of us—is to question the accepted wisdom that greater productivity automatically means greater economic benefit and, therefore, greater employment. It is open to question, because when one looks at how you achieve major breakthroughs in productivity, in the first instance at least it generally tends to be through a transition from a very large, labour-intensive element in a particular industry or sector to mechanization and modernization where you have a substantial amount of job displacement by machines. So in straight productivity terms, you could conceivably have a situation in which, through a very strong thrust toward rationalization, modernization and various things of this sort, you could be turning out more goods per man-hour but you might not necessarily, in the short run, be improving employment in relation to productivity.

Therefore, it seems to me that a productivity policy has to go hand-in-hand with a whole series of other measures which would relate to job displacement, to alternative types of employment and to a whole range of other social issues or related economic issues. I have no doubt that the theorists are probably right in the long run when they take the view that eventually high productivity, which means excellent economic performance, will lead to jobs in other sectors and generally to a higher level of employment. I believe that is true all the time. But I think we have to accept the fact that there is, as we have seen, probably, in most of our constituencies, evidence that there is an interim period and that when you have productivity perhaps you have problems of dislocation in terms of the jobless or the unemployed.

The other related question for those of us who are interested in this immensely important subject of productivity is that a country like Canada has to pay a price for being what it is, and I do not think any of us should in any sense of the word regret that. For example, if one were being totally theoretical and were looking at it completely devoid of human terms or even of nationalistic terms, you would have to say that in economies of scale the problems of reducing transportation costs and the like would probably dictate, as I said, in this coldly impersonal way, that everything be located within a relatively short distance somewhere in the centre of the country. That is where you will get the greatest productivity at the lowest cost.

So there is a price for having a Canada that goes from sea to sea. Regional development, various developments in the northern part of the country, investments of this kind, either public or private—all of these things are a necessary part of nationhood, of national development. But at the same time we have to understand that invariably they cause a reaction in the productivity figure which we ought to take into account when measuring our performance, for example, against that of some other countries.

These are just a few of what I would describe as random thoughts on productivity, but I hope they demonstrate to hon. members that my ministry and the government are working very hard on this issue. I repeat that I would be more than pleased to make a presentation to the House on what we have learned to date, so that we can get the benefit of other people's judgment on this issue as well.

Since my time is moving very quickly, let me touch on another matter relating to trade and to the general economy, that is, the whole issue of capital formation. I had the Business Advisory Council—of whom I believe hon. members are aware, which represents some of the leading figures in the business, economic and financial picture in Canada—come to a special meeting on capital formation a little over two weeks ago. The conclusion of these business leaders, was, first of all, that in terms of the capital formation issue, inflation is clearly the number one problem, which surely suggest that we must continue our effort to get inflation under control, because as long as you have this uncertainty created by inflation, capital formation will be exceedingly difficult. Of course, given our needs over the next decade or so, that clearly looms as an immense problem for us in this country.

There are estimates—and I have not been able to challenge them effectively—that in terms of capital formation we will probably need something in the order of $800 billion in the next decade, given a year or two on either side. As near as we have been able to calculate from our assessments, some $500 billion of that will have to be provided in the private sector or for the private sector. Therefore, a real challenge to us in Canada is to figure out the most effective means of generating that capital. Incidentally, there was unanimity in the business community that there was no serious problem with regard to finding that amount of financing, but there were questions raised as to how we might be able to give special priority to particular projects so that there would not be an assault, as it were, by everyone on the market at precisely the same time, which the banking representatives present agree would be difficult to deal with.

● (1610)

So once again we have this communication going with the business community as to how this kind of thing may be managed, and I know that my colleague, the Minister of Finance, is aware, as I am, of the fact that when one looks at that huge amount of capital which is going to be required, it is equally clear that a substantial portion of it is going to be for either public enterprises of one form or another or for quasi-public enterprises such as public utilities and the like, particularly those in the energy field, either for the generation of electricity, pipelines, or various things of that kind.

An hon. Member: Petro-Can.

Mr. Jamieson: The hon. member says "Petro-Can." I do not know whether we calculated Petro-Can into the picture, but certainly the figures I am putting forward now are really not related in terms of the amount needed. The issue is not whether it is going to be public or private. It is purely a question of whoever does it. Those are the levels of investment which will be necessary.

Mr. Woolliams: And it doesn't matter how expensive it is!

Mr. Jamieson: I believe I heard the hon. member for Calgary North (Mr. Woolliams) say "Cut down on expenses." That is part of the exercise, and I hope we will have the support of hon. members opposite in doing just that.