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It was suggested I might have a view on Economic Nationalism! This was many months ago. A tougher challenge then than now because, on October 30th, the Canadian people declared - veritably - an "open season" on all matters of national policy. There was no mandate and, maybe at this time in our affairs, that is a good thing - a healthy thing.

We see now, among other things, a Liberal party applying extra effort to understand the needs of the West. We see now a Progressive-Conservative party trying to earn an opportunity to represent the needs of Quebec. Whatever the outcome, it is likely to result in a more united, a more cohesive Canada because of the debate on the great issues for clarification and resolve.

Perhaps we can interpret October 30th as a question, - "We are concerned about the future, so tell us more about what you plan to do, and how you plan to do it".

A perfect opportunity, I would think for all us ordinary folks to have a point of view, and to express it. So, it is in this context of an "open season" that I appear before you - and should first declare my bias.

I am a Westerner with traditional western views on free trade. I represent a Western-based Company which has, since the turn

of the century, exported a financial service, first to Eastern Canada and then to the United States. So, while we are a Canadian company with a home office in Winnipeg, we instinctively think of our market area as North America. Consequently, when I speak about "Economic Nationalism and Canadian Business", my remarks are biased by a point of view which has developed over the years through providing a service from a small prairie base to the whole North American market.

In thinking on this, I believe it fundamental to start on the basic matter of "Economic Growth", - because there are now those in Canada who argue that we have reached a point where the whole concept of continued economic growth can be called into question.

Well, they are wrong. I strongly believe that rational economic growth is essential, - essential, indeed, as long as there are people in our midst who are short the necessities of life that we would all agree they have a right to enjoy. Simply redistributing the pie will not take care of the disadvantaged, - we have to have a bigger pie.

I also believe that future economic growth can be achieved

without destroying the natural environment. Indeed, without economic growth, I see no hope of improving the quality of our human and natural environment. In the simplest of terms, we must have more national income, - it is the only way to fund improvements in the human condition of all Canadians.

Let us consider the future. What do we know, now, about the decade ahead, and how will these conditions affect our economic growth and condition in Canada?

The unification of Europe, including the United Kingdom, into a single trading area with the resultant loss to Canada, is a vital consideration.

This puts us, for the first time, on our own. Canada, out of Commonwealth protection, is left with a guaranteed free access market of 25 million people. This is only 1% of the average market enjoyed by the 23 Western developed countries, and ranks us twentieth of the twenty-three. The end of Canada's trade preference with the Commonwealth tends to emphasize the importance of our trading ties with the United States. This, at the same time as our economic relations with that country have taken a dramatic turn.

To some extent, this change in climate is due to changing relations with the Communist world and the competitive position of all countries in the new, and vastly larger, world economic community.

Then, there is the developing energy crisis in the United States and their tendency to view Canada's northern resources as continental reserves. A complication.

A further one is the change in our trading status after 78 years of United States surplus with Canada when 1968 ushered in the first, and continued, deficit. We have been served notice that this will have to stop.

In fact, the message from the United States comes through loud and clear, - 'From here on, Canadian friends, you are on your own, - you will get no special favors, - you must negotiate in the future on an equal basis with all our other trading partners'.

In addition, the giant Communist nations - Russia and China with their massive resources and growing people skills - are entering the international field of commerce.

With all these forces at work, it seems obvious that Canada

must be prepared to trade in a competitive way in the world marketplace. To participate in the world markets, we must be equally prepared to accept the products of other countries in our Canadian market. So far, we haven't done too badly, but I suggest we are entering into a new kind of game with tougher rules.

To summarize, then, the three major facts that we know now face us in the decade ahead are: -

1. United Kingdom entry into the European economic community leaves us with a guaranteed market of only twenty-five million.
2. The United States has made it quite clear that special advantages are over.
3. The inevitable entry of Russia and China into international commerce will, among other things, raise the plateau of competition even higher.

In light of these forces, I conclude in my mind that a narrow nationalistic point of view cannot satisfy the requirement of continued economic growth we must have to

keep pace with the rising expectations and aspirations of the Canadian people.

The answer, then, must lie in Canada's willingness to enter on a broad scale the field of competition for world markets if we are to have any hope of financing our social and political goals.

I say "political" because Canada's stated national views and interests have been enunciated as -

1. Fostering economic growth
2. Safeguarding sovereignty and independence
3. Working for peace and security
4. Promoting social justice
5. Enhancing the quality of life
6. Ensuring a harmonious natural environment.

The problem appears to be that Number One, fostering economic growth, in the October 30th view of the Canadian people has not received the undivided attention that it should by Government and Opposition alike.

Despite what some would have you believe - particularly in the heat of political campaigns - government cannot control economic growth, - tens of thousands of independent decisions by consumers and business people, large and small, decide the rate of growth. What government policy can do is encourage or, conversely, stifle by over-control.

What we have seen in recent years is clumsy attempts to tie into economic growth considerations such factors as environment, quality of life, distribution of income, and competition. It has been counter-productive.

What, then, are our advantages, - our strengths for the new environment?

First, we have immense natural resources.

We have a competitive advantage in agriculture, forestry, mining and energy production. In my view, the thrust of public policy should be directed toward increasing our advantage in these fields. We should, at the same time, take whatever steps required to increase the processing of primary products in Canada.

To illustrate my point, I doubt whether it is in the long-

term interest of Canada to ship raw copper from northern Manitoba, and coal from Alberta, to Japan where the energy source is combined with the raw copper to produce finished products for the North American market. Does this mean that the Japanese have more skill and initiative than Canadians? Or does it mean that Japan has a better economic climate for business and labor to foster initiative and enterprise?

In the energy field, Canada has significant advantages. The challenge is to formulate an energy policy which ensures an adequate supply of energy for domestic purposes, and to negotiate a pricing arrangement for the export of surplus energy in order to finance the further development of our energy resources, as well as our social and political goals.

Secondly, we have the natural strength and initiative of the Canadian people. Canadians do have a will to win, a desire to work, a desire to succeed, and they will succeed in the new international environment if they are given a chance at home.

An article by Mr. Gillespie published in the magazine, "Calgary", expresses my point of view in very succinct terms.

The theme of the article is that positive Canadian nationalism built on our strengths, and not negative nationalism, will produce jobs for Canadians and revenue for government, the fruits of economic growth.

Mr. Gillespie's main point is that Canada needs positive economic nationalism and cites the action taken by his company, Comcore Communications, Limited, in purchasing a worldwide advertising agency with offices in over twenty-five countries. The company was in financial difficulties and Comcore was sure that with good management, the company could be turned around. He was confident that Canadian parenthood would open new business opportunities not available to some of their competitors.

Six months after the acquisition, it was obvious that Canadian parenthood was welcomed abroad. In the past five years, business has increased from \$6 million to over \$110 million. The company has remained Canadian controlled and expanded solely with Canadian sources of funds.

Worldwide expansion will produce more jobs for Canadians at home. It will provide greater tax revenue for the Canadian

government, and it will provide an expanded opportunity for Canadian investors in Canadian securities.

This example of success based on Canadian acceptance in the international marketplace serves to illustrate the importance of positive nationalism. Canadians can not only compete in this world, we have, in fact, an edge over many other countries because we are well received.

I have mentioned our two main strengths. -

Immense natural resources, and

A vigorous people.

Have we any obvious weaknesses as we enter the new era of international competition? Indeed, we do.

Our national efficiency must be improved if we expect to compete successfully. The work of the Economic Council has shown quite clearly there is a gap between ourselves and the United States, and the future prospect is even tougher against Japan and the European Economic Community, to name two.

One hears disquietening reports that there is a dwindling

enthusiasm, particularly among the young, for efficiency, in both the public and private sectors. What we must now persuade ourselves is that while efficiency is not an end to itself, it is the vital means to providing gainful employment and a better standard of living to all.

Inefficiency in the public sector affects our competitive position in international trade, both directly and indirectly. Misallocation of capital and human resources in the public sector contributes to higher taxes, inflation and, consequently, to a more difficult environment for private business.

There is growing evidence that the public sector, at both the federal and provincial levels, is growing at a pace beyond control for its reasonable management, and too fast for the private sector to absorb its cost. The endless "add-ons" of government services must be slowed - maybe temporarily stopped.

The private sector is not blameless either. Subsidies, special protection arrangements do nothing in the long term to prepare the nation for a new competitive world that we must enter to achieve full employment and economic growth.

Another obvious weakness, I believe, is our failure to realize that there is a demand for what Mr. Gillespie has

referred to as "Canadian uniqueness" - our acceptance abroad. There are many Canadian people skills which we could, and should, export, ranging all the way from entertainment to engineering services. Our contribution here need not be a "brain drain" if taxation were such that Canadians would continue to find it reasonable to remain in Canada.

We, as Canadians, have an unique opportunity to participate in the widest range of export opportunities. In my own Company, for example, almost half of our business is in the United States. In very basic terms, this means that senior employment opportunities are provided in Canada for about 600 people to serve this export market. Our export product isn't hard goods, it's people skills and the administration of funds on both sides of the border. We will continue to expand this market, but only through persistent improvement in our performance.

The life insurance industry in Canada; a major exporter; is just one example of what can be done - there are many, many others.

It's time, I say, to produce an inventory of national strengths in a competitive world environment. To insist

on government policies that reinforce those strengths and restrict the inefficient and nationally expensive weaknesses. To create an environment of positive nationalism.

This is the best way to fulfill our goals to be economically independent and to provide a quality of life that gives us a reason for being proudly Canadian.

JWB  
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