

*The Address—Mr. Macdonnell*

is the best buy on the market it will not be sold and there will be no profits for the company and no jobs for the labour force.

Those are the words of the Minister of Trade and Commerce. He goes all out to advocate co-partnership, to advocate that management should sit across the table from its employees not merely to discuss wages and hours but to discuss the operations of the company. He pointed out that this is the kind of thing that goes on in Europe, and I believe that in Germany it is required by law that the men have a certain say in the management of the company.

In spite of the lead given by these two ministers I am disappointed to find that the speeches of business and financial leaders in the last few months have seemed to ignore this point, have seemed to ignore the importance of making the men feel that they are part of the show. These speeches that I speak of stress lowering taxes, increasing depreciation, raising tariffs and giving export subsidies, all of which may have their point, but I draw the attention of hon. members to two things. The first is that all these four things that I have mentioned are entries in books, and are in effect subsidies. They do not suggest that a single man in a single factory is to do better work and produce more goods, which after all is the important thing. On this matter I wish to quote from James Lincoln's book, "A New Approach to Industrial Economics". First of all I wish to read an interesting sentence indicating the spirit in which Lincoln took on his job. He set himself a standard which hon. members may think a bit high, but which I believe he has worked out literally. When he was appointed many years ago he set up an advisory board which I believe has met every two weeks ever since. He says this:

I knew that if I could get the people in the company to want the company to succeed as badly as I did there would be no problems we could not solve together.

These are plain, simple words but I think hon. members will agree with me that they say a lot. When one can say, as one can, that Lincoln succeeded in that effort, it is not surprising that this company of his has had a brilliant career. Lincoln is frank in his criticism of manufacturers. He refers to the days that have gone by when he thinks manufacturers were effective in giving full play to their men, enabling them to do their best work. He says this, speaking of the manufacturer in the U.S.:

He has now failed to get the co-operation of the worker and is losing out because of friction. When he gets co-operation, he can and will win again. This is not a theory only. It is the history of all manufacturers who have designed a proper product

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and built it with co-operative workers. Wage rates per hour are of little importance in themselves. The important thing is wage cost per piece. This depends on efficiency of operation and on that only.

I quote another statement of Lincoln.

Perhaps he is a little exuberant and perhaps there is a little exaggeration but nevertheless he has succeeded to the point where he is entitled to make this statement:

When a properly designed product is made by co-operative workers, the cost can be reduced by any amount desired by the group involved.

That is a strong statement but nevertheless he gives cases where costs have been brought down not by 20 per cent or 50 per cent, but by larger amounts. He says again:

When the worker is rewarded and stimulated in a way acceptable to him, such co-operation can be gained.

He is quite frank in saying that he thinks workers have not always been treated as they should have been.

I wish now to say a word on the present economic situation by Deutsch, who is now at Queen's University but was formerly with the Department of Finance in Ottawa. He says this:

It is obvious that the recovery which is now taking place will have to be much stronger than any of the cyclical recoveries since the end of the war if full output and employment are to be achieved. If such a strong upswing is not realized the problem of substantial unemployment will persist further into the future.

This next I find very interesting:

Our export trade, always a vital factor in Canadian economic growth, is confronted with the prospect of an entirely different world. The developments now taking place point to the division of the world into large trading blocs, each with a huge internal market surrounded by protective barriers of one sort or another. The irony of it is that these developments indicate the possibility of Canada being cut off from the one special trading area with which she has been historically associated, namely, the British preferential system.

There is another aspect of our trading position which is being affected by new and powerful forces. The underdeveloped countries are entering and will continue to enter into the world market with an increasing volume of exports produced in low wage industries.

I also want to quote from what the president of the Canadian Manufacturers' Association, Mr. Mathers, had to say recently in Halifax:

—productivity figures from 1949-58 make sad reading for us in Canada. In Japan productivity growth over most of this period was at the rate of 5.5 per cent per annum. In West Germany the rate was 5.3 per cent, in Italy, 4.5 per cent, in France, 3.7 per cent and in the United States 2.3 per cent. In Canada by comparison it has been 1.8 per cent.

He goes on to point out that a high ranking Canadian economist estimates that a growth rate of between 4 and 5 per cent annually is necessary if we are to remain in the race for a share of the world's markets. Having quoted