

can increase and increased opportunities can be provided for the employment of the additional Canadians who are entering the work force year by year.

As we know from the figures, our work force is increasing by about 3½ per cent each year. In the light of the increased unemployment figures which I quoted in the first part of my remarks, it is obvious we are not getting even close to employing these new entrants into the work force. The two authorities I have quoted are not members of industry. They are not members of the opposition. They are people closely connected with the present government, people who should know most about whether or not we are doing all that should be done to achieve the amount of research this country needs. I refer, of course, to the President of the National Research Council and to the President of the Treasury Board who for five years has had responsibility in this field.

I should like to deal, now, with the question of what we must do to bring down our costs, and hence our prices, so as to place our products in a better position in competition with other industrial nations. The most important factor in controlling costs is, as you know, productivity, which is production per man hour or per dollar. During the 20 years between 1945-1965, due to the introduction of new machines and new techniques, industrial productivity increased by an average rate year by year of 3.4 per cent. However, during the past three years the increase has been dropping slowly until today it is increasing over the previous year at about half the rate I mentioned a few moments ago. This is the principal reason for the failure of our sales to achieve the volume necessary to stimulate additional production sufficient to absorb the new entrants into the work force.

Those who control industry, the employers of this country, need to be offered an incentive sufficiently attractive to make it worth their while to invest in the new machines and production systems which will make it possible to reduce costs to a point at which they can markedly reduce prices and attract additional customers. The government refuses to offer these incentives. It offers no program to induce the producers of this country to make these changes which would result in the increased productivity we obviously require. I say that such tax incentives would not cost the government anything in the long run. In fact, they would be the best investment it could make. Increased productivity, and

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increased sales, would provide more income tax because more people would be employed and become liable for income tax instead of receiving unemployment insurance. More revenue would be received from commodity taxes because more articles would be sold subject to sales tax. More corporation taxes would be paid because there would be more profits for the government to tax. No doubt, in the first year there would be a temporary tax loss, but this would be regained many times over in the longer run.

I have mentioned two steps which would materially increase sales and, in turn, make possible the employment of a larger number of people. These are things which could be done. These are things which must be done. But these are things which are not being done by the government at the present time although it must be obvious that action along these lines is needed, particularly since the chairman of the National Research Council and the former minister of industry (Mr. Drury) have both indicated that our research program is not sufficient to keep this country competitive. It is obvious that our productivity is falling year by year, that it is not increasing at the rate necessary to pave the way for the employment of new entrants to our work force.

This government is showing a mixture of arrogance and complacency. Hon. gentlemen on the treasury benches opposite feel they are in office for four or five years and refuse to listen to any suggestion made by anyone but themselves. They answer questions about their policy in this field by saying that everything is in a satisfactory condition and that all the country has to do is to put its hand into the hand of the government and have confidence. It would be fine if we could do so, but we cannot, because it is obvious that unemployment is increasing, that productivity is decreasing and that the men best able in this country to know about the condition of our industrial research believe we are not doing nearly enough to keep abreast of our competitors.

• (8:30 p.m.)

This government was elected on June 25 to do a job for this country, and this job they promised to do. I say to them once more; snap out of your complacency, lose your arrogance—if you can—and get on with the job that you were elected to do.

Mr. Mark Smerchanski (Provencher): Mr. Speaker, some members of the opposition