EXCALIBUR

Where's it going?

Panelists give short-term forcast on Canadian economy

By LAURA LUSH

"Even though the next two or three decades will exhibit the most change in the economy, we are still uncertain where our strengths lie as a country in the 1980s and '90s."

So says John Grant, director and chief economist with Wood Gundy Ltd, and part of a panel of four discussing the Canadian economy at York Tuesday. George Doxey, Master of McLaughlin College and economics professor, was moderator of the two-hour talk which kicked off McLaughlin's 1983-84 Symposia Series. The other panel guests were Michael Cassidy, MPP, Ottawa Centre, York's Fred Lazar, associate professor of economics, and James Gillies, professor of public policy.

The speakers said they did not want to attempt a long-range economic forecast, but rather focused their predictions on the coming year. Emphasis was placed on major structural changes of our institutions and the reshaping of attitudes at a public and government level. Cautious and prudent behavior in both public and private sectors has revealed a lack of confidence in generating the economy, said Grant. According to Grant, businessmen are not reinvesting capital yet and for the blance of the decade taxpayers will bear the brunt of a \$30 million government deficit, one of the largest in the world.

The lack of "incentive to take a risk" by government and public and private sectors, only leads to freezing attitudes and the stagnation of economic growth, remarked Lazar. Because of the skepticism of public opinion toward the government, Lazar believes unemployment will be with us for a while.

"Generating the economy isn't enough," said Cassidy. He said that Canada must come to terms with the new environment and innovate changes accordingly to keep up with the world-wide industrial boom.

"We have outmoded tools and an outdated structure," added Cassidy. A 10% decline in manufacturing in Ontario alone presses toward the need to secure new markets in the Third World which will offer a "positive challenge," said Grant. While the Third World is experiencing a population boom, Canada's birthrate and labor force will remain

low, unless productivity grows, he added.

Cassidy said the shortening product market cycle and continuing new competition in world market will create further need for adaptation.

According to Gillies, Canada has never been a mature industrial nation because it has not been able to generate enough foreign exchange through its exports to service its debts. He said a close eye must be kept on the changing world markets, if Canada is to accelerate its exporting markets.

The close tie to the American economy is also an added restraint, said Lazar. As the U.S. deficit declines, so will Canada's. Canada will have to adjust to the decline in the competitive value "of the assembly line market," said Gillies, and turn its attention towards the knowledge and information markets following world trends.

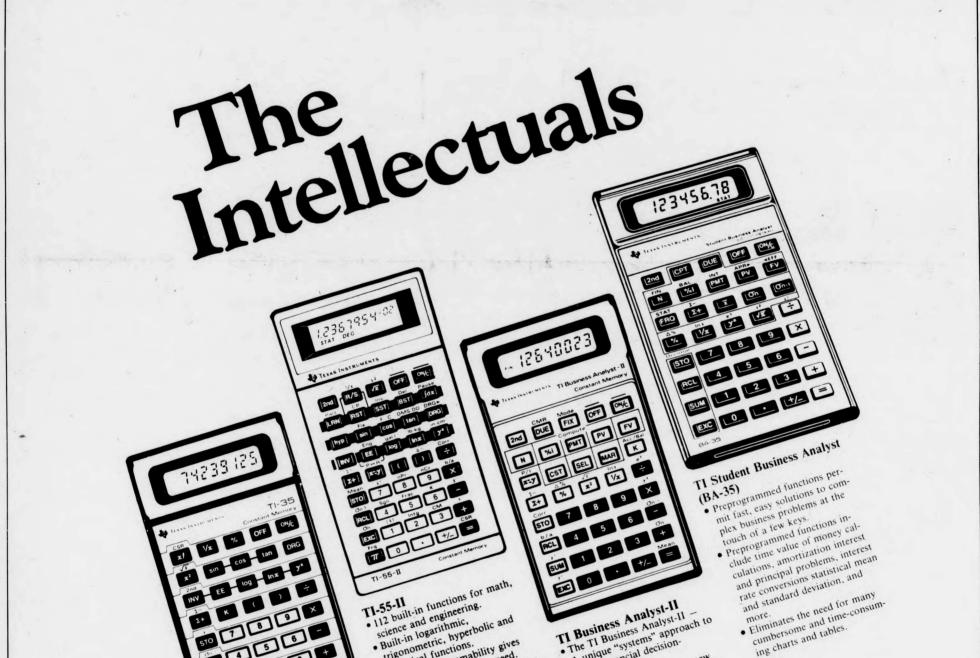
The government should face up to the economic predicament and "abandon the game" of more automatic policies, said Lazar. There is a need to take risks and engage in more long term policies, he said.

"Our only hope left is a major reform of our institutions," Lazar said. He would like to see a one-third cut in the size of bureaucracy.

The majority of the panel speakers felt that there will be more government intervention in the future. Lazar said that the trend towards increasing government involvement already taking place in competitor countries is the sign of the times. At least two of the panel speakers felt that businesses still rely on government in times of crisis and said that they need this safety net too much to totally reject intervention.

Mr. Gillies said that a direct intervention approach with joint industrial projects will probably work as an economic policy. Cassidy pointed out that businesses should take advantage of the government by learning effective lobbying skills.

"By fixing our eyes on those which are positive, preparation towards the fundamental problems in the economy can begin," said Grant.



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