

In addition, another phenomenon of our time has emerged, one which is interesting to note and which has far-reaching effects. I refer to the balance of payments on current accounts, particularly that of the United States. This is largely, if not wholly, due to the United States deficit in terms of oil imports. For the most part it is energy-related. The irony of the situation is this: as the United States stimulates its economy, the demand for energy in the country increases; the volume of oil imports must be increased and consequently the balance of payments situation deteriorates. I said this morning, quoting the gentleman from Scandinavia, that the essence of tryanny is the denial of complexity. I imagine few situations could be more complex than the one to which I have just referred.

However, in the area of joint action—the basic theme on which I am reporting to the House today—there are two aspects which are of particular importance to Canada. The first is what we have committed ourselves to doing in the context of the world community in terms of stabilizing our own domestic activities and, indeed, of reducing our own balance of payments deficit to the extent that we can. This, of course, means increasing our productivity.

The word “productivity” has been bandied around in the House and outside for a long time now, and in many respects the debate has been sterile because, first of all, there has been no general agreement between business and labour or between the private and the public sectors as to just what it is we are talking about. The time is certainly ripe for a broad public discussion on the question of productivity. It is not enough simply to proclaim that we need to increase productivity. When a businessman talks about increasing productivity, he usually means there ought to be a reduction in the demands of labour. Labour, on the other hand, tends to suggest it might be brought about if the plant or factory were made more efficient, or equipped with more modern machinery, without realizing that both these things are part of the same equation.

There is a further important consideration. If we wish, as part of the free world, to make this contribution of greater productivity, we have to determine how productivity is to be measured in areas where there are no convenient yardsticks to employ. How, for example, does one measure the productivity of a nurse, a teacher or of workers in a whole range of occupations within what is described as the service industries. Only when one takes the total figure for the national economy as a whole at the end of the year can one assess a general measure of productivity reflected, of course, in the level of growth of related industries. But until we can compare many areas starting from the same base of understanding—one which so far we do not have—we shall be faced with enormous problems when attempting to decide how a credit for productivity increase is to be distributed.

If, for example, a worker in a highly mechanized industry such as woodworking can show a 15 per cent productivity increase, ought the credit to go exclusively to that worker, or should some of it be reserved for those who support him in the service industries but whose productivity it is not possible to measure? I mention this to show that the argument on produc-

tivity will not get us very far unless there is agreement as to the basis on which we are going to take our measurements.

All this aside, there is no question that Canada must take all the steps at its disposal to improve its export position and to ensure that our competitiveness is sustained. And these are principally for the private sector. I might point out in this connection that the value of the Canadian dollar is an important element, though let me hasten to add, parenthetically, it does create serious problems in terms of levels of imports brought into the country. That, surely, is not a source of argument. However, it does have a serious effect on the balance of payments, and the more we can do to generate import replacements in Canada, the better it is for us.

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Having said that, it brings me to another of the dilemmas which we are going to face as we work our way, as a free world community, out of the present circumstances. I refer to the approach that not only we but other countries are going to take to the whole question of the present round of multinational and multilateral tariff negotiations. The last three or four days in this House have demonstrated very vividly and very clearly how very little below the surface is the instinct for protectionism and the tendency toward protectionism. Of course, that is an understandable and a natural situation and we should not try to hide the reality of the problem that it reflects.

Clearly, even though Canadians are among the most generous people in the world when it comes to assisting the Third World, it is natural to react when imports from certain countries are below the cost at which they can be produced in Canada and, therefore, become a threat to Canadian employment and to the Canadian economy. We see it often in textiles and shoes. We are today hearing about it in terms of primary industry. Therefore, the job before us—which, incidentally, is one involving the whole community and not simply either the government or parliament—is to devise a tariff structure which will to the maximum extent possible allow us to take the greatest advantage of, for instance, our mining industry and various other industries where we have an obvious and a built-in advantage.

But let me caution the House, if that is necessary—or perhaps a better way of putting it would be to remind the House—that we, of all countries, must be extremely careful of protectionism. The old adage that every action brings a reaction is never more true than it is in the case of Canada. We have already seen, in terms of some of our comparatively limited actions, for instance vis-à-vis the United States, what kinds of opposition that can generate.

I was interested this morning to hear someone comment on certain countries to which we are providing various forms of aid in regard to textiles. May I remind the House that our largest single customer for wheat, for instance, is the People's Republic of China, which is also a country very interested in selling some of its products, including textiles, to Canada. So that the question we have to ask ourselves is: How can we