

into this picture. Canadian companies know very well that the 1990s will bring increased international competitiveness and the need for greater productivity and higher efficiency than ever before.

[*Translation*]

They are in the process of updating their equipment and adopting new technologies to compete in a rapidly developing market.

But the benefits resulting from all this new technology may be lost if employees are unable to adjust to the radical changes involved. It would be altogether impossible to increase or even maintain productivity without providing our workers with the basic knowledge they need to prepare for the future.

The low literacy levels will reflect on Canada's ability to compete on international markets. Compared with our commercial and industrial rivals, our competitiveness would be seriously jeopardized if our workers' literacy and educational levels were not as high as those of other industrialized countries.

Recent studies have revealed for instance that 95 per cent of all Japanese workers have completed the equivalent of two years of university education. In Canada, only 42.6 per cent of all students register for post-secondary education.

These facts speak for themselves when it comes to our country's productivity. If we do not take immediate action to increase the literacy and educational levels in Canada, Canadians will be unable to compete on domestic and international markets.

A study conducted by Southam took into account the following points to calculate the cost of illiteracy in Canada: unneeded unemployment insurance benefits, lower international competitiveness, increased medical costs and workers compensations, subsidies for retraining of industrial workers, jail terms for frustrated illiterates and fiscal revenue losses.

• (1740)

Social and economic costs are also enormous and the final chilling result is more and more obvious. On top of being a universal right, literacy and education are an economic necessity.

[*English*]

A group of Canadian business executives recognized the seriousness of this situation and set up the Canadian Business Task Force on Literacy. They wanted to let the business world know the effect illiteracy is having on the

corporate and social bottom line. This task force published a report in February of 1988 which estimated the direct annual cost of illiteracy to Canadian businesses at about \$4 billion, and to society as a whole at approximately \$10 billion every year. They reported that lost productivity alone could be costing Canadian corporations \$2.5 billion every year. That is a lot of money, Mr. Speaker, money which could go a long way toward decreasing the national deficit without, I must add, hitting the Canadian taxpayers with more increases or chopping the already strained budget of our social programs.

In September of 1988, the Prime Minister (Mr. Mulroney) stood in the grand halls of Casa Loma in Toronto and spoke eloquently about the problem of illiteracy in Canada. He promised that his Government would finally do something about its 1986 commitment to fight illiteracy. He pledged \$110 million over the next five years to this battle. It is now 1989. By the end of the 1989-90 year, the Government predicts it will have spent \$33 million on grants and contributions related to literacy upgrading. Despite this, the problem is not going away and local groups tell us that they are still desperate for help.

In the words of the Right Hon. Prime Minister:

The voluntary sector has carried the flame of literacy and kept the cause alive in this country.

He said this at Casa Loma in September of 1988. Many of these literacy groups have been carrying that flame for over 10 years. We have to give them a hand and share the important work they are doing in our communities. The education programs, from kindergarten to graduate school, must be strengthened and focused to increase the knowledge and skills base of our workforce. But indications are that this is not being done. Just when our colleges and universities are fighting a losing battle to maintain and extend the quality and excellence of education in this country, the Government is capping provincial transfers for post-secondary education. This is a cut of \$111 million for the upcoming year.

Throughout the free trade debate, we heard a great deal about managing change and about the need for increasing research and development, a better educated workforce and greater productivity. Hearing about it is one thing, seeing it happen is another. The statistics say it all, Mr. Speaker. According to the advisory council on adjustment, among eight comparable industrialized countries, Canada is ranked lowest in gross research and development spending, lowest in industry-funded research and development, second lowest in government-funded research and development, lowest in higher