister of Industry, Trade and Commerce (Mr. Jamieson), and stressed my concern about the effect the government's actions are having upon the livelihood of many dairy producers. I understand the ministers are looking into the matter to determine whether the increase in imports can be curtailed.

I do not think that is good enough, however. If the government is to show good faith to dairy producers it has an obligation to cut back the quota of cheese allowed into this country. Our dairy farmers should have some assurance that it is worth while to continue investing and working, and this is one area where the government could act.

The rationale given by the hon. member who spoke before me, and by the Minister of Industry, Trade and Commerce, is that Canadians cannot produce a sufficient variety of specialty cheeses to meet Canadian needs. Madam Speaker, if we are ever to develop an indigenous Canadian cheese industry which is healthy and viable we must give our cheese producers the protection we give manufacturers in other sectors of the economy.

In my constituency at Elmira, Ontario, there is an outlet which sells mostly Canadian cheese, and I am amazed at the variety offered. If Canadian dairy farmers were given incentives to produce, and the Canadian cheese industry were given the opportunity to fill the need in the market, new jobs would be created, productivity increased, and the economy strengthened.

Another example of where the government attitude is a disincentive occurred in my constituency last fall. A constituent manufactures assembling kits for sale to domestic retailers and for export. Sales were so good and were increasing so fast that, having paid salaries and overhead, he had difficulty paying the federal sales tax at the beginning of each month. The area he comes from does not have a great deal of industry and the jobs he provided were desperately needed. His accounts receivable ran 50 days and he was having difficulty making ends meet, especially having to pay the federal sales tax at the beginning of the month. He felt his highest priority was to pay his workers. He proposed to the government that he be allowed to pay the sales tax later in the month, offered a penalty for late payment, and a guarantee of payment before the month's end.

The government's response was startling. One day when he was absent officials from the Department of National Revenue arrived and insisted that his wife—who did not have authority to sign cheques on behalf of the business—sign a cheque immediately for the amount of the sales tax for that month. They threatened to seize his accounts

[Mr. Beatty.]