

INDUSTRY—REPORTED DECREASE IN
PRODUCTIVITY

Hon. George Hees (Northumberland): Mr. Speaker, this afternoon I asked the Minister of Industry to comment on the falling off by 30 per cent in the yearly rate of increase in productivity between 1964 and 1965. My question was based on a statement in the annual report of his department dated January 28, 1966 and tabled by him yesterday. The statement begins at line 5 of page 45 of the report and reads as follows:

Between 1963 and 1964 output per man-hour in manufacturing rose by 2.8 per cent. Figures of employment, output, and man-hours for the first nine months of 1965 suggest that the increase in output per man-hour for 1965 was below 2 per cent.

Mr. Speaker, that represents a decrease in the rate of increase of productivity amounting to 30 per cent in the last 12 months. The average yearly rate of increase in productivity between 1960 and 1964 was 2.9 per cent per year. Therefore the 1965 rate of increase over 1964 was 32 per cent less than the four year average of the years 1960 to 1964. This means that the rate of increase last year was one third less than the average of the previous four years.

This is a sad state of affairs for a department which was set up to increase productivity. I suggest to the minister that he immediately reappoint the productivity council which we established, and which his government has completely disregarded, and ask that council to aid in a task which obviously is a little too big for him to tackle.

I would ask the minister to let the house know what he intends to do, at least to restore the yearly rate of increase in productivity to what it was before his department was established with so much fanfare and at such great expense to the Canadian taxpayer; and also, not just to restore this yearly rate of increase, but greatly to increase it this year and in the years ahead.

Hon. C. M. Drury (Minister of Industry): I am sorry the hon. member began on page 45 of the annual report, from which he read the conclusions. Had he read page 44, one page

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preceding it, he would have seen an explanation in fairly simple terms of the phenomenon he has just reported.

What has been happening in Canada is this: After a number of years of considerable slackness in the economy, and capacity to manufacture in excess of what was being utilized, we now see the manufacturing industry in Canada operating in the year 1965, at capacity in most industries, or close to it.

Mr. Hees: And peak efficiency.

Mr. Drury: This is described on page 44 of the report.

With a strong demand for almost all types of manufactured goods the major indicators of manufacturing activity were well above the levels of the previous year—

Practically all sectors of manufacturing showed production advances in 1965 In a number of industries, physical capacity limited the extent of the increase in output since, by year-end, production was at or near capacity in spite of the additional facilities brought into operation during the year.

Also in 1965, Canadian manufacturers in increasing numbers encountered a shortage of skilled workers and professional personnel.

This obviously tended to reduce the rate of expansion and the output per worker.

Had the hon. member taken the trouble to read the previous 43 pages of the report he would have learned the steps being taken by the Department of Industry to increase productivity. One of the major steps I might mention is the automobile agreement designed to rationalize the automobile industry and, as a direct consequence, increase its productivity manyfold.

Steps leading to the same result will be taken with regard, for example, to the shipbuilding industry and the furniture industry. I do not have time to read the annual report because this is not possible in three minutes, but I would commend its reading to the hon. member for Northumberland who, apparently, has not had time to give the document the kind of study which in my view it so obviously warrants.

Motion agreed to and the house adjourned at 10.23 p.m.