

Regulatory Reform

regulatory burden which has been imposed year after year upon industry, both from within and outside of industry and particularly by Government.

Productivity growth is another interesting point to consider. During the period of 1977 to 1982, Canada registered an improvement of .3 per cent. Japan, on the other hand, showed a productivity growth rate of 27.6 per cent; Germany, 14.7 per cent; France, 22.3 per cent and the United States, 3.6 per cent. I cite those, Mr. Speaker, because those are countries with which we compete head to head.

The Economic Council of Canada made a report in 1981. Unfortunately, this report gathers dust. There have been a few initiatives taken, but very little of a constructive nature has emerged. The Economic Council of Canada did a rather detailed and in-depth study and analysis with respect to the amount of regulation in our country. It has estimated that close to 30 per cent of domestic product is subject to direct and significant regulation. Almost every sector that we can think about is regulated in some way, shape or form. The Council concluded that Canadians are over-regulated. The Economic Council of Canada is paid for by the taxpayers. It was set up to advise Government and Parliament on current issues of the day. It said that Canadians are over-regulated, resulting in waste, inefficiency and higher prices. It recommended that the economy be stripped of regulations and that incentives, rather than punishment, be used to respond to social concerns.

It is difficult to assess in accurate terms what the cost of the regulatory burden was. These statistics were taken some years ago so I suspect we could automatically increase them by a certain percentage factor. The Council said that between \$35 million and \$50 million was spent annually by Bell Canada, a cost which had to be passed on to the consumer as a result of over-regulation. The regulatory burden of Dow Chemical in 1978 amounted to some \$20 million. The EEC stated that the licensing process in the trucking industry alone cost some \$40 million annually. It also stated that there were indirect costs associated with restrictions and operating inefficiencies. There was a lot of deadheading. That is, a trucker was licensed to haul a load to a certain point but could not bring a load back. That reduces the operating efficiency by 50 per cent.

It has been stated in the study that some \$1.5 billion will be spent in the eight-year period of the National Energy Program on supervising and regulating the oil industry. There is a well known statement that prior to the National Energy Program there was one bureaucrat for every three geologists in the oil industry. Now it is just the reverse. There are something like three bureaucrats for every geologist. It is said that just to operate the CTC, the NEP, the CRTC, the Atomic Energy Control Board and FIRA will cost in excess of \$100 million.

We have noted something rather interesting during the process of deflation which occurred during the last two or three years. Unregulated prices responded more accurately to the realities in the marketplace than regulated prices. We found that during that period of deflation, the regulatory prices were going up much faster than the unregulated prices.

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It is disturbing that the recommendations of the Economic Council have not been transformed into action. The report is only gathering dust. Some initiatives have been taken but there has been little in the way of action.

The Special Committee of the House on Regulatory Reform reported in December of 1980. There has been no significant response from the Government in that connection. The Joint Committee on Regulations and Other Statutory Instruments issued its fourth report on regulatory procedures in July, 1980, but there has been no significant response in that connection.

At the same time, the Government is urging Canadians and industry to trim the fat, to be more productive, efficient, innovative, flexible and dynamic. It has been pointing a finger at industry but has not been leading the way or demonstrating by example. It is contradictory because the Government has demonstrated little leadership in terms of scaling down the burden of regulation which it imposes on the industry. I can cite numerous examples of that.

There are the initiatives of the Minister of Transport (Mr. Axworthy) with respect to the airlines. I believe that that is clearly a step in the right direction, but the fact of the matter is that again a finger is being pointed at the industry to develop a more lean, efficient, productive and innovative industry, while the Government is not moving any distance at all toward untangling the regulatory burden that it has imposed upon the operation of the airport system.

We are fortunate that we now have some clear examples and experiences from other countries about the effects of regulatory reform, scaled down regulations or outright deregulation. We can certainly benefit from those experiences and take into consideration the progress or lack of progress in certain areas. Let us use the United States as an example.

It is stated that in the airline industry, long distance airline fares have decreased by 50 per cent in seven years. Again in the United States, trucking rates are down by 30 per cent in real terms since 1980. When I talked to a transportation expert from the United States one day I was told that the result of deregulating the trucking industry in the United States increased the capacity of the fleet by 50 per cent without adding a new vehicle. That is how badly the regulatory burden strangled the trucking industry. It just increased its available capacity by roughly 50 per cent.

Again in the United States, the cost of buying stock by small investors through discount brokers is 60 per cent of the commissions charged by the old line houses. Ten thousand new trucking operations were started and 14 new airlines were launched since 1978. The U.S. airline industry provided 19 per cent more output, that is in available seat miles, with one per cent more employees in 1982 as compared to 1978. Those are clear examples.

The reality of the 1980s is simply that we must be more competitive, productive and efficient. We must produce a quality product at an attractive price in order to penetrate the international marketplace. As Canadians, we must export to