



News Release

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Remarks

by

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to the

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"Business and Government - Time to Team Up"

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I welcome this opportunity to be with the Canadian Club of Toronto today.

Earlier this year when Jack Brent first proposed that I speak to the Club, it was agreed that December would be the most appropriate time for an automotive man to appear on your platform. The reason given me was that some viewpoints from one of Canada's largest multi-national employers and exporters after our national election would be topical, and could be provocative.

The choice of subject could not be more timely, in light of the business community's present mood. We are eager to see the country's public policy-making process re-started, and the complexities of our new period of minority government confronted. We look forward to the first sessions of the new Parliament in January. We will follow its transactions with a degree of interest perhaps unmatched in Canadian business history.

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This special brand of business curiosity about happenings on Parliament Hill in 1973 will be prompted by a number of situations. First, the business environment is good and we hope for government policies that will keep it that way. Then, too, Canadian management is making new discoveries about its competitive capabilities. We hope for policies that will help us capitalize on these against international competition both at home and abroad. Finally, business shares everybody's concerns over inflation, unemployment and new international economic situations. These will demand the utmost in parliamentary sagacity and business acumen to resolve. For such reasons, the presence of commerce and industry will be very evident in the Commons galleries, both literally and figuratively, starting January 4 when the business of our nation resumes.

However, today's business mood has one special feature which goes far beyond mere curiosity. It is especially pertinent to present political uncertainties in the country. There is a rising compulsion among industrial and commercial executives to be doers - not just onlookers - in public policy-making and to act in new and different ways. The new business imperative reflects managerial recognition of the growing resemblance of Canadian political issues to economic issues.

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This activist business mood is the outcome of a strong conviction prevalent among the present generation of Canadian management. Businessmen want to dispense with the adversary nature of their relationships with government. Instead, they want to provide their fellow-Canadians with added public value by augmenting their creative contributions to economic and social planning. They hope to be able to do this in future to an extent which our system and traditions have not really permitted or encouraged in the past.

This conviction is based on the contention that we have an important untapped natural resource in the rising reservoir of home-grown Canadian entrepreneurial talent in the nation's business community. I certainly don't claim superman status for people in business - they, too, betray human frailties just like their counterparts in public office. Nevertheless, their presence, capability and influence are gaining strength rapidly both at home and abroad.

Consider, too, the ranks of small business which are multiplying by leaps and bounds. They are a sophisticated and gifted source of business expertise.

It is noteworthy that this array of Canadian big and small business -- men - the entrepreneurs, directors, officers, managers, proprietors and partners - together make up a mother lode of talent and experience which, unlike other resources, cannot be depleted. But it is a resource that needs to be harnessed!

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But enthusiasm for public service alone is not enough. What practical qualifications have businessmen that can be better utilized by the nation? First, Canadian business, in pursuit of sales and earnings, in fact is proving itself resourceful and enterprising. These are qualities with immense potential appeal for public leaders in their present crisis situation. Second, I believe business is demonstrating a grasp of socio-economic issues currently facing the Canadian people which clearly are becoming dependent on both executive suite and legislative chamber for solution.

It is sad but true that business must self-advertise its credentials for admission to a national task force because nobody else will. Criticism of business almost has become a pop culture. Significantly, however, its detractors do not deny the proven vigor of Canadian managers and merchants. The dynamic quality of our business community is reflected in such cold statistics as the annual rate of increase in GNP and new capital investment in this country in recent years. It also has created the strong record of entrepreneurial aggressiveness which is behind Canada's political development. Indeed, in many ways, the country's business initiatives, frequently undertaken against great odds, have helped fill out the muscles of our sovereignty.

Among the most dramatic case histories of partnership between private enterprise and government is found in the automotive business under the autopact. Here an industry's pent-up resources were given full scope for contributing importantly to the national economy by a cooperative government program that was worked out carefully before being implemented. Consequently, this year, when public leaders are harassed by the twin demons of unemployment and inflation, Canadian motor vehicle manufacturers are building record numbers of new cars and trucks for the North American market, and dealers are selling record numbers of new vehicles in this country. Vehicle production in Canada this year will approach 1.5 million, a record. Industry passenger car deliveries for 1972 are now forecast at more than 850,000 units, 10 percent above the previous record set last year. Truck sales are forecast at more than 200,000, 28 percent above last year's record. Legislation set the stage, but it took business enterprise to play the role in this industrial drama in which jobs and tax revenues have been created, and economic means of transportation has been placed within reach of hundreds of thousands more Canadians.

Yet another classic example of Canadian industrial thrust is occurring in the motor vehicle industry this year, and I mention it not for advertising purposes but simply because of my greater knowledge about our own business. In recent years our growing small car market has seen the scales weighted in favor of our overseas competitors. For

1972, however, a shift is in the making, and for the first time since 1966 the foreign share of new passenger cars sold in Canada will decline.

This swing is attributable in part to currency revaluation which increased foreign car prices in Canada. But it also is due to steps taken by the North American manufacturers on their own initiative, with new equipment combinations, new pricing actions, and new products.

There is an abundance of similar examples of Canadian initiative and hard-won achievement across the full range of business and commerce in this country.

But being vigorous is not the only common characteristic that both successful government and business leaders must possess. A basic expertise in managing massive facilities, large numbers of people and vast capital resources also is vital. The sheer magnitude of the Canadian management task in administering our widespread human and physical assets probably can be best profiled by the experts at Statistics Canada. However, some insight can be gained from the automotive industry alone, where there are more than a quarter-million Canadians earning more than \$2 billion annually in Canada's automotive manufacturing and supplier plants and dealerships. By extending one industry's statistics like these to the total Canadian industrial/commercial complex, it is apparent that Canada has in its grasp a far-reaching resource of business initiatives, enterprise, and administrative capability with outstanding potential as a source of expertise for our public leaders.

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The second important qualification of Canadian business that underscores its public potential in addition to its vigor and administrative capability, is its increasing concerns regarding socio-economic issues. And why shouldn't this be so? Obviously future sales and profits will hinge on the successful resolution of problems related to inflation, economic growth and individual productivity.

There is a growing resemblance of Canadian political issues to business challenges which justifies closer affinity among those expected to meet them. Our legislators are involved in economic decision-making to an extent uncalled for in earlier times. Our businessmen are required to use their talents and resources in ways affecting society at large that would have raised eyebrows among earlier generations.

It has become clear that public attitudes ruling the market-place and the constituency have strong similarities. Many complex socio-economic issues facing our minority government affect business as well. They therefore bring into sharper focus the greater need for a higher ratio of business expertise in future legislation.

Again, on grounds of familiarity, let me illustrate my point using a current situation in our own business. A timely example of the inflationary risks of industrial and bureaucratic planners working at cross-purposes in a socially-sensitive field is the current issue of motor vehicle emission controls. Canadian automotive manufacturers and the Federal departments of transport, environment, and industry, trade and commerce find themselves face to face this winter with a classic example

of social expectancy in potential conflict with economic necessity. Should the Canadian government elect to import proposed U. S. vehicle emission standards for 1975-76, Canadian customers would face a dramatic price increase per unit because of the expensive equipment required. Yet there is a significant lack of scientific evidence that such drastic controls are needed in Canada.

This illustration is typical of problems facing both government and industry in measuring the cost-benefit of adapting our industries to changing social requirements. In this dilemma, social ideals and economic realities should not be permitted to conflict with each other to the public detriment. They should be rationalized in the optimum national interest. It is a clear case for original thinking by management and government acting in concert regarding a special Canadian challenge. Both sides have an opportunity to set an example for others to follow in adapting intelligently to whatever compromises are desirable.

Another meeting ground for legislators and executives in the socio-economic field is that of future industrial growth. For government, success will spell jobs, and that will mean votes. For management, success will spell new productive facilities to serve growing markets, and that will mean profits.

Unquestionably, an important gut issue in future Canadian growth will be the extent of our economic attractiveness to new capital, domestic and foreign, and our political hospitality to multi-national enterprise.

Here, again, the interests of both the public and private sector meet and mingle. Finance Minister Turner, speaking in Toronto three weeks ago, put it this way: "My first priority is jobs," he said. "I would not support any move that would jeopardize that. I believe we can satisfy the intensely emotional nationalism of Canadians, but I would like to see it done through promotion of Canadian investment rather than restriction."

Nobody believes more sincerely in a progressive Canadian national spirit than I, and I am not alone, either in my own industry or in the business community at large. Furthermore, the existence of nationalism as an earmark of strong national economic initiatives is acknowledged in other countries. We should not be embarrassed by it. But neither should we be beguiled by radical forms of nationalistic emotionalism which really do strike body blows against economic and social progress in the multi-national world of today.

Instead, we should keep clearly in mind that the objectives of investment capital, whether domestic or foreign, are mercenary in character. It seeks return on investment, not political gain. But its benefits are more than mercenary. They spell new jobs as well as tax revenues. Accepting these practical ground rules, it seems to me, business and government have a joint cause and a common ground for resolving the complex issues associated with Canadian economic growth in a nationalistic climate.

Using our own business once more for illustration, this challenge is particularly vital to Canadian automotive manufacturers because of the great potential we envision for our motor vehicle market in this country. We want to capitalize on that opportunity. We now have our sights set on a rapidly-growing car market in Canada which by 1980 is forecast to reach 1.2 million new cars and 250,000 new trucks annually.

Clearly, market growth of this magnitude in Canada, when considered in the context of similar expansion in the total North American vehicle market, suggests that sooner or later there will be consideration of further growth of Canadian automotive production facilities. This would be a sequel to the post-autopact expansion period of the late 1960's. But before that happens, we will have to establish our place among other world automotive-producing countries as a highly attractive site for new capital investment. This will demand that the Canadian industry's own resourcefulness be cultivated by sensible public policies.

Like it or not, the competition among job-hungry nations for new investment capital will become more intense in the years ahead. The extent to which Canada will obtain the share she needs will be determined not only by corporate decisions but also by the government policies which influence them.

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The third common area of government-business challenge with a strong socio-economic flavor is that of increasing Canadian productivity to compete economically with the rest of the world. A key issue will be attempts to improve working conditions in our industrial plants economically. It will become an issue of increasing importance in collective bargaining in 1973 and thereafter. It will see both sides striving to achieve balanced improvements that will recognize both the new work ethic in our society, and the economic realities that must determine the timing of industrial innovation if private enterprise is to remain viable.

The so-called "new" work ethic is described by Time magazine as a culture in which "people will still work to live but fewer will live only to work". In my view, there is nothing undesirable and much that is favorable about this goal. And, as a matter of fact, if we look around us, it is not so much a future goal as a "happening" that already is here.

However, it will be a long time before men figure out ways to make the work of a punch-press operator or a file clerk soul-enriching. While waiting for that millenium, management can and will improve the physical surroundings. We can experiment in ways of providing for greater individual freedoms. We can devise means for more feeling of participation and responsibility, and more sense of accomplishment on the job. But these efforts will be neutralized if governments conduct us too rapidly and drastically into a culture which ends up idolizing the welfare ethic ahead of the work ethic.

The efforts of Canadian industry to gear the country's plants to the new work ethic economically, in my opinion, will be influenced importantly by governmental policies and philosophies promoting rather than ignoring or even discouraging individual initiatives. If Canadians succeed in achieving acceptable levels of improvement in this area, we will, by corollary, contribute to our present productivity through reinforced employee initiatives. But, of equal importance, we will help ensure our future productivity through replenishment of our work force with new generations of equally energetic and dedicated people. It would be hard to justify hands-off relationships between business and government when such high stakes are involved.

I have taken this opportunity today, Mr. Chairman, to make a case for more direct business input into the conduct of government on the grounds of proven entrepreneurial vigor, administrative capability and maturing socio-economic expertise. I sincerely believe that these are credentials which should capture the attention of legislators, especially during this time of uncertainty regarding the most desirable public policies to consider for future legislation.

But at this point you certainly are entitled to ask: What can business do about government that hasn't already been tried? It is a fair and reasonable question, and it properly acknowledges the work of many fine organizations in this field, such as the Canadian Manufacturers' Association, Canadian Chamber of Commerce, Canadian Export Association,

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and countless other business associations. All have been knocking on doors in Ottawa for many years. In addition, the research work of groups like the Economic Council of Canada, the Conference Board and the Private Planning Association has earned recognition and gained a hearing among our public policymakers. Let me be very clear about my admiration for the accomplishments of all of these organizations.

However, I share the growing frustrations of many people in these organizations. I also agree with their conviction that new, more direct, and better-coordinated methods for teamwork between the public and private sector are essential in view of new situations, including those I have cited.

In the past, we have leaned too optimistically on ad hoc, low-key informality, dealing together too often, post facto, with public issues which could have been prevented from becoming emergencies. True, from time to time we have seen special business advisory arrangements made by individual ministers - but too often these have been as temporary in nature as the office-holders themselves. They have not been multi-disciplinary, interfacing business with all the various arms of government which usually are involved in specific public issues.

Our own shortcomings in this field, I believe, have become even more sharply etched by comparison with practices in other countries, including many beside which our makeshift approaches seem primitive

indeed. In countries like the United States, Japan and West Germany, to name only three, joint economic policies and goals, conceived and executed in highly-sophisticated teamwork between government and business are progressive instruments of national growth.

Obviously there is no easy answer to having businessmen take part more directly in the lawmaking process, or somebody would have come up with one by now. Our constitutional system makes it more difficult than in the United States or Sweden, where cabinet-level appointments are made independent of the elective process. Consequently we look enviously at other countries where it is easier for governments to harness business talents.

It is time, I believe, for us to replace envy with imagination and a willingness to explore unique Canadian methods for this purpose. One avenue worth exploring could be the establishment of a permanent mechanism for more practical joint planning by government and business.

It could be an appointed formally-constituted group of representatives of large and small businesses, together with a select group of senior elected and permanent government staff members.

The business group could be selected by the Prime Minister, although it is hoped he would solicit some recommended nominations from organizations such as the Canadian Chamber of Commerce and the Canadian Manufacturers' Association.

This permanent government-business advisory board could report to a special Cabinet sub-committee which, ideally, would include the Prime Minister.

It could be charged with responsibilities for research, reports and recommendations to the government.

It could include a permanent director and secretariat in order to provide continuity and coordination.

But it would not in any way disrupt the democratic processes of our form of responsible government.

Its objective could be to blend its members' talents within a high-disciplined planning and consultative structure to deal with common socio-economic concerns with greater coordination than is possible under today's system of ad hoc collaboration.

It could be a device matching those instruments of more effective business-government initiative which are familiar to us in other countries.

It could give our lawmakers a surer hand in socio-economic matters by being more than a makeshift advisory body.

I fully realize the bold nature of a suggestion like this, but I make it in order to illustrate my point that we should be more imaginative than past tradition has permitted in lining up business and government for concerted national initiatives in the future. But it should not take too much imagination to identify immediate tasks for such a Council. I am thinking about the need to establish higher qualities of life in Canada

without jeopardizing our competitive position. I am thinking about the need to attract new growth capital, without endangering our national identity. I am thinking about the need to achieve productivity leadership for Canada in the face of the new work ethic. I am thinking about our greatest single Canadian challenge at the moment - the fight against inflation and unemployment.

Let me offer a final reassurance to doubting Thomases that novel propositions like this in no way reflect burning business ambitions to run the country. But having tried to make the point that Canada enjoys a rising reservoir of resourceful business talent, I am convinced that public leaders should make more effective use of it. Unfortunately, unlike those in many other occupations, most businessmen cannot slip with relative ease in and out of public life. But they are accustomed to risk-taking, toughened by competition, and reared in reverence of thrift. They can - and want to - do more in our pursuit of a better Canada.

That concludes my remarks, Mr. Chairman. I have tried to provide some provocative insights into the views and concerns of Canadian business at this particular time in our country's affairs. I have sincerely appreciated this opportunity to review some issues confronting business and government and to suggest goals and plans for meeting them together. I hope I have expressed as convincingly as possible the fact that we businessmen of the seventies indeed are committed uncompromisingly to helping all of the people in the nation realize and enjoy the Canadian dream!