

*The Address—Mr. O'Connell*

do it. After all, the movement of independence grew over the past 15 years in Canada during one of the periods of our greatest economic growth and development. It grew in good times and in poor economic times. Restoring economic growth, beating inflation, building new homes and curing unemployment will indeed remove causes of discontent and divisiveness. But more fundamental causes are pushing us around that historic corner. It is a turn we can negotiate successfully provided we face the basic issue square on—I do not say that the leader of the New Democratic Party does not face it—and not run after every traditional or standard-type issue in front of us.

In his speech yesterday, the Prime Minister noted that in the 20 years between 1951 and 1971 the real income of Canadians more than doubled; that is, that after considering inflation and taxes, the standard of living, of purchasing power, or however we express it, real income doubled. The point I want to make is that we can do it all over again. It is well within our potential, but not under present industrial policies. We do not yet have the full policy framework to do this all over again, nor the best type of industrial organization to do it, and it is these questions I should now like to address.

*[Translation]*

The Canadian industry, and more especially the manufacturing sector, is confronting a serious problem more alarming and persistent than an economic cycle and more disturbing than the high rates of inflation and unemployment contributing to its worsening. I am referring to that deep and long-term erosion of forces, erosion which will not be checked by controls over the inflation rate, nor by the thorough development of resources, nor by the construction of a pipeline, nor by launching extensive projects in the field of energy, nor by the higher growth of our service industries which is already quite considerable. That weakening is translated by a constant decrease in our competitive power at the international level due to the high cost of goods, a lack of productivity—the Prime Minister (Mr. Trudeau) said so in his speech yesterday—and also on account of an overly great reliance on technique. This decline is reflected in a constant flagging on the internal market as far as the products derived from both current and advanced technologies are concerned.

We shall not be able to solve the fundamental problems by imposing price and wage controls, by creating new budgetary incentives or reducing the value of our dollar, although these measures may conceal the deep tendencies. In the present economic situation, we cannot admit this downward trend in the industrial sector. In the coming months, we shall have to establish an economic strategy which will start the transfer of the major part of the manufacturing industry in Canada to a more efficient technical base. Only the improvement of this base will enable us to continue and to win the fight to increase our productivity and to deal with the rising costs while maintaining our competitiveness on world markets.

[Mr. O'Connell.]

● (1552)

*[English]*

The Science Council of Canada concludes that Canadian manufacturing is in a cul-de-sac. It is in relative long-term decline. It is in a phase of de-industrialization. A committee of this parliament's Senate found that the "general weakness" of Canadian manufacturing has reached "crisis proportions". I would like to propose to my colleagues in the House some elements of an industrial strategy, looking at these issues over the next decade. First, the government and the country must set themselves the goal of an expanded manufacturing sector, viable in the world's economy. I do not think we have that goal today. This means a reversal of present industrial weakness and decline.

It is for the national government to set out within the year a policy framework to support such a commitment. This will require consultations with the provinces, labour organizations and business as urgent and as far-reaching as those under way with respect to the political situation of the country.

In Canada we devote a smaller share of our total economic activity to manufacturing than any other industrialized country. Yet there is little doubt that the potential in Canada for improving productivity by expanded trade in manufactured goods is unsurpassed by any other industrial country. The policy framework and industrial reorganization to achieve this and to set us on that path of doubling our real incomes over the next two decades has yet to be developed by governments together with the main economic partners.

Second, we have to select industrial sectors with the promise of life in them, and concentrate on them. This is not to neglect the other sectors, but it is to concentrate and push forward in selected ones. The most evident ones are transportation, communications, telecommunications, new oceanic industries, resource processing, petrochemicals, plastics and energy, to mention the most evident.

How do we ensure the emergence of internationally competitive units within these industries? Often this will require amalgamations or consortium arrangements, as is happening in the white goods industry. It will require concentration on fewer products and lines. It will mean specialization for the benefit of longer production lines. These are not unfamiliar goals. The point I am making is that the policy framework is not conducive to their realization in the near-term. To encourage this kind of reorganization, government policy must ensure Canadian processors and workers a sufficiently large share of our domestic market in chosen sectors so as to provide the base load for optimum scale production and for specialized production.

An assured market is, moreover, the springboard for expanded trade. In turn, expanded trade reassures occupation of the domestic market. Above all, large-scale specialization based first and foremost on the domestic market is the foundation for research and development and for the resulting engineering of product innovations which alone enables firms to stay competitive.