

● (2050)

[English]

**The Acting Speaker (Mrs. Morin):** The hon. member for Peel-Dufferin-Waterloo.

**Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo):** Madam Speaker, I can understand your difficulty. My constituency is Wellington-Grey-Dufferin-Waterloo. I can understand your difficulty because it took me three years here to be able to remember that myself.

I will be quite brief this evening, but at the outset I want to extend my congratulations and appreciation to the hon. member for York-Simcoe (Mr. Stevens) for moving what I think is a very important motion which allows this House to debate the whole question of Canadian productivity and our balance of trade problem.

It is not a problem which deeply concerns people back home in our constituencies or one that we hear a great deal about in meetings in legion halls and church basements. However, it is a matter which affects every Canadian, whatever his age or occupation, on a very direct and constant basis every day. It is a matter of vital importance, and it is one which the government now is beginning to recognize will affect our future very greatly. Just this afternoon on the front page of the *Toronto Star* there was an article under the headline "Jamieson Calls Talks on Trade", the first part of which reads as follows:

Trade Minister Donald Jamieson has called a meeting in Ottawa next month to discuss Canada's growing balance of payments deficit which he described as "one of the most acute problems" the country faces.

The meeting will be attended by "40 or 50 of the most experienced people in the capital formation field," Jamieson said in a CBC interview in Hong Kong over the week end.

Jamieson's remarks came as financiers were warning publicly that Canada's international credit rating is in danger.

This gives an illustration of the problem which the government recognizes, the problem that our economy is suffering from at the present time, and something desperately needs to be done.

We heard earlier this afternoon from the Minister of Energy, Mines and Resources (Mr. Gillespie) who, in his former incarnation, was the minister of industry, trade and commerce. He left for the present minister, who is currently out of the country, a great number of unsolved problems. They are problems which will be very serious indeed if the government continues to ignore them.

Many Canadians are aware of what problems are caused by poor productivity on the part of the country. There are three of them which stand out in particular. The first is that a high rate of inflation is often the result of a poor level of domestic productivity. Second, our international balance of trade is affected by our failure to increase our productivity. Third, as a consequence of that, ultimately we are faced with a problem of high unemployment. At the present time we are suffering from all three of these problems, and the indications are that particularly with respect to unemployment the problem may become much worse in the future.

What is the present situation? The following facts will illustrate some of the problems we face right now. First, at present Canada is suffering from a \$5 billion balance of trade deficit. If we consider our trade deficit with respect

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to manufactured goods, the figure is twice that, some \$10 billion, but it is offset by the fact that Canada is shipping vast quantities of raw materials abroad. While this does something to reduce our international trade deficit, it means that we export jobs to other countries which would be kept here in Canada if we were to process our raw materials here, as opposed to shipping them abroad and buying them back at higher prices in the manufactured form.

Second, Canada is suffering at present from an endangered credit rating. Over the next few years it will be extremely important that we borrow money abroad to finance new ventures which will be very necessary in the future.

Saturday's *Toronto Star* featured a large article which outlined some of the problems caused by the loss of confidence in Canada's credit rating at the present time. The *Star* interviewed a banker-economist named Hans Mast, who is based in Zurich, Switzerland. He explained his feelings about Canada's credit rating at the present time. What Mr. Mast had to say is as follows: "Canada is no longer on our list of favoured countries for long term investment."

If this problem continues to get worse, Canadians will be faced in the future with great difficulty in attracting capital from abroad which it will need for expansion. It is very important to us that we be able to get this money if we are to keep Canadians at work and stimulate growth in our economy. This is why it is extremely important that we keep our credit rating at a very high level.

Third, in 1975 Canada experienced a year of negative per capita growth in our gross national product. That is a very serious situation, and internationally we stand up very poorly against other nations.

Fourth, Canada's productivity increased by an average of just over 2 per cent per year in the years between 1968 and 1973.

Fifth, real growth for 1976 is projected by the Minister of Finance (Mr. Macdonald) to be a figure of only 2 per cent, if we are able to make that.

Sixth, the Economic Council of Canada projections which have been done show that Canada will continue to be near the bottom of the list of industrialized countries registering economic growth in the next few years. This is a very serious situation which the United States shares; this is going to mean that North American manufactured goods will be priced out of world markets, and the effects will be felt on the domestic market.

The seventh problem we are faced with at present is that the sort of growth which is taking place in our gross national product is largely due to the growth in our labour force. It is not due to increasing productivity. Dian Cohen, the excellent freelance economist who writes in the *Toronto Star* and a number of other newspapers across Canada, pointed out in a recent column that between 1950 and 1955 some 70 per cent of the gross national product growth came as a result of our being a more efficient nation, and our incomes rose accordingly. Seventy cents of every dollar in the growth of our gross national product occurred from 1950 to 1955. At the present time, however, there are great changes being made.