

George Gray reports on economic conference

At the request of The Herald, Mr. Gray, who attended the recent provincial economic conference as a member of the Ontario Turkey Producers' Marketing Board, has consented to report on his observations. Since this major conference affects virtually all our readers in some way, The Herald is pleased to waive its usual 500-word limit on letters to the editor.

To the editor of The Herald:

On Feb. 10 and 11, I was privileged to attend, as a participant, the Economic Conference in Toronto, sponsored by the Ontario Government, which was called "Partnership in Prosperity". This conference was called to investigate the removal of wage and price controls, both the method and timing, and as well to attempt to chart a sound economic course for business and labour into the 1980's.

Those attending included leaders from industry and labour, as well as academics, publishers, consumers, and religious bodies. While there was not a consensus of opinion developed by the parties at the conference, I would like to present to your readers some comments made by participants, as well as my own conclusions.

The following are quotations from addresses by the various participants:

Grant L. Reuber - Chairman Ontario Economic Council

"Consensus will not be possible, because vested interests will not allow it. Government legislation will be needed. A.I.B. controls should be removed as soon as possible in the private sector, with the government retaining a monitoring device with power to intervene. The public sector should be decentralized later, using results from the private sector as guidelines.

Energy is a real problem, their focus on this immediately.

The current trade deficit is partly due to government borrowing in foreign countries.

This keeps foreign exchange high, and hurts exports. Government spending must be curtailed in order to balance this.

Dennis McDermott - International Vice-president - United Automobile Workers

"The Current downturn in Productivity in Canada is due to plant undercapacity. Plants in Canada are now working at 80-85 per cent of capacity. This situation is due to the decline of the U.S. economy and because of the A.I.B. control problems. Profit controls do not give industrial plants the incentive to push to maximum production. Controls should come off right away."

J. Peter Gordon - Chairman and Chief Executive Officer Steel Company of Canada

"We should have less Government control, and create an atmosphere in which business can progress."

Jack L. Bidwell - Clarkson, Gordon and Company

"A.I.B. controls cannot be dismantled at this time. We will be right back into our original position.

When controls come off, major companies have to take the lead and co-operating with their own workers, develop programs to offset major price increases."

Robert M. MacIntosh Executive Vice-President, the Bank of Nova Scotia

"We must accommodate our thinking and expectations to a lower rate of growth in the next few years. This growth rate may be only one or 2 per cent annually.

Young people must prepare themselves for a whole new approach to future employment. Job opportunities will remain scarce into the early 1980's.

Energy is our main immediate concern. Tremendous investment must be made in the immediate future to provide all of the energy possible.

The money which has gone in the past into provision of schools, hospitals, etc. must now be diverted into developments of energy and subsequently new industry.

The severe energy problems hitting Ohio and Michigan this winter are not all due to the cold. Part of the problem is due to the fact that the Governments of these States have not rushed to update electrical installations and expand facilities.

There should be incentives in our society for performance and penalties for freeloading. Our welfare programs must be controlled."

Juan Watson - Broadcaster and Commentator on Consumer Affairs

"We must trim tabs on the economy and continue our restraint programs."

Richard S. Malone - Publisher and Editor-in-Chief, the Globe and Mail

"The media have tried to tell Government what to do. The credibility and respect of Government and Politicians must be improved. Honest mistakes happen - The Government should move immediately to correct these mistakes. They must hammer home the truth; don't wait for things to leak out. Tell it like it is."

Canada has the world's worst labor records, the worst national debt, and one of the lowest productivity records.

Governments must maintain restraint on staff, efficiency and public image.

The Federal Liberal Government is planning to spend an increase of 14 per cent for the next year; this is beyond reason and not in keeping with their 1976 promise."

William A. MacDonald - McMillan, Binch-Barristers

"Canada must get back to living within its means. Deficits in all levels devour capital. Funds need to be devoted from all segments of society to develop energy sources, and to provide new plants and equipment."

There are severe limits to the extent of Government action. The Government will achieve more if it undertakes less."

Hon. Frank S. Miller - Ontario Minister of Natural Resources

"9 per cent of all employees in Canada are on Government payrolls."

In 1954, Government spent 27 per cent of all money in Canada. Today Governments spend 43 per cent of all money.

Governments must do away with waste, duplication, and redundant laws."

Reuben Baetz - Executive Director, Canadian Council of Social Development

"Social welfare services are the fastest growing Government expense. These services should not be expanded, but should be made more efficient."

Income redistribution is now a dirty word due to slow economic growth. Government should use a tax credit system instead of other methods.

Many of our Youth have been misdirected into the wrong training programs. Some of our youth should be attending trade school instead

of University. Job shortages in the next 10 years will be more severe in academic fields, than they will be in industry."

Clifford E. Pilkey - President, Ontario Federation of Labour

"Half of our National Trade deficit is due to importation of machinery and equipment. We should be developing secondary industry to manufacture this specialty equipment."

Roy F. Bennett - President, Ford Motor Company of Canada Limited

"Productivity is not just the responsibility of management. Our manufacturing labour has a big responsibility in productivity."

There is a changing attitude to the work ethic. Some disincentives to work are built into Government legislation, for example; workmen's Compensation in which there has been a serious increase in time lost, as benefits under the program rise. Under the Unemployment Insurance program, there is a tendency to lay off - with benefits available.

Last time due to strikes must be solved by labour and management working together."

Peter Hannam - President, Ontario Federation of Agriculture

"We have a unique problem in Canada, let's face reality. The U.S. can sell cars cheaper to us than we can make them."

The U.S. can produce food cheaper than we can.

This means that Government protection is necessary in order to foster our Canadian industry."

John Bullock - President, Canadian Federation of Independent Business

"Bigness is not necessarily better. For example, massive capital infusion into the Post Office has not improved service."

Canada's only area of advantage in World Trade may be in technical training and skills.

In our economy, private ownership is necessary. An increase in our exports is necessary. Imports of foods and energy are increasing. These must be halted and reversed. Domestic markets must be protected with vigour.

Capital must be made available at interest rates which are equitable. A.I.B. controls must be removed. The closed union shop in small businesses must

be eliminated. Energy sources must be expedited with all urgency."

Roy A. Phillips - Executive Director, The Canadian Manufacturing Association

Why do we have a deficit in our trade balance? It is because we do two thirds of our trade with the U.S. and we must compete with the U.S. cost wise. The following factors affect our costs and attention must be paid to them.

1) Materials - Resources and energy supply must be speedily developed at as low a cost as possible.

2) Labour - Incentives must prevail that our wage rates remain competitive with the U.S.

3) Transportation - The great distances involved in Canadian business dictate that these costs remain competitive.

4) Cost of Taxes - I commend the Ontario Government for their restraint program. The unemployment insurance program is a great burden."

Judith Maxwell - Director of Research, C.D. Howe Research Institute

"Personal expectations pertain to productivity. If people can be satisfied with their current standard of living, then productivity will rise."

Patrick J. Lavelle - President, Automotive Parts Manufacturer's Association

"When the U.S. Canada Auto Trade Pact was signed, the Canadian Dollar was 92¢ U.S. Now they are about at par. This has badly affected our industry because we are smaller than our U.S. counterparts, therefore less efficient. Our wages are at parity with U.S. because of these factors our industry is slipping backward. The Canadian Govern-

ment did not protect our Canadian industry."

Kenneth G. McKinnon - Chairman, Ontario Milk Marketing Board

"There is an urgent need for the Government to expedite construction of all available Ontario Hydro projects in order to ensure continuous electrification of our Ontario farms and thereby guarantee a continuous food supply."

John T. Dunlop - Professor, Harvard University

Mr. Dunlop was the closing speaker. He was in charge of decontrols in the U.S. in all three wage-price controls programs which the U.S. have had in their history.

"Wage and Price Controls should be removed as soon as possible, and should only be used in extreme emergency. The controls should be phased out one industry at a time. There should be monitoring devices set up to ensure best performance. Agreements should be made with industry and labour prior to control removal as to their post control expectations and demands."

My own observations after attendance at this conference are as follows:

1) Growth rates over the next several years will be low, and very likely in the 1-4 per cent annual increase rate.

2) Job opportunities will be scarce over the next several years, and this situation will continue into the mid 1980's when labour will again become scarce.

3) People contemplating a change in employment should assess all factors involved before making the decision.

4) Young people still in the elementary and secondary school system should strive

harder to achieve the work records necessary to attain their desired employment. Attention should seriously be paid to selection of post secondary school training so that the field selected will provide employment. High school dropouts should be discouraged with vigour. Casual employ-

ment will be scarce, with remuneration at or slightly above minimum wage standards.

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