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Warning:

Tony Abbott says it's time to heed economic signals

By TINA IVANY

If we are to remain internationally competitive, the Canadian people, their leaders and the business community must take strong heed of the warnings emanating from the economic sector about our future economic position.

Such a concern was strongly voiced by Mississauga's federal MP, Tony Abbott, at a luncheon meeting of the German Canadian Business and Professional Club held in Toronto last week.

Pointing out that, for some months now, Canadian wages and salaries have been increasing at twice the rate as those of our largest customer and major competitor, the U.S., Abbott said "The full impact of this comparison must be appreciated.

"The main concern is that our competitive position is steadily eroding because of the substantial increases in wage and salary costs being built into our economy."

OMINOUS THREAT

A further ominous threat to our future stability and growth, according to Abbott, is the fact that "accompanying the extremely high wage settlements has been widespread industrial strife which has given Canada the unenviable achievement in 1974 of being second only to Italy for loss in man days."

"As well, strikes in the grain handling and transportation industries have created the further threat that our position and reputation with our trading partners has deteriorated."

Such problems, coupled with the worldwide problems resulting from the economic boom in 1972 which saw food prices soar and oil prices increase fourfold, have tossed Canada headlong into the battle against inflation.

As a result, Canada's future economically augurs not too well, he warned.

FUTURE PERIL

"The real peril to our position lies in the near future," said Abbott, "Our productivity is declining whereas if, as it appears likely, the US economy is reviving its productivity will be considerably higher than Canada's."

But the forecast, Abbott added, is not all gloomy.

"Contrary to predictions," he said, "the worst has not happened.

"And while severe problems resulted from the price increases, so have many opportunities."

One such opportunity Abbott outlined was the need for Canadians to contribute to the solution of the problem of "the alarming gap between the living standards of the developed and the underdeveloped countries."

"A further opportunity lies in the burgeoning strength and economic power of the European Common Market which hopefully will provide Canada with a contractual link," he added.

AGAINST DEVALUATION

Mr. Abbott told members of the club that he did not agree with the body of opinion that promotes the

devaluation of the Canadian dollar as the solution to the problems.

"It has already happened to a significant extent," he said, "but I am gratified that the Minister of Finance rejects this course of action."

Using the "so-called economic 'miracle' of the post-war German revival" as an example, Abbott concluded his speech by pointing out that "it was the people of West Germany who by hard work and prudent management made it happen.