



The Canadian Manufacturers' Association

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PRESIDENT OF THE CANADIAN MANUFACTURERS' ASSOCIATION

AND

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

CANADA WIRE AND CABLE COMPANY, LIMITED

TO THE

CANADIAN CLUB

AT TORONTO

MONDAY, NOVEMBER 14, 1977

"CANADIAN INDUSTRY: ITS DIRECTION AND OPTIONS"

THIRTY YEARS AGO, I CHOSE TO COME TO CANADA, HAVING LIVED IN VARIOUS OTHER PARTS OF THE WORLD. I FIRST BECAME PARTICULARLY CONSCIOUS OF THIS COUNTRY THROUGH MY EXPOSURE TO CANADIANS AT UNIVERSITY. THEY WERE EAGER TO EDUCATE ME ABOUT CANADA, AND WERE VERY CONVINCING IN THEIR PORTRAYAL OF A WONDERFUL NATION OF OPPORTUNITY.

WHEN I ARRIVED HERE, I WORKED BRIEFLY FOR THE CANADIAN GOVERNMENT AND HAD THE GREAT FORTUNE TO TRAVEL THROUGHOUT THE COUNTRY, VISITING ALMOST EVERY PROVINCE AND THE NORTHWEST TERRITORIES DURING THE FIRST SIX MONTHS.

WHAT I FOUND WAS A CANADA QUITE DIFFERENT FROM THAT DESCRIBED TO ME BEFORE MY ARRIVAL. AS AN OUTSIDER, I WAS ABLE TO EVALUATE THE COUNTRY IN A MORE DETACHED WAY THAN LIFE-LONG CANADIANS.

I FOUND A COUNTRY WHICH, INDEED, PRESENTED GREAT OPPORTUNITIES AND WAS POISED FOR SUBSTANTIAL ECONOMIC DEVELOPMENT. INDUSTRY OFFERED AN EXCITING CAREER FOR YOUNG PEOPLE AND THE FUTURE WAS BRIGHT.

IT WAS ALSO, HOWEVER, A COUNTRY IN WHICH THE PEOPLE HAD MUCH MORE APPARENT REGIONAL PREOCCUPATION THAN NATIONAL INTEREST. THERE APPEARED TO BE FEW COMMON NATIONAL INTERESTS TO BIND TOGETHER THE DISTANT CORNERS OF THE COUNTRY, ASIDE FROM A NEARLY UNANIMOUS DISLIKE FOR TORONTO --- HOGTOWN.

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CANADA WAS ALSO SHELTERED IN MANY WAYS. IT HAD NOT BEEN RAVAGED DURING THE WAR AND ITS INDUSTRY HAD, IN FACT, BEEN STIMULATED -- IT WAS CONCENTRATING ITS TRADE WITH THE U.S. AND WITHIN THE COMMONWEALTH -- AND WAS GAINING MOST OF ITS WEALTH FROM THE EXPORT OF RAW MATERIALS. IT HAD AN ECONOMY WHICH MOST CANADIANS BELIEVED TO BE ADAPTABLE AND STRONGLY BASED. HOWEVER, IT HAS BEEN FOUND, IN THE PAST DECADE, THAT CANADA'S ECONOMY HAS BECOME VULNERABLE IN A COMPETITIVE WORLD AND HAS A MUCH LESS SOLID FOUNDATION THAN WAS BELIEVED.

THERE CAN BE NO DOUBT THAT OUR ECONOMY IS NOW OPERATING FAR BELOW ITS POTENTIAL AND IS FAILING TO PERFORM AS WELL AS WE ALL BELIEVE IT SHOULD. THE CANADIAN ECONOMY IS BEING BATTERED BY SEVERE COMPETITION IN INTERNATIONAL MARKETS, IN GOOD PART BECAUSE HIGH PRODUCTION COSTS MAKE OUR GOODS TOO EXPENSIVE. THE BIG VOLUMES OF FUTURE EXPORTS, THAT WE NEED TO PAY OUR WAY IN THE WORLD, ARE FAR FROM BEING ASSURED BECAUSE WE ARE OUTSIDE MAJOR NEW TRADING BLOCS. THE EXPORT OF RAW MATERIALS HAS BECOME POLITICALLY UNPOPULAR AND, UNDER PRESENT CANADIAN TAX LAWS, CANNOT PROVIDE THE BASE OF WEALTH WE HAVE BECOME ACCUMSTOMED TO ENJOYING. MOREOVER, OUR PREVIOUS COMFORTABLE POSITION IN RAW MATERIALS EXPORTS IS BEING CHALLENGED BY NEW SUPPLIERS IN DEVELOPING COUNTRIES.

OUR ECONOMY IS FALLING SHORT OF FULFILLING BOTH OUR INDIVIDUAL AND NATIONAL GOALS. AS INDIVIDUALS WE ARE EXPERIENCING AN OVERALL RESTRAINT OF INCOMES AND DECLINING JOB OPPORTUNITIES. AS A NATION,

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WE ARE LOSING GROUND IN THE EFFORT TO STABILISE INCOMES AND PRICES, CREATE NEW JOBS AND IMPROVE OUR STANDARD OF LIVING.

RECENT GLOOMY NEWS ABOUT THE ECONOMY HAS PROVIDED A FIELD DAY FOR SOME HEADLINE SEEKERS. IT SEEMS TO TAKE DRAMATIC EVENTS, SUCH AS CONCENTRATED LAY-OFFS IN THE MINING INDUSTRY, OR THE FEDERAL GOVERNMENT'S MINI-BUDGET, TO PROMPT A SURGE OF DEMANDS FOR GOVERNMENTS TO TAKE ACTION. YET, IN SPITE OF THE OBVIOUS CONCERN SHOWN BY MANY CANADIANS, THERE HAVE BEEN REMARKABLY FEW REALISTIC PROPOSALS CONCERNING ACTION THAT CAN BE TAKEN TO REGAIN OUR ECONOMIC STRENGTH. THERE HAS BEEN A CONFUSING ARRAY OF SUGGESTIONS, SUCH AS FORCING EMPLOYERS NOT TO LAY OFF EMPLOYEES, SPENDING MORE INSTEAD OF SAVING, BUILDING LARGER STOCKPILES OF METALS, CURBING VACATIONS OUTSIDE THE COUNTRY, AND SO ON. THESE SHORTSIGHTED PROPOSALS, EVEN IF THEY WERE POSSIBLE, COULD NOT BE CONSIDERED A REALISTIC CURE FOR ANY OF THE FUNDAMENTAL WEAKNESSES IN CANADA'S ECONOMY, BUT RATHER AN ATTEMPT AT A PATCHWORK OF VERY TEMPORARY RELIEF OF THE SYMPTOMS. THE ECONOMIC COUNCIL, IN ITS ANNUAL REVIEW RELEASED LAST WEEK, IS ONLY THE LATEST GROUP TO CONFIRM OUR STRUCTURAL PROBLEMS.

LATELY, THE RESPONSE OF GOVERNMENTS ACROSS CANADA IS THAT THEY ARE RUNNING OUT OF METHODS TO PERSUADE OR COERCE THE ECONOMY TO PERFORM BETTER. UNDOUBTEDLY, MANY OF OUR CURRENT PROBLEMS HAVE BEEN CAUSED BY WORLD CONDITIONS, WHICH CANNOT BE RESOLVED BY CREATING NEW PROGRAMMES OR BUREAUCRACIES. HOWEVER, LET US REMEMBER, THAT MANY OF THE PROBLEMS ARE OF OUR OWN MAKING AND THAT THESE CAN BE RESOLVED.

HEARING SOME COMMENTATORS SPEAK OF THE PRESENT CONDITIONS AND THE UNCERTAIN FUTURE, ONE MIGHT GET THE IMPRESSION THAT, IN CANADA AT LEAST, THE "SKY IS FALLING" AND GOVERNMENTS MUST DO SOMETHING OR ANYTHING TO PREVENT CATASTROPHY.

THE CONFUSION OVER HOW TO RESOLVE CANADA'S ECONOMIC WOES HAS NOT BEEN HELPED BY THE SHORT-SIGHTED ATTITUDE TAKEN IN SOME INDUSTRY AND LABOUR PROPOSALS TO GOVERNMENTS. ADMITTEDLY, THE CANADIAN MANUFACTURERS' ASSOCIATION HAS BEEN ONE OF THESE GROUPS WHICH, IN THE PAST, HAVE SOMETIMES ADVOCATED POLICIES WHICH WERE OUT OF TUNE WITH POLITICAL AND SOCIAL REALITIES. AS A RESULT, GOVERNMENTS AND THE GENERAL PUBLIC CAME TO REGARD BUSINESS ORGANISATIONS AS SELF-SERVING "INTEREST GROUPS" AND OFTEN DISCOUNTED THEIR SUGGESTIONS FOR CHANGES IN PUBLIC POLICIES, IN SPITE OF THE SERIOUSNESS OF THEIR CONCERN. THIS HAS BEEN CHANGING. I BELIEVE THAT THIS SHORT-SIGHTEDNESS HAS, FOR THE MOST PART, BEEN OVERCOME, THOUGH GOVERNMENTS AND THE GENERAL PUBLIC STILL SOMETIMES REGARD US AS ONE OF THE MANY GROUPS MERELY REPEATING CHICKEN LITTLE'S DIRE WARNINGS ABOUT THE FUTURE.

IT IS TIME FOR RESPONSIBLE CANADIANS, AND THE ORGANISATIONS REPRESENTING THEM, TO STOP SAYING TO GOVERNMENTS "I TOLD YOU SO" ABOUT OUR CURRENT DILEMMA, AND TO TURN THEIR EFFORTS TO DEVELOPING POSITIVE, POLITICALLY REALISTIC SOLUTIONS FOR THE NATION'S ECONOMIC ILLS. ONE OF THE REASONS I REMAIN OPTIMISTIC ABOUT CANADA'S FUTURE IS BECAUSE I BELIEVE THAT GOVERNMENTS, BUSINESS AND LABOUR LEADERS ARE BEGINNING TO RECOGNISE THE FUNDAMENTAL PROBLEMS OF INDUSTRY AND THE ECONOMY. THIS RECOGNITION IS HALF THE BATTLE.

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MY OPTIMISM IS REINFORCED BY THE SIGNIFICANT ACTION
IN SPENDING RESTRAINT SHOWN RECENTLY BY SOME GOVERNMENTS.

MY TASK AS PRESIDENT OF THE CANADIAN MANUFACTURERS' ASSOCIATION
AND MY PURPOSE IN SPEAKING TO YOU TODAY IS TO EXPLAIN THE REASON CANADA
HAS NOT BEEN ABLE TO DEVELOP A COHERENT APPROACH TO ITS INDUSTRIAL
PROBLEMS -- WHERE THE COUNTRY HAS BEEN HEADING -- AND HOW WE MIGHT
DEVELOP A MORE EFFECTIVE AND COHERENT APPROACH.

ONE OF THE WAYS MOST OFTEN CITED TO RESOLVE CANADA'S INDUSTRIAL
DILEMMA AND TO BRING A SEMBLANCE OF ORDER TO THE ECONOMY IS TO
FORMULATE WHAT IS TERMED AN "INDUSTRIAL STRATEGY".

THE CONCEPT OF AN INDUSTRIAL STRATEGY HAS NOT BEEN AN EASY ONE
TO GRASP OR TO PERCEIVE IN TANGIBLE TERMS. HOWEVER, THAT DIFFICULTY
HAS NOT PREVENTED PEOPLE OF VIRTUALLY EVERY POLITICAL STRIPE FROM
ADVOCATING THE ADOPTION OF IT IN ONE FORM OR ANOTHER.

THE PHRASE "INDUSTRIAL STRATEGY" BECAME POPULAR IN CANADA
ABOUT SIX YEARS AGO, AND THE FORMULATION OF SUCH AN APPROACH WAS
PROMISED BY THE THEN FEDERAL MINISTER OF TRADE AND COMMERCE. IT
WAS SOON REALISED THAT THE FORM AND CONTENT, AS WELL AS THE POLITICAL
VOLATILITY OF A STATED STRATEGY, PROVED TO BE A MUCH MORE FORMIDABLE
TASK THAN ANYONE HAD EXPECTED. THE NEXT MINISTER, IN 1974, PROMISED
A "SET OF COHERENT STRATEGIES FOR CANADIAN INDUSTRY" BUT THE STUDIES
AND DISCUSSIONS TO ACHIEVE THAT PROMISE SHOWED NO RESULT.

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TWO MORE RECENT MINISTERS IN THAT PORTFOLIO SIMPLY AVOIDED DISCUSSING THE MATTER OF INDUSTRIAL STRATEGIES. THE MOST RECENTLY ARRIVED MINISTER AT INDUSTRY, TRADE AND COMMERCE, HAS RETURNED TO THE ISSUE AND PROMISED TO ANNOUNCE SOME FORM OF AN INDUSTRIAL STRATEGY BEFORE THE END OF NEXT YEAR. IDEALLY, IT SHOULD ALREADY EXIST AND SHOULD BE THE BASIS OF CANADA'S STANCE AT THE GENEVA TRADE NEGOTIATIONS. BETTER LATE THAN NEVER!

MANY GROUPS AND INDIVIDUALS -- EDITORIAL WRITERS, PROVINCIAL GOVERNMENTS, AND ACADEMICS -- HAVE TRIED THEIR HAND AT OUTLINING ASPECTS OF AN INDUSTRIAL STRATEGY, BUT DO NOT EVEN AGREE ON THE BASIS FOR DEFINING THE PHRASE. THE SCIENCE COUNCIL OF CANADA SEEMS TO BE ONE OF THE FEW ORGANISATIONS CURRENTLY ADDRESSING THE ISSUE SERIOUSLY.

I BELIEVE THAT AN INDUSTRIAL STRATEGY, OF SORTS, DOES EXIST IN CANADA. HOWEVER, THE HISTORY, SIZE AND GEOPOLITICAL STRUCTURE OF THE NATION MAKE IT DIFFICULT TO PERCEIVE OR DESCRIBE THAT STRATEGY, LET ALONE ESTABLISH SOME AGREEMENT ON ITS FURTHER DEVELOPMENT. CONCURRENTLY, THERE ARE DIVERSE AND UNCERTAIN CRITERIA BY WHICH TO MEASURE THE SUCCESS OR FAILURE OF AN OVERALL STRATEGY. ACTIONS AND DECISIONS ARE TAKEN EACH DAY WHICH AFFECT THE INDUSTRIAL PROSPECTS OF CANADA AND COLLECTIVELY MOLD THE COURSE OF OUR NATIONAL DEVELOPMENT. SURELY, SUCH ACTIONS SHOULD BE TAKEN ON THE BASIS OF A COHESIVE APPROACH.

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TO MY MIND, AN INDUSTRIAL STRATEGY DESCRIBES THE WAYS IN WHICH A NATION TRIES TO ACCOMPLISH ITS INDUSTRIAL GOALS, KEEPING IN MIND THE NEED TO MAKE THE BEST USE OF SCARCE RESOURCES. THESE WAYS CAN BE EITHER IN ACCORDANCE WITH STRICT PLANS OR, AS SEEMS TO BE THE CASE IN CANADA, THROUGH A MULTITUDE OF DECISIONS IN A MARKET ECONOMY. BY THIS BROAD DEFINITION, A NATION'S INDUSTRIAL CAPACITY COULD BE EITHER CENTRALLY DIRECTED AND CONTROLLED BY GOVERNMENTS, OR LEFT TO THE INDIVIDUAL DECISIONS OF PRODUCERS AND CONSUMERS REACHING A SET OF COMPROMISES AND CONSENSUS IN THE MARKET PLACE.

IN REALITY, HOWEVER, THERE IS NEITHER ABSOLUTE CENTRAL AUTHORITY NOR ARE THERE ABSOLUTELY FREE COMPETITIVE MARKETS, AND IT IS THIS GREY AREA IN BETWEEN THAT WE IN CANADA HAVE NOT YET LEARNED TO COPE WITH EFFECTIVELY. WHILE GOVERNMENT POLICIES CAN PROVIDE A BROAD SENSE OF DIRECTION, THE DETAILED DECISION-MAKING CONCERNING THE ALLOCATION OF RESOURCES IS BETTER LEFT TO THE MARKET PLACE.

IN ITS MOST BASIC FORM, AN INDUSTRIAL STRATEGY MUST ADHERE TO THE SAME DICTUM AS ECONOMICS -- TO MAKE THE BEST USE OF SCARCE RESOURCES. ITS ESSENTIAL FOCUS MUST BE ON THE MOST APPROPRIATE WAYS TO PROVIDE THE GOODS AND SERVICES NEEDED BY OUR SOCIETY.

AT ISSUE IN ANY DEBATE ON THE FORM AND CONTENT OF AN INDUSTRIAL STRATEGY ARE SUCH QUESTIONS AS:

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- WHAT ARE OUR NATIONAL GOALS?

- WHAT ARE CANADA'S PRIORITIES?

- WHO DOES THE PLANNING?

- WHAT IS THE ROLE OF THE PRIVATE SECTOR?

- AND, PERHAPS THE MOST IMPORTANT, DO WE HAVE THE ABILITY, THE ECONOMIC TOOLS, OR THE POLITICAL WILL TO PURSUE AN EFFECTIVE COHERENT INDUSTRIAL STRATEGY?

THERE SEEM TO BE THREE MAJOR REASONS FOR THOSE QUESTIONS REMAINING, FOR THE MOST PART, UNRESOLVED IN CANADA.

THE FIRST HAS TO DO WITH THE NATURE OF OUR POLITICAL PROCESS.

THE SECOND RELATES TO OUR FEDERAL FORM OF GOVERNMENT.

AND THE THIRD RELATES TO OUR IDEOLOGY.

CONCERNING THE POLITICAL PROCESS, THE ANSWERS TO THOSE VITAL QUESTIONS SHOULD BE RESOLVED IN THE SPHERE OF CANADIAN POLITICS. UNFORTUNATELY, OUR POLITICIANS ARE TOO ACCUSTOMED TO DEBATING ISSUES IN WHICH SOLUTIONS ARE OFTEN A MATTER WHICH CAN BE DESCRIBED IN FORTY SECONDS OR LESS TO A TELEVISION CAMERA.

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THE ISSUES AT STAKE FOR OUR NATION'S ECONOMY ARE MUCH MORE COMPLEX THAN ANYTHING WHICH CAN FIT NEATLY INTO THE SIMPLE TERMS WHICH HAVE BECOME CANADA'S POLITICAL JARGON.

POLITICIANS AND THEIR PARTIES TEND TO DEAL WITH ISSUES ON A PIECEMEAL BASIS. VIRTUALLY ALL PUBLIC DECISIONS ARE TAKEN, NOT IN THE LIGHT OF AN OVERALL STRATEGY, BUT IN RESPONSE TO SPECIFIC ECONOMIC AND POLITICAL PRESSURES. THE GOALS OF THE DECISIONS TEND TO BE SHORT-TERM, OFTEN MOTIVATED BY NON-ECONOMIC FACTORS AND WITHOUT ADEQUATE REGARD FOR THEIR INDUSTRIAL OR FINANCIAL IMPACT.

CANADA'S POLITICS HAVE BEEN ORIENTED TOWARD COPING WITH VERY IMMEDIATE PROBLEMS, RATHER THAN LONG-TERM ONES. TAKE UNEMPLOYMENT AS AN EXAMPLE. IT IS NO CURE FOR THE PROBLEM SIMPLY TO PROHIBIT EMPLOYERS FROM LAYING OFF WORKERS. SUCH A MEASURE COULD BANKRUPT THE COMPANY CONCERNED AND EFFECTIVELY THROW EVERYONE IN THE COMPANY OUT OF A JOB. THE IMMEDIATE POLITICAL ISSUE MAY BE THE UNEMPLOYMENT, BUT THE BASIC CAUSES ARE MORE LIKELY TO BE A WORLD-WIDE SURPLUS OF THE PRODUCTS, OR EXCESSIVE COSTS IN CANADA COMPARED WITH COMPETITORS ABROAD, OR A SUPERIOR TECHNOLOGY EMPLOYED BY COMPETITORS. THE CURE FOR THESE FUNDAMENTAL CAUSES MAY BE RADICALLY DIFFERENT FROM THAT EMPLOYED TO DEAL WITH THE EFFECTS OF MORE IMMEDIATE POLITICALLY SENSITIVE ISSUES.

THE SECOND IMPEDIMENT TO RESOLVING THOSE VITAL QUESTIONS ABOUT AN INDUSTRIAL STRATEGY CAN BE FOUND IN CANADA'S FEDERAL FORM OF GOVERNMENT.

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THE PROVINCES HAVE LONG PURSUED STRATEGIES TO BROADEN THEIR INDUSTRIAL BASES, FOR TAXATION AND EMPLOYMENT GENERATING PURPOSES. THIS HAS LED TO WHAT SOME HAVE TERMED MINIATURE REPLICAS OF A NATIONAL ECONOMY IN EACH PROVINCE.

IN MANY CASES, THIS ATTITUDE TOWARD LOCALISING INDUSTRY HAS BEEN SIMILAR TO THAT OF COUNTRIES EMERGING IN RECENT YEARS WHICH DEEMED IT ESSENTIAL TO HAVE THE SYMBOLS OF NATIONHOOD, SUCH AS AIRLINES AND STEEL MILLS, REGARDLESS OF WHETHER SUCH DEVELOPMENTS WERE TOO COSTLY AND INAPPROPRIATE FROM AN ECONOMIC VIEWPOINT.

IT MUST BE RECOGNISED THAT CANADA, BECAUSE OF ITS DISPERSED, ISOLATED, AND OFTEN CONTRADICTORY DECISION-MAKING PROCESS, IS AT A DISADVANTAGE IN RELATION TO MORE CENTRALISED ECONOMIES, EVEN WESTERN ONES SUCH AS FRANCE AND JAPAN. IN SHORT, OUR ECONOMY IS MUCH LESS "NATIONAL" THAN THAT OF MANY OF OUR MAJOR COMPETITORS. IT IS SEVERELY LIMITED IN ITS STRUCTURE AND SCOPE FOR STRATEGIC PURPOSES AND IS AT A DISADVANTAGE IN STRATEGIC TERMS IN A WORLD COMPRISED OF LARGE CENTRALISED NATION-STATES.

I WOULD EMPHASISE, THAT COMMENTS ON THESE SOMEWHAT IRRATIONAL ASPECTS OF THE CANADIAN FEDERAL STATE SHOULD NOT BE INTERPRETED AS A PLEA FOR MORE CENTRALISATION OR CONTROL IN OTTAWA, AND I KNOW WE MUST PROVIDE FOR THE DIVERSE REGIONAL INTERESTS OF PEOPLE ACROSS THIS VAST COUNTRY. CONCESSIONS MUST BE PROVIDED FOR THE DIVERSE

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REGIONAL INTERESTS OF PEOPLE ACROSS THIS VAST COUNTRY. OURS IS, AFTER ALL, A CONFEDERATION OF PROVINCES AND INTERESTS RELIANT UPON SUASION AND A HIGH DEGREE OF CONSULTATION IN THEIR RELATIONSHIPS.

IT HAS NOT BEEN FOR A LACK OF PERCEIVING THE NEED THAT AN INDUSTRIAL STRATEGY FOR CANADA HAS BEEN NEITHER DESCRIBED NOR COMMITTED TO PAPER BY GOVERNMENTS. THE PROJECT HAS FAILED SO FAR BECAUSE WE HAVE NOT DEVELOPED THE POLITICAL MATURITY TO DEAL WITH THE ESSENTIAL PROBLEMS.

THE THIRD IMPEDIMENT IS OUR IDEOLOGY WHICH MAKES MANY CANADIANS, PARTICULARLY BUSINESSMEN, WARY OF NATIONAL PLANNING WHICH MIGHT CAUSE GOVERNMENTS TO INTERVENE EVEN FURTHER IN THE ECONOMY THAN THEY DO NOW. THIS FEAR IS WELL-FOUNDED IN LIGHT OF THE TREND OF INCREASING GOVERNMENT INTERVENTION AND REGULATION THROUGHOUT THE PAST THREE DECADES.

PLANS AND STRATEGIES SMACK OF A "GRAND DESIGN" IN WHICH FEW CANADIANS, ACCUSTOMED TO THE FREEDOM OF A MARKET ECONOMY, WOULD BE ANXIOUS TO PARTICIPATE. OUR INDUSTRY, MOBILISED DURING THE WAR, MANAGED TO ACHIEVE ITS GOALS, BUT AT THE PRICE OF RATIONING AND COERCION BY GOVERNMENTS. IT WAS DONE IN WAYS WHICH, IF IMPOSED TODAY, WOULD GROSSLY DISTORT THE ABILITY OF CANADIAN INDUSTRY TO SATISFY THE DEMANDS OF CONSUMERS.

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SO LONG AS ANY INDUSTRIAL STRATEGY IS PROMOTED AS A MEANS TO MANIPULATE SOCIETY, RATHER THAN PROVIDE A FOCAL POINT FOR AGREEMENT ON MUTUAL OBJECTIVES, IT WILL REMAIN SUSPECT AND UNACCEPTABLE.

THESE THREE REASONS THEN EXPLAIN WHY AN INDUSTRIAL STRATEGY IS NOT PRESENTLY APPARENT IN A COHERENT FORM. MUCH MORE CRUCIAL IS THE EXPLANATION OF WHY CANADA NEEDS ONE NOW.

TO PUT IT BLUNTLY, WE HAVE TO REACH AGREEMENT ON WHERE WE ARE GOING AS A NATION, BEFORE WE "HEAD OFF BRAVELY INTO THE POST-INDUSTRIAL WORLD".

- INDUSTRY'S ROLE IN SOCIETY IS NOT SIMPLY TO PRODUCE THE GOODS AND SERVICES THAT CONSUMERS ARE WILLING TO BUY. THAT MAY BE OUR MAIN PREOCCUPATION, BUT WE HAVE BECOME EQUALLY AWARE OF THE NEED TO RECOGNISE THE DIVERSE DEMANDS OF EMPLOYEES, THEIR UNIONS, TAX COLLECTORS, SHAREHOLDERS, CREDITORS, ENVIRONMENTALISTS, CONSUMER ADVOCATES AND A HOST OF OTHERS.

IT HAS BECOME MORE IMPORTANT THAN EVER FOR INDUSTRY TO PURSUE A CONSCIENTIOUS EFFORT TO CONTRIBUTE TO THE FORMATION OF PUBLIC POLICIES FROM THE STANCE OF MORE THAN THAT OF A DEFENSIVE INTEREST GROUP. IT REQUIRES AN EFFORT TO CONTRIBUTE TO THE DIALOGUE ON THE POLITICAL AND SOCIAL ELEMENTS WHICH CREATE WHAT IS OFTEN REFERRED TO AS THE "BUSINESS ENVIRONMENT".

- GOVERNMENTS NEED A GREATER AWARENESS OF THE IMPACT OF THEIR TAXES, REGULATIONS AND LAWS AFFECTING INDUSTRY. FOR EXAMPLE, REGIONAL DEVELOPMENT IS ESSENTIAL TO THE CANADIAN FEDERATION. IT IS BEING RECOGNISED THAT THIS MUST BE WEIGHED AGAINST THE DANGER OF FRAGMENTING CANADIAN PRODUCTION AND ELIMINATING OUR INDUSTRY'S ABILITY TO COMPETE ON A WORLD SCALE. THE TRADE-OFF BETWEEN THOSE GOALS MUST BE MADE THROUGH A MORE IMPARTIAL EVALUATION OF COSTS AND BENEFITS AND IN LINE WITH REAL ECONOMIC PRESSURES WHICH FACE CANADA TODAY. IT IS HEARTENING TO OBSERVE THAT SOME GOVERNMENTS HAVE BEGUN TO ELIMINATE THE CONTRADICTIONS IN THEIR POLICIES.

- MOST INDUSTRIES, IF THEY ARE TO ACHIEVE SUCCESSFUL SIZE, MUST LOOK BEYOND PROVINCIAL BOUNDARIES FOR NEW OPPORTUNITIES. IN SHORT, IT IS ESSENTIAL FOR THE MANUFACTURING INDUSTRY TO CONSIDER ITS POSITION WITHIN THE OVERALL CANADIAN ECONOMY, IF IT IS TO FACE DOMESTIC AND INTERNATIONAL COMPETITION SUCCESSFULLY.

- WE MUST CONCENTRATE OUR RESOURCES AND EFFORTS OVER A PERIOD OF YEARS TO ENSURE THAT WE CAN GENERATE THE ECONOMIC GROWTH, PRODUCTIVITY AND, IN ESSENCE, NATIONAL WEALTH TO PROVIDE ADEQUATE PERSONAL INCOMES AND TO PAY FOR THE SOCIAL PROGRAMMES WE MUST SOMEHOW AFFORD.

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- MANAGEMENT AND LABOUR MUST RESOLVE THEIR DIFFERENCES ON PUBLIC POLICIES IN A MANNER THAT IS CO-OPERATIVE, RATHER THAN ADVERSARY. A SENSE OF TRUST MUST BE DEVELOPED THROUGH FURTHER CONTACT, AND AN UNDERSTANDING OF THE NEED FOR COMPROMISE. I HASTEN TO ADD, THAT WE HAVE BEGUN THIS PROCESS, AND IT IS NOT ONE OF BIG BUSINESS AND BIG LABOUR GANGING UP ON GOVERNMENTS. IT IS A VOLUNTARY EFFORT TO ACT IN CONCERT, TO FACE A NUMBER OF PUBLIC ISSUES, AND THIS HAS ACHIEVED SOME SUCCESS.

- THE PROVINCES SHOULD BE MEETING WITH OTTAWA, NOT ONLY AT A "BARGAINING TABLE" TO SQUEEZE OR CAJOLE WHATEVER THEY CAN GET. THEY SHOULD BE DOING MORE THAN PAYING LIP-SERVICE TO THEIR OBLIGATION TO CANADA. INSTEAD, THEY SHOULD BE MEETING WITH A MORE CONSTRUCTIVE ATTITUDE TOWARDS REINFORCING COMMON GOALS, AND ADOPTING COMPLEMENTARY AND INTEGRATED DEVELOPMENT POLICIES.

- CANADA NEEDS A MORE CONSCIOUS EFFORT TO DESIGN AND IMPLEMENT MAJOR CHANGES ON ISSUES SUCH AS TRADE POLICY. INDUSTRY MUST SHOW THE INITIATIVE TO ENSURE EFFECTIVE CONSULTATION WITH GOVERNMENTS. BUSINESSMEN MUST PUT FORWARD POSITIVE PROPOSALS TO MAKE THE PRIVATE SECTOR WORK, INSTEAD OF SIMPLE DEMANDS FOR "LESS GOVERNMENT".

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GIVEN THE OPPORTUNITY TO TAKE PART IN SETTING
COHERENT AND PRACTICAL BUSINESS POLICIES, TRULY
EFFECTIVE SOLUTIONS CAN COME FROM WITHIN INDUSTRY.

I WANT TO EMPHASISE -- AND I CANNOT STRESS IT TOO STRONGLY --
THAT AN INDUSTRIAL STRATEGY MUST NOT UNDULY OVER-RIDE OUR
PERSONAL FREEDOM OR USURP THE ROLE OF COMPETITIVE MARKETS.
BOTH A MARKET ECONOMY, AND ONE DIRECTED BY GOVERNMENT EDICT, CAN
PROVIDE A SENSE OF DIRECTION AND DISCIPLINE. THE ESSENTIAL
DIFFERENCES ARE THE PERSONAL FREEDOM OF ACTION, FLEXIBILITY AND
RESPONSIVENESS IN THE MARKET ECONOMY. MOREOVER, THE MARKET ECONOMY
PROVIDES FOR GREATER EFFICIENCY.

I DO NOT PROPOSE TO OUTLINE AN INDUSTRIAL STRATEGY IN SPECIFIC
DETAIL. THE POLITICAL PROCESS CAN PROVIDE THE ESSENTIAL COMPROMISES
AND SPECIFIC ELEMENTS, AS LONG AS CANADIANS REMAIN DETERMINED TO
PURSUE THE EFFORT. THAT DETERMINATION MUST NOT DEPEND UPON THE
SEVERITY OF THE NEXT ECONOMIC CRISIS TO HIT CANADA. WE MUST ACT NOW.

THE EVENTS OF THE PAST TWO YEARS HAVE SHOWN THAT CANADIANS
ARE RELUCTANT TO CONCEDE THEIR COMFORTABLE POSITIONS FOR THE BENEFIT
OF THEIR LONGER TERM INTERESTS. ALL SEGMENTS OF CANADIAN SOCIETY
MUST BE PREPARED TO MAKE THE NECESSARY COMPROMISES AND TRADE-OFFS
INHERENT IN THE PROCESS.

C ONTD...

A FEDERAL ELECTION WILL BE HELD WITHIN A YEAR AND I THINK IT IS IMPORTANT THAT CANADA'S POLITICAL PARTIES BEGIN TO CONSIDER AN OVERALL INDUSTRIAL STRATEGY IN THEIR PLATFORMS AND POLICIES IN THE LIGHT OF THEIR PHILOSOPHIES AND VISIONS OF OUR SOCIETY.

I THINK IT IS IMPORTANT THAT THE FEDERAL GOVERNMENT CONTINUE THE PROCESS OF TRYING TO EVOLVE MORE SUBSTANTIAL AGREEMENT ON CANADA'S GOALS, EVEN THOUGH A STALEMATE WITH LABOUR CURRENTLY EXISTS. FOR ITS PART IN THE CONSULTATIVE PROCESS, THE CANADIAN MANUFACTURERS' ASSOCIATION RECENTLY PUBLISHED A DOCUMENT ENTITLED "AGENDA FOR ACTION". AS THE TITLE SUGGESTS, WE BELIEVE THAT THERE IS NEED FOR ACTION ON A WIDE POLICY FRONT TO MAKE CANADIAN INDUSTRY COMPETITIVE ONCE AGAIN. IN THIS DOCUMENT, WHICH HAS BEEN PRESENTED TO GOVERNMENTS AND TO THE GENERAL PUBLIC, WE OUTLINE A NUMBER OF SPECIFIC PROPOSALS TO ENHANCE THE CONSULTATIVE PROCESS. WE ALSO DISCUSS SEVERAL POLICY AREAS THAT BEAR DIRECTLY ON MANUFACTURING PERFORMANCE. IN THE INDUSTRIES WHICH FACE IMMEDIATE PROBLEMS OF SURVIVAL, WE BELIEVE THAT TASK FORCES OR WORKING GROUPS, INCLUDING SUCH MAJOR PARTICIPANTS AS UNIONS, MANUFACTURERS, RETAILERS, IMPORTERS, AND GOVERNMENTS, SHOULD BE ABLE TO COME TO GRIPS WITH TRADE-OFFS THAT MUST BE MADE, AND DEVISE SOLUTIONS THAT ARE REALISTIC POLITICALLY AND ECONOMICALLY.

AS CANADIANS WE MUST OVERCOME THE AIMLESSNESS OF OUR NATIONAL LIFE -- AND FIND A SENSE OF PURPOSE IN FACING, TOGETHER, THE TANGIBLE ISSUE OF IMPROVING OUR ECONOMY. THE OTHER OPTION IS TO DRIFT AIMLESSLY WITH SWIFT EROSION OF OUR INDUSTRIAL BASE, INCREASING UNEMPLOYMENT AND WORSENING BALANCE OF PAYMENTS.

NATIONAL UNITY IS NOT SOME ISOLATED OR ABSTRACT THEORY TO BE DEBATED AND MEDIATED ONLY BY A GROUP OF POLITICIANS. THE SUCCESS OF CONFEDERATION DEPENDS IN A VERY LARGE MEASURE UPON HOW WELL WE CAN ACCOMPLISH THE MATERIAL GOALS FOR WHICH WE FORMED THE CANADIAN FEDERATION.

IT IS EVIDENT THAT, IF WE CANNOT GET TOGETHER AS CANADIANS IN A MORE UNIFIED EFFORT TO DEVELOP OUR INDUSTRIAL BASE, NO AMOUNT OF SPIRITUAL SENSE OF CANADIAN NATIONALISM WILL KEEP US TOGETHER.