

facing a long-term decline that can be arrested to some extent by finding new markets, cost-cutting, and overseas investment, but the economy as a whole will be dragged down if the pace of diversification into higher-valued industries does not quicken.

The problem is not in the primary resources themselves but in the commodity nature of these types of businesses, which are characterised by given world prices, movement of capital to lowest-cost production bases, and the use of yesterday's technologies. In this sense, automobiles and semiconductors may also be considered commodity industries. One generally neglected aspect of the Asian crisis, for example, is the downturn in the global semiconductor/electronics market which preceded the financial crisis. The continued weakness in these markets will exacerbate the economic slowdown in Malaysia, Singapore, and Korea.

Participants agreed that the dominant commodity mentality in Canadian business has to be replaced by an entrepreneurial mentality. This would mean drawing on Canada's most important competitive advantage, which is brain power. It was pointed out that such a transformation is tantamount to a cultural change in Canadian society. The dominant question in the entrepreneurial mentality is not "how to engineer a product" but "how to identify and meet market needs". Participants gave examples of Canadian companies that demonstrated this kind of ingenuity, including BC Hothouse -- a producer of high-end vegetables -- and the hog industry in Saskatchewan, which not only survived the elimination of the Crow rate but has grown significantly in recent years as a result of innovation.

As the examples show, the entrepreneurial mentality can be applied in "traditional" primary industries, and not just in the area of high-technology or the service sector. The shift to a new mentality is a lesson not just for Canadian companies currently selling to Asia but for all companies, given the global dimensions of the Asian crisis. It is also a challenge that should involve all the major economic actors, including labour unions, who have an important role to play in preparing workers for the inevitable structural changes in the Canadian economy.