

in the context of the global conditions which I have just outlined, not only as it exists today but also as it will develop in the years ahead. It is no longer adequate for us to tackle these problems piecemeal. They are all interrelated and must be considered in a co-ordinated fashion. While businessmen themselves must shoulder the main responsibility, both individually and through associations such as the CMA, I believe that the Government can contribute greatly by providing many of the facilities which are required for this monumental task.

Government and industry have been carrying this type of joint effort for many years in the case of the primary industries. The Government has provided the services of the Departments of Mines, of Agriculture, of Fisheries and, more recently, of Forestry, to concentrate exclusively on these important sectors. It is significant, however, that there has been no equivalent approach to the relatively more important sector of manufacturing. Moreover, there has been no equivalent representation of manufacturing industry in government at the Cabinet level. Finally, and perhaps... the most important aspect of all, the mechanism for liaison between government and industry was not fully effective and did not make adequate provision for the dialogue which must take place if we are to solve our mutual problems.

DEPARTMENT OF INDUSTRY

It was against this background, and in recognition of this need, that the Department of Industry came into being in July 1963. In forming the Department and shaping its policies, we have held to two cardinal precepts. Firstly, that economic growth in Canada depends on the success and initiative of private enterprise. Secondly, that the role of government should be to establish a suitable environment for exercising this initiative, employing the various measures of which government alone is capable and taking the role of rendering support and assistance to private enterprise as and when required.

Accordingly, the terms of reference of the Department of Industry are to foster the growth and efficient development of Canadian manufacturing industry, to create new employment opportunities, to improve the balance of payments, and to promote research and development.

In organizing to perform this task, we have attempted to marshal the broad range of talents and facilities needed to ensure a co-ordinated programme, but without duplicating the services which already exist in government.. At the core of the organization are the so-called line branches, which, as closely as possible, follow the natural groupings of industry, e.g. there are line branches specializing in aircraft, chemicals, transportation equipment, wood products and so forth. In addition, there are two further branches of particular importance, the Area Development Agency, responsible for administration of measures to promote growth in designated areas, and the National Design Branch, with the important function of stimulating superior design for Canadian products. Over and above this line organization, there are staff-support units required to co-ordinate the total programme and to provide common service in the most efficient manner.

LIAISON WITH OTHER DEPARTMENTS

Great stress has been laid upon liaison between the Department of Industry and other government departments. This matter of liaison with other government groups is extremely important to the effective functioning of the Department, and I should like to dwell on it for a few moments. Many departments and agencies within the Government have been and continue to be engaged in programmes designed to assist Canadian industry. These agencies have important and specific responsibilities within their prescribed terms of reference which indeed bear directly on industrial development. We might mention the Departments of Finance and National Revenue, concerned with taxation and tariff policy and its administration. Likewise, there is the Department of Trade and Commerce, which is primarily responsible for trade policy and promotion. We could extend this list to include other agencies, such as the Economic Council of Canada, which is concerned with examining the growth prospects for the economy as a whole and identifying the obstacles and bottlenecks to progress... However, as I mentioned earlier, we must bring the same co-ordinated and comprehensive approach to the problems of secondary industry as exists with the departments concerned with the primary industries. Again let me emphasize that the Department of Industry is concerned with examining secondary manufacturing in an industry context and from an overall viewpoint. Our objective is to bring all of the resources of government to bear in the most effective manner for the efficient growth of Canadian manufacturing.

RELATION OF GOVERNMENT AND INDUSTRY

Despite the fact that the Department has only recently been formed, I think that we can give some significant examples of our approach in practice and of progress already made. We have concentrated heavily on establishing an environment conducive to growth, while affording industry maximum flexibility to capitalize on its opportunities. We all recognize that government must set certain ground rules under which industry is to operate. The delicate task is to discharge this responsibility in such a way that the necessary checks and balances do not lead to over-regulation and restriction and that it does not lead to a situation of government "running" industry. Great care is needed to ensure that well-meant efforts do not create obstacles to the conduct and expansion of legitimate business. In some countries we have seen that the effect of government action has, in fact, been to limit and restrict business initiative with results all too evident in terms of slow growth rates and industrial stagnation.

ENCOURAGEMENT TO GROWTH

This must be avoided in Canada. Private enterprise must be encouraged to grow if we are to have healthy industries capable of meeting world competition on equal terms. I think that the appropriate care has been exercised in this regard. To give a few illustrations: Our depreciation allowances are among the most generous in the world and shaped to encourage industry to modernize equipment and facilities and to maintain and improve efficiency. The