

The Address—Mr. Trudeau

● (1622)

We still found that we should do more in the area of decentralization. We still found that we should be spending more through the Department of Economic Expansion, and through other departments, in order to give greater opportunity to those regions of the country which had not been favoured by nature or by history. It is very important to say that during that period Canadians showed to the world that they could be leaders in the economic and social fields. Canadians have a right to be proud of their record. That was recognized in the councils of the world and in all kinds of forum—the fact that Canada, through the size of its gross national product and the size of its exports, qualified to be invited to the summits which have been marking the leaders among industrialized nations. All these are proof that Canadians have been able to succeed. However, Mr. Speaker, the expectation which was created by this great prosperity, this revolution of rising expectations which led Canadians to believe there was no limit to the kinds of social, environmental and developmental progress that they could afford, was in a sense the cause of our present difficulties.

It turned out that Canadians, at the other end of this period, began to consume more than they were producing. Once again, consider the figures from the mid-fifties to 1971. The purchasing power of Canadians, after taxes and after discounting for inflation, the real standard of living, doubled. However, during that period there was an increase of goods and services in this country which roughly doubled. In other words, the doubling of our standard of living was matched by the doubling of our productive capacity. From 1972 to 1976, real disposable income continued to rise at that same, almost breakneck speed: it continued to rise in that period of four years by 30 per cent, while real domestic production grew only by 17 per cent.

It is obvious that that could not last, because our standard of living depends ultimately on what we can produce as a nation. We cannot enjoy the fruits of foreign labour, buy their goods, enjoy their services by travelling or holidaying abroad, unless we can produce sufficient goods and services of our own that foreigners are willing to buy at our prices. We could, of course, for a short period of time—in this case, four years—match the difference between a 30 per cent pulling out of the economy by Canadians, and 17 per cent being put into it, by borrowing a certain amount of time and a certain amount of money. However, it is obvious that could not go on forever. We were, in a true sense, as a nation living beyond our means, because our standard of living was not justified by what we were producing as a nation. Other nations would not pay the price for our goods.

That leads me to the third cause of our present economic difficulties. It can be expressed very simply by stating the truth—that our prices are too high. We buy from other nations; we buy their services by travelling, and their goods by importation. They do not buy an equivalent or a sufficient amount of ours to maintain that standard of living. If our prices are too high, what happens? In the case of raw materials, of course, the markets of the world set the prices. We

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have to lower these prices if we want to sell them. We have less revenue. Having less revenue, we invest less, or close down. That creates unemployment.

There are some cases where we can protect some of our natural resource industries. We have done that through the uranium cartel which is so heavily criticized by the opposition. This is an example of Canadians, in a specific instance, making sure that the protectionism of other countries which affects our ability to sell is matched by an equal protectionism of those countries which are a victim of the first instance.

In the area of raw materials, we can occasionally protect ourselves somewhat. However, we cannot, in a consistent and constant way, set world market prices for the raw materials that we produce, whether they be minerals or renewable resources such as lumber. There again, as prices fall, the number of jobs falls.

In manufacturing, the situation is perhaps even more stark. We must be competitive in manufacturing either by being as productive as the others or, if our productivity is not as great, to have lower wages and lower profits than the others. Alternatively, if we want to match the wages and profits of the other countries in manufacturing, we have to be as productive. We have not succeeded in either of these. It is all very well to wish that entrepreneurs would take lower profits. The NDP in particular have been wishing that for a long while. However, the very simple reality that takes over at this point is that capital is very mobile. If the profits of Canadians are less—

Mr. Broadbent: First year Adam Smith.

Mr. Trudeau: I hear the leader of the NDP dropping names, Mr. Speaker. His education has gone beyond Karl Marx; he goes as far as Adam Smith.

Some hon. Members: Hear, hear!

Mr. Broadbent: That is as far as you have got—Adam Smith.

Mr. Trudeau: If capital finds higher returns elsewhere, it moves elsewhere. What is left if our productivity is lower, is to have lower wages. But is our productivity lower? Surely Canadians are not unproductive. Workers in Canada are as skilful as those anywhere else. I think it is fair to point out that generally, even in the manufacturing industry, there has been some catching up on productivity by Canadian workers. I believe the hon. member for Oshawa-Whitby (Mr. Broadbent) was giving an example on Monday of one industry where that was the case. However, over-all, on average in manufacturing we have not yet completely caught up. As a matter of fact, on average the figures are still pretty revealing. We are only 80 per cent as efficient as the United States in our manufacturing sector, yet during this period about which I am talking, and at the present time, average hourly earnings in manufacturing industries are 7 per cent higher in Canada than they are in the United States. We are 80 per cent as productive—or 20 per cent less productive, if you wish—yet average wages are 7 per cent higher.