

*Alleged Failure to Reduce Unemployment*

per cent figure is acceptable. But we would also all agree that the present 5 per cent level of unemployment is unacceptable.

The question we must ask ourselves is: What can we do about it? First of all, it is necessary to examine the industrial indices. When you examine the figures showing, first, the early growth of industrial production which is, as we know, by far the greatest employer of labour; second, the work force, and third, unemployment, we see that there is a definite relationship between these three factors year by year. After this examination we find that if we are going to be able to keep unemployment at a figure no higher than the acceptable 3 per cent of the work force, industrial production must increase each year by about 8½ per cent a year. Last year industrial production increased by only 4.8 per cent, or about half of the necessary increase over the preceding year to keep unemployment at a reasonable and manageable level. To bring unemployment down to this reasonable level of 3 per cent from the present 5 per cent which we are experiencing, we must find out how to increase industrial production by about 8½ per cent this year over the previous year or find some way to have it increase during 1969 at about double the rate of the preceding year.

How are we going to do it? It is obvious that to produce more, first of all, we must be able to sell more. If we are to sell more, we must be able to convince more customers in Canada and abroad that Canadian products are a better buy than the other products that are offered to them on that particular market. This requires an improvement in three things: Design, quality and price. First of all, I am going to deal with what I believe must be done to improve quality and design. Improved quality and design are the product of industrial research, and we should ask ourselves at this point: Has Canada been doing enough industrial research during the past to ensure that our products are of the best design that we can devise and of the best quality? Are we producing enough new products year by year to attract new customers? There are two people who, I believe, are in the best position in this country to answer the question whether Canada is doing enough in this regard. The first is the president of the National Research Council. The second is the man who for five years held the position of minister of industry and who had the prime responsibility for improving design in this country. He also had responsibility for seeing

[Mr. Hees.]

to it that industrial research is being carried out at a satisfactory level to provide the increases in production necessary to provide jobs for those who enter the work force each year.

The minister who held this responsibility for five years is at present President of the Treasury Board (Mr. Drury). The president of the National Research Council said, in a speech which he made last September, that Canada is far behind her principal competitors in industrial design. As recently as two days ago, he said that Canada's research programs are too modest and too restricted. That is his opinion of the industrial research program that we in this country are carrying out.

Now, let us turn to the President of the Treasury Board who, as I said, until six months ago had the responsibility for five years for our progress in industrial research. Let us see what he said about this subject. In a speech which he made in Montreal last September 24 he said the following:

Canada must more than triple its expenditure on research to become a really scientifically advanced nation.

Then, he went on to say this to the group to whom he was speaking, a three nation chemical engineering conference at the Queen Elizabeth Hotel at Montreal:

• (8:20 p.m.)

More than ever, co-ordinated research and development by Canadian governments, Canadian universities and Canadian industry on a vastly increased scale is mandatory if we even hope to keep pace relatively with the acknowledged leader in technological innovation, the United States.

At that time the present Minister of Industry asked the following question:

Are the present tax incentives which the government is offering sufficiently powerful to induce the amount of research this country needs?

I believe the statement which I quoted to the effect that vastly increased research is mandatory, answers the question which I have just put on record. Indeed, there can only be one answer and that, of course, is a resounding no.

It is obvious that the government's incentive program falls far short of what is needed to provide the research which must take place in this country if we are to achieve improved quality, improved design and the new products which a country has to produce year by year in order to attract a sufficiently increased number of new customers on the basis of which sales can increase, production