

Industrial Development

The reality is that United States industry has lost a great deal of ground and is still continuing to lose ground, and while the United States may have lagged behind the world economy, Canada has languished and today stands not one step behind the leader but two or three steps back of the pack. For Canada, heavy dependence on viewing events in the industrial world through the eyes of the United States has become a liability, and I think the greatest evidence of that is the example of Chrysler. I do not think one could name a better example. We have been on the coattails of the U.S. economy and expecting to ride on the coattails of the U.S. economy, and now we find ourselves with a Chrysler situation, a Ford situation and, I might add, a Massey-Ferguson situation on our hands.

The signals Canada has been getting have often been wrong and all too often too late. That is what has happened in the case of Chrysler. That is what has happened in the case of our automobile industries. We in Canada have not adapted to the real world of automobile production.

The industrial development policy of the Liberal government is at the bottom, I suggest, of its priorities, and has been for a decade. What are the policies of the Liberal government? I suggest its policies are to nationalize industry. Another policy on which the Liberals have placed a great deal of stress—I suppose because it has great political appeal, although I am blessed if I understand why—is economic nationalism. Economic nationalism is a sickness and a disease, and it can do nothing but hurt Canadian industry and drive jobs out of our country.

I suppose the other major thrust of Liberal policy for the last decade has been a preoccupation with government intervention. I suppose that mentality is most clearly demonstrated by the National Energy Program.

I suggest that these policies, nationalizing industries, economic nationalism and government intervention, have left the Canadian manufacturing industry in serious jeopardy. I said earlier that Canada cannot isolate itself from the world. We should be encouraging foreign investment to come here and participate in the development of our country, under our rules, and we should be encouraging Canadians to venture abroad and participate in the development of the free world.

Liberal industrial policy focuses on increasing the role of the government in the economy and diminishing the role of the private sector. This government is more concerned about creating bureaucracies than creating wealth and growth. This government wants to bail out the losers. That is Liberal policy. Instead of building on our strength, the Liberal government focuses on our weaknesses and a national policy of helping the big corporations which cannot compete and ignoring our small and medium-sized businesses.

The government says, "Let's help Imperial Oil, let's help Chrysler, let's help Massey-Ferguson, but let us not pay any attention to our small and medium-sized businesses." These latter businesses are truly the opportunity area for Canada's future. Those are the companies which today will build the

opportunities for tomorrow for Canadians and build opportunities for our children to have work and to have jobs.

Government trade policies have led us to selling our non-renewable resources to finance an enormous balance of payments deficit, which is growing at a staggering rate. While research is recognized as the cornerstone of improving our manufacturing industry, the Liberal government has completely failed in its policies to encourage adequate research by Canadian industry. I say that in spite of what has been said this afternoon.

I just do not believe, and I do not think any other Canadian or Canadian company believes, that if the government provides an incentive for research, research will not take place. The fact is that the government has never had an incentive policy for research in this country.

Canada has enormous potential to improve its export position in the area of capital projects by assisting small and medium-sized businesses, but instead of offering incentives to the private sector to improve its export position, the government focuses on interventionist policies in the belief that since the private sector is not doing the job, obviously the government can do it better.

Continued foreign borrowing to cover the trade deficit is a poor policy choice because it commits the country to pay a rising sum in interest and principal repayments. I think interest on our foreign debt this year will be approaching, if not exceed, \$10 billion a year. That is a staggering sum of money.

What we have suffered from in the last decade has been an emphasis upon the redistribution of existing income rather than the generation of new growth and new income in this country. Canada is surely at a point in its economic history where more savings should be directed into new productive business investment and Canadian ownership.

The choice before Canadians should not be to take further strides in the direction of state control but, surely, to restore the balance in favour of individual enterprise. We will have to make a choice. We will have to choose between these two value systems. We will have to choose whether we will head for further state control or return the balance in favour of individual enterprise. I think that is a crucial factor in determining Canada's economic future. It is my belief that that future depends on the spirit of entrepreneurship.

Investment in plant and equipment in the last ten years has been inadequate. The result is that we have not sufficiently increased our capacity to respond to the potential downstream growth in demand for Canadian goods, either domestic or foreign. We desperately need capital investment in this country to modernize and bring our factories up to a competitive position.

Instead of allowing for a free flow of goods, capital and human resources, the Liberal government has attempted to control these aspects of our economy in a way which completely defeats industrial growth.

For established industries in need of adjustment the Liberal government has relied on protective tariffs borne directly by