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ECONOMIC AFFAIRS

Section 1: Economic Growth

A NATIONAL DEVELOPMENT POLICY FOR CANADA

(This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)

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## Introduction

## ECONOMIC GROWTH

With the ever increasing size and scope of government, with substantial rises each year in the level of public expenditures, with the growing complexity and depersonalization and lack of responsiveness of political and bureaucratic structure and processes, and with the serious loss of individuality and identity which these developments are producing among Canadians, we Canadians are rapidly reaching the point when we are going to have to choose between opposing philosophies of government and of economic management. The choice with which we are faced today is between a society in which the government determines the nature and timing of economic development in relative isolation from the people to be served and a society in which government participates with individuals and groups in the achievement of national goals.

In other words, the choice lies between a country and an economy in which the government is the prime mover and one in which the main impulse for action comes from citizens. It is this latter system, dynamic in nature and sensitive to people's needs, that the Progressive Conservative Party believes provides the best assurance for economic growth and prosperity and well-being.

Such a system does not reject the need to maintain and exercise government control and regulations in specified situations. Through policies designed to stimulate regional development, through the development of essential public services, and through the readiness to intervene when social order, individual justice or economic balance are threatened -- in all these ways, the government has the right, and indeed the duty, to act.

However, government must not tinker merely for tinkering sake. It must not intervene simply to show its power. What it must do is to encourage a climate in which initiative and incentives can operate for the good of the individual and of society.

This power must be exercised with caution and restraint. Canada is not an economic laboratory where questionable theories can be tested regardless of their effect on society.

Government has a role to play. Public funds and public initiative are essential. But the participation of government must not stifle the ability of Canadians to make their own decisions within a framework of social order and economic justice.



The people and the government must work out a common ideal of the kind of life we desire to lead. We must establish a social framework and within this structure determine our social and economic priorities.

Within that framework and reflecting those priorities, individual incentive must be coupled with individual responsibility. We must realize that incentive -- which, among other things, is the right to decent payment for a valid contribution -- is one of the essential factors in individual dignity and in social progress.

We must realize the right of the individual to choose, within agreed limits, how to spend his time and his money in the way he sees fit. Necessarily, the government must spend a good deal of his money for him. But there, too, there are limits in a free society beyond which government must not go.

Public expenditures under the Trudeau government are more than 200 per cent over what they were in the last year of the previous Progressive Conservative administration. With this increase, we have seen a growing tendency of the central government to interfere in areas reserved to other levels of government, or to the individual. Today individual initiative and freedom are frustrated if not threatened. The federal government's proposals for tax reform, which will effectively transfer millions of dollars from the private to the public sector, is but one indication that the Trudeau government is following and will persist in a deliberate policy to increase central government control regardless of its long term implications.

In the policy paper which follows, and in the some twenty other papers which outline the policies of the Party on a wide variety of issues the Progressive Conservative Party enunciates its firm belief that the role of government in future should be away from this direction; it should primarily be one of encouraging personal freedom, initiative, and individual opportunities.

In particular, the policy papers emphasize the urgent need for government to work with other levels of government and with other sectors of society. The papers reflect our belief that the prime purpose for an expanded economy is to permit the achievement of still higher goals -- self-respect -- human dignity -- spiritual and cultural satisfaction.

Related to this is our belief that government leadership, not



government control, is the key to achieving these goals.

The papers emphasize the need, on the part of the federal government, for co-operation, consultation and participation with the provinces, with groups, and with individuals, as opposed to the present policy of confrontation. Specifically, the papers call for a new sense of creative partnership between the federal government and all the provinces in an attempt to resolve our problems and to make the most of our opportunities.

The policy papers express concern at the depersonalization and sheer inefficiency which is resulting from the movement to over-centralization by the present government. These policy papers call for a reversal of the present trend, and for a policy of decentralization which will give to the provinces, and through them to the local governments, more of the resources they need to do their job. It is a policy to bring government closer to the people and to make it more sensitive to provincial, regional, local, and individual needs and aspirations. This theme of decentralization -- of consultation, co-operation and partnership, amounts to a new approach -- a fresh try for, a positive working federalism in Canada.

In the same vein, the papers show a respect and appreciation for the diversity of our country -- economically, geographically, culturally.

The papers reflect a concern for the environment and a feeling that Conservatives have a natural and special obligation to care for the environment, to ensure that the best and wisest use is made of our land, water and other resources. In pursuing economic growth, we must not permit selfish squandering of the resources which comprise our common inheritance.

In their consideration of economic growth and trade and Canadian identity, the papers express a clear, firm concern about Canadian sovereignty and about the need for appropriate policies to protect the public interests of Canada, both in terms of the conditions applying to foreign ownership of our industry and resources, and in terms of a world which is moving into a pattern of mutually exclusive trading blocs. The Progressive Conservative Party is mindful of its historic role as the watchdog of Canadian independence and intends to maintain that role today.



Finally, and most important, these policy papers express concern for people -- for their security and prosperity, for their opportunities and employment, and for the creation of a society in which there will be the means and the incentive for individuals to grow, to work towards their own aspirations, and to do their own thing in their own way.

In the development of these themes and others, the paper which follows, and the subsequent policy papers, develop an approach to Canadian federalism and a philosophy about our country which is fundamentally different from that of the present government, and which is more suited to the kind of nation we are and to the kind of problems and needs which we have in Canada.



## PROBLEM:

## ECONOMIC DEVELOPMENT

In 1966, Canada's real rate of growth was 7.0 per cent, one of the highest rates of growth of any industrial nation in the world. Since then, the real rate of growth of Canada has declined steadily. In 1970, the real rate of growth was about 3.0 per cent, one of the lowest of the world's industrialized nations. And even the most optimistic experts do not expect a real growth rate of much more than 4 per cent in 1971, a level which will fall far short of the 6½ per cent per year growth rate which would be required to lower appreciably the exorbitantly high unemployment which the country has experienced for more than twenty months.

The Trudeau government must share a large part of the blame for the alarming performance of the Canadian economy, and particularly for the large numbers of unemployed in Canada. In a crude attempt to fight inflation, the government has deliberately slowed down the economy and has brought about a significant increase in unemployment in Canada. The result has been the highest unemployment in Canada in a decade, one which has fluctuated between 6.1 per cent and 7.1 per cent during the past year, despite continued predictions and assurances from the Minister of Finance that the economy is on firm grounds and in the midst of a swelling recovery. The recent economic policies of the United States government, particularly the imposition of a 10 per cent surcharge on Canadian exports to the United States, threaten to push the unemployment rates in Canada still higher.

The failure of the economic policies of the present government are greatly compounded by the fact that they have not achieved even their objective of price stability. Canada is still suffering from rapid price increases. The policy of the Trudeau government to increase unemployment and thereby to curb upward pressure on costs and prices has simply not succeeded. The sad fact is that the annual rate of increase in the consumer price index in Canada is close to 5 per cent -- one of the highest upward surges in twenty years.

Every sector of the economy and Canadians in all walks of life and in all parts of Canada have been hit hard by the government's economic mismanagement. The decision of the government to slow down the economy through much of 1969 and 1970 in an abortive attempt to curb inflation has cost more than 5 billion dollars annually in lost output. The result has been that the economic problems of the slow growth regions have been seriously aggravated and the unemployment rates in these areas soared to well above twice the national average. In addition, a more sinister trend has emerged: the provinces of



Ontario, Alberta and British Columbia, long the prosperous and affluent areas of Canada, are now suffering unemployment rates at a level from which they had been relatively free since the depression decade of the nineteen thirties.

One of the most tragic aspects of the unemployment picture in Canada is that young people seeking to enter the labour force for the first time are finding it increasingly difficult to find job opportunities. Of the 218,000 young people (14 to 24 years of age) entering the job market last spring, more than 43,000 were unable to find work. The seasonally adjusted unemployment rate among this group is now well over 11 per cent, more than twice that among older Canadians. The rapid growth of the Canadian labour force requires the creation of an enormous number of new jobs -- estimated by most experts to be 1.3 to 1.4 million by 1975 -- to attain the full potential of the Canadian economy. At the present rate, Canada cannot realistically expect to come close to reaching such an objective. The Economic Council of Canada and most other economic authorities in Canada suggest that the minimum rate of growth in employment should be about 3 per cent. The percentage increase in the number of people gainfully employed in Canada in 1970 was only 1.3 per cent, well short of this figure.

In short, the present government has badly mismanaged and misdirected an economy of outstanding potential. It has mishandled fiscal and monetary tools; it has apparently misunderstood and in some cases ignored altogether economic forecasts available to it; it has failed to undertake long-range economic planning; it has misapplied the resources and energies of the country; and, perhaps most seriously, it has simply failed to give economic matters the careful attention which is so badly needed to maximize opportunities for economic development. The cost of this economic mis-management, in both human and economic terms, will be paid by Canadians for years to come.

#### GOALS

The Economic Council of Canada has set out five economic goals for Canada. These are:

1. Full employment, that is, a minimum employment rate of 96.2 per cent;
2. A high rate of economic growth, that is, a minimum  $4 \frac{3}{4}$  per cent increase per annum in the Gross National Product;



3. A reasonable price stability, that is, a maximum 2 per cent of increase per annum;
4. A viable balance of payments;
5. An equitable distribution of rising incomes.

The Trudeau government has been obsessed with the attainment of one of these goals, price stability, at the expense of virtually ignoring all the others. The Progressive Conservative Party believes that Canada should systematically and concurrently aim at the achievement of all five principal economic goals outlined above, and that one or several economic goals must not be sought at the expense of any of the others. Even had the present government succeeded in its fight against inflation, a low rate of inflation in Canada should be no consolation if it is accompanied by the unemployment of hundreds of thousands of Canadians. A national economic policy must combine stability and equity with economic growth, and ensure that this growth serves the common good of all Canadians. Such an objective requires a comprehensive approach in which economic criteria are related to all government programmes. Government policies in the fields of taxation, manpower, industry, trade, science, health, welfare and other major areas, must in large part be assessed as to the contribution each makes to the economic growth of Canada and to the satisfaction of the material needs of all citizens.

In this policy paper, as well as in some twenty other papers outlining the Party's policies on a wide variety of public issues, the Progressive Conservative Party places a very high priority upon the economic development of Canada. This is so because the Party strongly believes that the attainment of the goals of all Canadians, both economic and essentially non-economic goals, is not possible without a basically sound economy. If the economy is to provide the basis for the realization of both the material goals and the many essentially non-economic goals and aspirations of Canadians, if it is to make a substantial contribution to the quality of life and the individual fulfilment of all Canadians, the wisest use must be made of our talents and resources and the great opportunities which, together, they can provide.

In this paper, the Party proposes the general outlines of a new National Development Policy designed to promote economic opportunities throughout the country and, in particular, to achieve the steady increases in the rate of economic growth which will be needed in the years ahead



to sustain a rapidly growing work force. It is based on the belief that the Canadian economy is essentially a strong one, backed by rich human and natural resources and opportunities, which, if properly developed, give great promise for the future.

The details of the National Development Policy appear in subsequent policy papers, particularly in special papers dealing with Regional Development, International Trade, Agriculture, Taxation, Income Opportunity, The World of Work, Canadian Economic Independence, and Science, Technology and Research.

#### GUIDELINES

##### 1. A New Industrial Development Strategy: Leadership and Co-operation

The Progressive Conservative Party believes that the basis of a National Development Policy and a fundamental prerequisite of a sound and healthy economy is open and imaginative leadership by the government. A complex economy such as Canada's cannot be directed effectively unless government leaders realize the need to work harmoniously with all the major economic interests of the country. More importantly, we believe that government must take the people of Canada into their confidence in regard to its goals and its policies.

The Canadian economy is not a machine. It is the collective actions and decisions of all Canadians. The confidence and the co-operation of the people of Canada are therefore essential to the economic health of the country. Yet the Prime Minister has consistently provoked confrontations with labour and business, and with the representatives of agriculture and other major economic groups in the country. He has attempted to blame various groups and the other levels of government for the failure of government policies. Moreover, government policies have been deliberately shrouded in secrecy and ambiguity such that the people of Canada have been left confused for long periods of time about government objectives in such important areas as taxation, income security, natural resources, defense and Canadian economic independence.

The politics of confrontation and secrecy which the Trudeau government has practised will not bring about the economic growth and the development of new job opportunities which Canada requires. What is needed is a long-term industrial strategy which is based on the full co-operation of all segments of the Canadian community -- business, government and labour.

Working together, all segments should develop programmes and



policies designed to ensure that we in Canada have even more investment capital than we have had in the past; investment capital is essential to spark the industrial expansion and development that produces jobs.

Though essential, investment capital alone will not achieve the twin goals of economic growth and full employment, Canada requires the formulation of a comprehensive industrial strategy involving a comprehensive examination of our industrial opportunities and a realistic assessment of specific ways in which we as a country can best take advantage of these opportunities.

The serious consequences for Canada of the recent economic policies of President Nixon of the United States have driven home the point that we in Canada can no longer rely on a world of relatively free trade, stable international relationships and large scale U.S. investment of capital and technology to provide the rising standard of living and relatively full employment to which we have become accustomed.

We must now devise our own on-going strategy to achieve our economic goals. We cannot continue to muddle through with ad hoc and piecemeal government programmes unco-ordinated with one another or with those of other sectors of the economy. As other nations begin to implement measures with longer term implications, we shall find ourselves constantly running to catch up unless all Canadians working together also establish a comprehensive long-term economic policy designed to look after our national interest. No longer can we be caught off guard by the policies of other countries -- as we were when President Nixon proposed his comprehensive economic policies -- and be confident of surviving. Nor can economic expansion and full employment be ensured if our economic policies continue to be primarily stop-gap reactions to the programmes and policies of other countries.

The comprehensive and long-range industrial development strategy which the Progressive Conservative Party proposes, entails, essentially, an exhaustive examination, sector by sector, of our industrial potential. We must first identify those industrial operations and skills in which we Canadians have proficiency or for which we are best equipped because of geography, national resources, climate, or any variety of other reasons.

Only after this is done, can we effectively decide upon the most appropriate ways of applying the broad range of economic policies which we have at our disposal -- taxation policy, tariff policy, research and development assistance policy, transportation policy, etc.



In short, industrial strategy is the primary vehicle for the achievement of the objectives of economic growth and full employment; any national development programme is related in the most direct way possible to the industrial strategy and functions in support of it.

As one of the first steps in the formulation of the industrial development strategy, the Canadian government, working closely with business and labour, should take a look at the whole jumble of regulations with which government has over the years burdened both industry and the individual. It is time to shift from an atmosphere of regulation and restrictions to an approach which will recognize and encourage initiative, imagination and effort. Fresh impetus must be given to innovation, production and design. An industrial strategy must unleash the creative energy and talents of both individuals and industries as the key to dynamic economic growth.

There has not been in Canada a comprehensive examination of the extent and effectiveness of the many regulations which government has imposed on industry and on the individual in such important areas as transportation, communications, price supports, and oil. The Progressive Conservative Party favours such a detailed study as a basis for the formulation of an industrial strategy for Canada. Such a study should be aimed at rationalizing these regulations, removing them or lessening them where it is possible to do so and initiating others where necessary and appropriate. More important, it should make proposals for policies to assist and encourage individual and industrial initiative.

## 2. Regional Development

Regionally sensitive policies must be a key ingredient in a national strategy for economic growth.

The realization of the maximum economic potential of Canada requires a comprehensive growth plan which is sensitive to the economic diversity of Canada. Underlying the approach of a Progressive Conservative government to the problems of regional disparities in Canada is the belief that Canada consists of several different economic regions, with in some cases fundamentally different economic conditions and requirements. Government fiscal and monetary policies should take account of these differences.

(This subject is developed further in the following section on inflation and in a special paper on Regional Development.)



### 3. The Achievement of the full Potential of the Economy with Price Stability.

(a) The Progressive Conservative Party views with deep concern the harm which inflation is doing to the economy of our country and the hurt which it is causing to a great many individual Canadians.

The Party believes that inflation is a problem which the Canadian government must tackle with long-range and careful planning. Inflation must not be viewed in isolation as the present government has so largely viewed it, but in the context of the total economy, and also in the context of the economies of Canada's principal trading partners. In its crude attempts to fight inflation, the Trudeau government has deliberately slowed down the economy. This has caused great harm and suffering among many of the very people the government's anti-inflationary policies were supposed to benefit, those on fixed and low incomes. Moreover, these policies have hit hardest at the economies of many regions of the country which were already underdeveloped or disadvantaged. The result has been mass unemployment and a depressed economy.

The Party categorically rejects the theory that the imposition of uniform tight money policies aimed at creating mass unemployment is an appropriate or effective method to deal with inflation. This approach is based on five fundamentally invalid assumptions.

In the first place, the government has falsely assumed that its monetary and fiscal policies will be effective in a more-or-less uniform way throughout Canada. For uniform tight money policies to achieve price stability, there must be a high degree of homogeneity among the various parts of the country. Canada is not a homogeneous economic unit and, consequently, uniform tight money policies will create different results in different regions. For example, a national tight money policy may be effective in fighting inflation in one part of the country where there is full-employment. However, the same national policy applied to the slow growth provinces where there is chronic under-employment may well result in the creation of even more unemployment. It has been an implicit assumption of the Trudeau government that specific policies are equally effective and appropriate everywhere. This assumption is simply not true. Canada is not one major economic unit; rather it is a country containing several distinctly different economic regions. Consequently, effective monetary and fiscal policy-making must be related to the effect that such policy will have in the different areas of the country. The failure to realize the significance of the regional difference has been a major factor in the failure to achieve full employment



with stable prices.

If Canada is to have full employment with an acceptable rate of inflation, there must be an essential change in policy with an emphasis on regional as well as national goals.

Secondly, the Trudeau government has falsely assumed that the effects of the policies will not only be similar in all parts of the nation, but in all sectors of the economy. This is not true. It may well be that suppliers of certain products operate in a monopoly position so that when demand increases they do not increase output, but simply raise prices. Moreover, it is possible that demand may increase in one segment of the economy much more rapidly than it is possible for production to increase. In short, the Trudeau government has without justification taken for granted that the economy is perfectly competitive and that goods and services, including the services of people, are able to move freely among occupations and areas.

Thirdly, the Trudeau government has falsely assumed that monetary and fiscal policies generally operate in the same direction in all segments of the economy. The economic policies of the government have been based on the belief that restrictive policies generally slow down all activity and thereby will lower all prices. Evidence is clear that this simplistic approach has failed. For example, the basic supply of living accommodation in the economy is such that restrictive policies which raise interest rates and slow down production simply force prices up. The net result is that a restrictive policy causes higher prices, the exact reverse of what it is intended to do.

Fourthly, the Trudeau government has sometimes based its monetary policy in particular on the false assumption that changes in interest rates have considerable effect on the volume of savings and investment in the economy. Recent studies suggest that changes in interest rates by themselves have relatively little effect in the short run on the general levels of activity within the economy.

Fifthly, the Trudeau government has made false assumptions in regard to foreign trade. In a country as dependent on foreign trade for a large share of its prosperity as is Canada, domestic monetary and fiscal policy has considerable influence on the balance of payments. If interest rates are substantially higher than those in other countries, funds flow into the nation, forcing the value of the Canadian dollar in terms of other currencies upwards. Such an upward movement increases the price of Canadian exports and can therefore lead to a decrease in



demand for Canadian goods. In time such a decrease will result in a decline in the demand for the Canadian dollar and its price relative to that of other currencies will fall. The adjustment may be long and it can cause considerable unemployment within the export industries while it is taking place. Consequently, monetary and fiscal policy in Canada must always be related to the effect of such policy on foreign trade and investment.

Since fiscal and monetary policies are the tools by which the rate of economic growth and the level of prices are managed in a free society, it is essential that these policies be implemented in an effective fashion. The experience of the past five years has demonstrated that they have not been used properly in Canada. The problem, therefore, is to determine what changes are needed to ensure that the mistakes of the past are not repeated in the future. It is possible to have full employment without unacceptable inflation.

Examination of the use of monetary and fiscal policies suggests that changes are needed on several levels. First, there must be improvement in the way policy changes are being implemented. Second, changes must be made in institutions and procedures through which policies are implemented in order to achieve regional policies. Third, additional fiscal and monetary policies are necessary to assure full employment without inflation.

(i) Improvement must be made in the way changes in monetary and fiscal policies are implemented. The timing of change in monetary and fiscal policy must be improved. In order to assess how this can be done it is essential to have public evaluation of the operations of the Bank of Canada. Does the Bank management have sufficient information upon which to make its decisions? If it does not, how can the proper information be obtained? Is the Bank using all the tools at its disposal to refine the time which it takes for its actions to be felt within the economy? If not, why not? Does the Bank rely too heavily on the needs of the commercial banks in determining national policy? In order that this and other pertinent information can be obtained, the Progressive Conservative Party proposes that a task force be established to review the actions of the Bank of Canada during the past five years as they relate to economic growth, unemployment and inflation in the nation.

In addition, the Party firmly believes that the Bank of Canada should provide the Canadian people with much fuller information about its declared economic objectives and its policies. Only in this way can there be a fully informed evaluation of its operations by the people



it is intended to serve.

(ii) Changes must be made in the institutions and procedures through which policies are implemented in order to achieve regional policies. Fundamentally, there must be recognition that national monetary policies do not have the same impact in all areas of the nation. In order to achieve regional economic growth, the possibility of regional monetary policies must be considered.

(This point is developed in a special policy paper of the Progressive Conservative Party on Regional Development.)

(iii) While effective monetary and fiscal policies are a cornerstone for effective growth without inflation, other factors must be considered -- some are essential for the effective operation of monetary and fiscal policies, while others supplement them.

- For the effective operation of monetary and fiscal policies, it is essential to have a high level of competition. While the Party opposes the creation of arbitrary tribunals or similar measures as a method of encouraging effective competition, it believes that greater efforts should be made to protect the public interest against monopolies, whether they be business monopolies or labour monopolies. If the goal is maximum economic growth without inflation, it is important that everything be done to increase competition in those areas where monopolies are creating undue price rises by preventing an increase in the supply of goods and services, or are creating undue wage increases.
- It is essential to recognize that each sector of the economy must be considered and treated separately. Thus, designated sectors of the country may require special stimulation. The construction industry provides a good example. One of the major reasons for the rapid rise in the cost of living in the past two years has been the rapid rate of increase in the price of housing resulting from the lack of construction of residential space. One reason for this lack of construction was the tight money policy that not only increased living costs and therefore contributed to inflation by placing pressure on wages, but, at the same time, prevented an increase in the supply of living accommodation. It is important to evolve policies to correct such a situation. Selective policies are as important as aggregative.
- It is essential to evolve policies for providing funds for investment in the low growth regions of the economy if any degree of equality between areas is to be maintained. The



major principle, however, must be that government funds should be used only when it is certain that initial investments will lead to the development of self-sustaining economic activities.

(b) In addition to effective monetary and fiscal policies, the root causes of the economic problems of Canada must be faced before both high employment and price stability in Canada can be achieved. The government, in partnership with the private sector, must seek to achieve the maximum potential of the economy. By deliberately operating the economy at much less than its full potential, the government is creating a loss to Canada of more than \$80 million per week in output and a high level of unemployment. At the same time, price stability has not been achieved. In the first half of 1971, the cost of living increased at a faster rate than at any time in the previous ten years.

Policies aimed at achieving the maximum potential of the economy must include:

(i) a more efficient use of Canada's labour force, as outlined in Section 5 of this paper and in a special paper on the World of Work;

(ii) a policy designed to promote a much greater utilization of the existing capital and capacity of industry, as well as the employment of new methods of production; (This is developed further in section 2 of the policy paper on Regional Development and also in the policy papers on International Trade and Science and Technology);

(iii) a policy designed to promote regional development, a national trade and tariff policy, and a modern and comprehensive transportation policy. (These subjects are elaborated in relevant sections of this paper and in the Regional Development paper.)

(c) While the Party believes that the above proposals, if implemented, would go a long way to achieving both a high level of economic growth and reasonable price stability, it recognizes that some degree of inflation is inevitable, if inflation is prevalent among our principal trading partners and that our aim should be to do at least as well as the best of our trading partners. The Party believes that human decency and social justice require immediate actions to assist those who have been hardest hit when inflation does occur. For example, pensions and social security benefits should be tied to the cost of living along the lines recommended in a special paper of the Progressive Conservative Party on Income Development.

(d) Faced with the failure of its economic policies, the government



is not ruling out the possibility of compulsory wage and price controls to fight inflation and to attempt to mitigate the great increases in unemployment these policies have caused.

(i) Its only justification would be as a temporary measure in an emergency situation calling for dramatic government leadership in the fight against inflation. Under such circumstances, a Progressive Conservative Government would not hesitate to act.

(ii) To reinforce anti-inflationary policies, a Progressive Conservative Government would place a high priority on the development of an effective programme of restraints relying to the greatest possible extent on the co-operation of both organized labour and the Canadian business community. In this connection, we regret very much that the Trudeau Government did not take advantage of the pause that occurred early in 1971 to try to get an agreement on such restraints with representatives of business and labour. We regret also the failure of the same government to renew such efforts lately, especially in view of the recent apparent success of the United States Government in securing at least the provisional support of both business and labour for its own anti-inflationary policies.

While the voluntary wage and price restraints cannot be expected to work miracles, there is no doubt that a government which is trusted by the people can use its moral authority with considerable effect to help the economy withstand inflationary pressures. This can only be done in a climate of confidence, involving mutual trust between government and the people it serves. The first challenge that a Progressive Conservative Government must face is to restore that trust by adopting consistent policies in co-operation with the various elements of Canadian society.

(iii) Controls and restraints by themselves are not sufficient. Consistent with its belief in an incentive society, the Progressive Conservative Party proposes that serious consideration be given to specific ways in which Canadians might be encouraged to fight inflation. Special tax incentives to industry could be introduced to stimulate productivity; taxes on wage and price increases might be imposed; relief might be provided for businesses, labour unions or individuals holding the line or making reductions in prices or wages; and a general tax reduction should be introduced to ease wage demands.



#### 4. Taxation

The tax system should be employed as a vital instrument of the National Development Policy, not just as a means to raise government revenues. It must be employed to promote economic growth in Canada, to achieve a fair distribution of the nation's wealth, and to promote the development of Canada by Canadians.

An immediate priority must be the employment of the taxation system to stimulate the economy and to reduce the drastically high levels of unemployment. For more than a year, the Progressive Conservative Party has urged the Trudeau government to cut taxes to increase private spending and initiative. The Party has pressed the government to introduce an overall tax reduction of 6 to 7 per cent and to eliminate or at least reduce substantially the 11 per cent federal tax on building materials.

The present Prime Minister and the Minister of Finance for a long time rejected such suggestions by saying that a tax cut would be inflationary and could not be afforded by the federal budget. Faced with the failure of its economic policies, and finally responding to the demands of the parliamentary opposition to produce jobs and restore business confidence, the Trudeau government has made a complete about-face and introduced personal and corporate income tax cuts.

The Progressive Conservative Party believes that such measures are long overdue. However, the Party seriously doubts that they will be sufficient to reduce significantly the present high rate of unemployment this winter. In the first place, the government has waited far too long before adopting policies to stimulate the economy; an October programme cannot take effect soon enough to deal effectively with winter unemployment.

Secondly, the 7 per cent cut in corporation taxes terminates at the end of 1972; such a short terminal date robs the corporate tax cut of much of its effectiveness.

Thirdly, while welcoming the three per cent reduction in personal income tax, the Party deeply regrets that a 6 to 8 per cent reduction was not introduced in one package six months ago when it would have made a much more significant contribution towards creating jobs this winter and it would have helped to restore some of the confidence that is now so conspicuously absent from the economy.



## 5. Manpower

(a) The Progressive Conservative Party strongly believes that the extent to which Canada will be able to significantly strengthen the economy and to compete successfully in an increasingly competitive world market will depend on the ability of Canadians to become better innovators. Canada **must** become more proficient in the production of new or improved economic and social goods and services. A national economic strategy, particularly one designed to increase job opportunities for Canadians, must also be based on improving Canada's managerial capacity.

(Specific proposals in this regard are outlined in special policy papers of the Progressive Conservative Party on Science, Technology and Research, and on Regional Development.)

(b) A strategy designed to create job opportunities must be closely associated with radically improved manpower training and programmes, as well as a more active, and to some extent different, role of the federal Department of Manpower in seeking out job opportunities and in making them known to Canadians.

Moreover, the Canadian government must become active in long-range development of the country's manpower supply. Despite large expenditures on vocational training and retraining programmes by both federal and provincial governments, the country's manpower needs are being met inefficiently and ineffectively. Canada is experiencing increasing shortages of trained persons in some areas and large surpluses in others.

The Progressive Conservative Party recognizes the serious need for greatly increased systematic research and forecasting by the government in this important area so that the long range manpower requirements and opportunities of Canada can be known well in advance to those Canadians wishing to undertake extended training or retraining programmes.

(Details of proposals of the Progressive Conservative Party relating to manpower appears in a separate policy paper on the World of Work.)

## International Trade

Canada relies to a large and increasing extent upon export trade. It is now essential that we develop long-term policies to protect and to add to our share of the world market. Existing markets must be



ensured. At the same time, new markets must be found and cultivated. Canada cannot continue to rely for markets solely on its traditional trading partners. Moreover, the kind of disastrous economic dislocation experienced, for example, by sudden unplanned changes in the value of the Canadian dollar must be avoided.

We must identify those sectors of the international economy in which we can make a special contribution by the wise use of our resources, our strategic position, and our talents.

Over two-thirds of Canadian merchandise trade is with the United States, and much of this is intracompany trade. While welcoming this bilateral trade with our nearest neighbour, the Progressive Conservative Party believes that bold and imaginative programmes are required to diversify Canadian trading opportunities and associations. The Party recognizes the necessity of the continental market, as well as other markets for Canadian manufacturing industry. Consequently a new National Development Policy must include both successful access to the United States market for Canadian goods and a diversification of trading patterns so as to reduce excessive dependence on U.S. markets.

It must be recognized that imports are the other side of exports. Canada is in particular need of a fully rationalized system of tariffs. Such a system must have a degree of flexibility and be sensitive to changing economic conditions and to varying regional needs.

It is the view of the Progressive Conservative Party that tariffs or other subsidies are useful and in some cases necessary to assist with the establishment and early development of certain types of industrial enterprises. However, such assistance should be provided with the understanding that at some specified time in the future the enterprises being assisted will be expected to achieve levels of efficiency which enable them to be to a certain extent competitive internationally.

(This subject is developed further in the policy paper on International Trade.)

## 7. Transportation

Transportation has a crucial impact on the economic growth of any country, but particularly on one as large and diverse as Canada. Our country depends on transportation to carry its goods to domestic and world markets, to develop its natural resources, to unify the



country, and to integrate the national economy. Transportation is also of vital importance in meeting the social needs and aspirations of Canadians. No country has a greater need for effective transportation policies.

(a) Roads

With the increasing demands for fast, direct merchandise delivery service, and with the abandonment throughout Canada of many railway branch lines, trucking in Canada has quadrupled in the last decade. Highway transport will continue to expand at an increasing rate.

In a previous draft policy paper on Economic Growth, the Progressive Conservative Party put forward for discussion purposes the proposal that a second trans-Canada highway system be planned to accommodate this increased commercial traffic and to accommodate as well the increased number of private vehicles operated by Canadians and by the growing number of visitors to Canada. The initial reaction by Party members across the country to this proposal suggests that the investment necessary to complete a second trans-Canada highway would be better utilized in a programme to improve greatly the existing Trans-Canada Highway system and in a new roads to resources programme and in programmes designed to link remote regions of the north to southern growth centres, rather than in an additional east-west surface link. This is not to deny the benefits of an additional East-West link, but merely to underline that at this point in time a question of priorities related to resources would indicate the preference in investment in improving surface communication to remote communities.

(b) Airways

Air passenger travel and air express have also expanded dramatically in Canada in recent years. The Progressive Conservative Party believes that air transport can and should play an even greater role in the development of all parts of the country. The Party believes that Canada's government should proceed with plans to encourage, and where necessary to undertake itself, expanded air service to those areas of the country which are not adequately served by air transport. In particular, we should pioneer in the development of the facilities and the specialized knowledge needed to enable aviation to play its full role in the northern regions of Canada.

To date, requirements to provide services to smaller centres and to remote areas have been met by private operators represented by regional carriers and the third tier or local carriers. The Canadian



government should encourage these entrepreneurs. Specifically, the government should develop programmes to assist them in the provisions of necessary services which are not self-sustaining. Commercial airline operators cannot be expected to undertake and continue required scheduled services without assurance that the service is self-sustaining or at least that serious loss will not be experienced for an indefinite period.

There is an urgent need to provide more extensive and more regular mail service to the remote communities in Canada than at present. The basic revenue requirement of carriers can be assisted effectively by a contract with the post office department of the Canadian government which would provide a revenue guarantee for postal services provided by them. The method employed by the government of Canada in establishing Trans Canada Airlines (Air Canada) in 1937 presents a precedent for such an approach. Contracts of this sort would provide basic operating revenues for the private commercial interests involved; they would help to improve and expand the provisions of essential services; they might well make possible the improvement of passenger movements within the north and between the northern areas and larger centres of the south; and they would undoubtedly assist the carriers in the acquisition of necessary new equipment and facilities which are difficult to finance and maintain under existing arrangements.

#### (c) Railways

The Party believes that good and efficient rail service, both for passengers and for freight, continues to be of great importance in this country. The Party strongly opposes the deterioration of rail passenger service that is being allowed to take place in Canada. Canadian railways, with the approval of the Transport Commission, continue to abandon uneconomical passenger services without regard to the true social cost of such a policy and without proper regard to the cost of providing additional highway facilities. This must not continue. The retention and improvement of passenger rail service must be an essential part of the Canadian transportation policy. While the use of rail service is declining in Canada, other countries (for example, Britain, France, Australia, and Japan) are expanding and improving passenger service with beneficial results to both the rail companies and the public. The Progressive Conservative Party believes that an efficient and comprehensive passenger rail service must be an important part of a balanced transportation network in Canada. This is another area where co-operation and co-ordination of policy between federal and provincial governments is essential. While the federal authority



determines the level of rail service, it is the provincial governments who must compensate the alternative services such as highways or rapid transit facilities.

The Party favours the promotion of a greater use of rapid train services in Canada, especially between and within major population centres. It recognizes also the potential for an advantageous increase in the use of rail freight transportation in Canada, and supports the encouragement by the government of the fullest use of the unit train and the concept of containerization.

(d) Shipping

(i) Ocean transport will in the foreseeable future continue to be one of the cheapest methods of moving large volumes of goods for long distances. If Canada is to maintain and enhance its status as a major trading nation, Canadian harbour facilities must be continually improved and expanded and modernized. The greatly increased use of containerized shipping makes this increasingly important. Similarly, greater attention needs to be given to the development of navigational aids and knowledge.

Greater emphasis must be placed on a fully co-ordinated shipping policy which recognizes in very real terms the importance of this mode in the development of Canada and in providing job and other economic opportunities to Canadians. The present government has viewed transportation policies too exclusively in the context of airways and railways. Road and water transport have equally important roles to play both in the settled areas of Canada and in remote regions. There is also a need for much closer liaison within and among various departments of government with a direct interest in this important area, including the departments of transport, national revenue and manpower.

(ii) Despite some improvement in the situation this past year, shipbuilding in Canada is at its lowest level in twenty-five years. A number of shipyards have closed and several more are in danger of going out of business. The commerce, the security, and the scope for employment of Canadians have all been reduced by this adverse development.

The Progressive Conservative Party is in sympathy with several of the principal recommendations of the Robertson report released in June of 1970, particularly the recommendations that: (i) the Canadian government formulate and integrate a single maritime policy and (ii) define the role of the shipbuilding industry in that policy. Both



recommendations have been ignored by the present government.

(e) International Co-operation on Transportation Matters

(i) The Progressive Conservative Party believes that it is essential that the Canadian government enter into discussions with the United States with a view to establishing a joint commission on transportation between the two countries. While the movement by rail has developed upon relatively acceptable lines, the difficulty in obtaining authorities for Canadian highway carriers moving south and particularly the difficulty in Canadian air carriers gaining access to U.S. points has become critical. Canada has not received equality of treatment and it is essential that action be taken to remedy the existing unsatisfactory condition.

(ii) Canada should actively pursue co-operation with other countries which are engaged in research and development on transportation matters of direct relevance to Canada. For example, Canada should seek co-operation with Britain in the development of hovercraft and short-takeoff aircraft. These are just two fields in which the two countries have considerable interest and competence; yet they are working separately and in competition in both areas.

Any plan for future requirements of transportation must reflect the inherent advantages of each transportation mode. Coupled with this is the requirement that each mode co-ordinates and integrates its operations and facilities with other modes to achieve the most effective and efficient allocation of total transportation resources.

8. Canadian Economic Independence

The Progressive Conservative Party is conscious of its historic role of championing Canadian independence and it well appreciates the particular relevance this question has at the present time to the economic growth of Canada. It is imperative not only that the maximum growth of the economy of Canada be achieved, but also that the Canadian economy grow in a way which assures long term benefits for Canadians.

In deciding whether to permit or encourage foreign investment or takeover, the government must consider whether such new investment or takeover will create more jobs for Canadians in Canada, improve Canada's technical and managerial capacities, help Canada develop its resources (particularly in a highly processed manner), or introduce needed capital.



The Party has outlined in detail its policy on Canadian economic independence in a special paper on this subject.

#### 9. Science and Technology

Science and technology are intimately related to economic growth. Part of the reason for the lagging state of the Canadian economy is the failure of Canada to develop a bold, imaginative, fully co-ordinated science policy aimed at maximizing the technological and innovative capacity of the country. More support must clearly be given to the development of science and technology in Canada. Moreover, a greater emphasis must be placed on encouraging those scientific activities which are most closely related to the production of new or improved social and economic goods. The new National Development Policy of a Stanfield Government would aim at forging an intimate link between economic and science policies. In the first place, the largest possible scientific input would be included in the design of national strategies for economic and social development. Secondly, to a much greater extent than is now the case, science in Canada would be directed towards the pursuit of national economic and social goals.

(This subject is examined in greater detail in a special policy paper on Science, Technology and Research.)

#### 10. Government Spending

The Progressive Conservative Party is greatly alarmed by the very rapid increases in the rate of expenditures of the Canadian government over the years. Government spending in Canada represented only 7 per cent of the GNP one hundred years ago; it was about 27 per cent in 1957, and today it is over 35 per cent. The level of government spending this year by the Trudeau government is over 200 per cent of that of the last year of the Progressive Conservative government.

If the level of government spending relative to the size of the economy continues to increase at the rate it has, we in Canada risk nothing less than the destruction of the personal initiative and individual freedom upon which our society has been based. Great care must be taken that increases in government spending do not absorb a disproportionate amount of the Gross National Product and, more importantly, that government expenditures actually serve the interests and requirements of Canadians. Much of the recent rise of government spending in Canada has been in welfare services and antipoverty programmes. Today we in Canada are spending about \$5 billion on welfare and related activities. Yet, as the Economy Council has pointed out,



these astronomical expenditures have not come even close to solving poverty in Canada and there has in fact been little improvement in the income disparities between individuals and families in society over the past fifteen years.

The Progressive Conservative Party believes that much more information is now required about the extent and utility of government expenditures, in particular, how the discernible needs of Canadians are reflected through political and bureaucratic structures and processes into government spending decisions. As a first step to bringing about a better understanding of the nature and causes and utility of government spending, much less secrecy in government budgetary matters is required. More factual information should be provided by government about the composition of official committees and about the budgetary process. In addition, the government should undertake a complete review of existing major programmes and their costs with a view to evaluating their effectiveness and to planning ways which they may be improved, replaced, or abolished if necessary. While the Treasury Board and individual departments of government do review government programmes in order to achieve economies through elimination of duplication and waste and better planning, they do so almost entirely on a piecemeal ad hoc basis. No comprehensive review of government expenditures has been undertaken in Canada for many years to determine not just the cost of various programmes, but the actual utility of them as well. It is long overdue.

#### 11. Government Economic Planning

The Progressive Conservative Party believes that one of the most significant reasons for the poor performance of the Canadian economy under the Trudeau administration has been the lack of effective co-ordination of government policies. First, there has been too little co-ordination of the policies between federal and provincial governments. Too often national economic policies have been formulated and applied without adequate or any consultations with the provincial and municipal governments. As a result, policies and measures of the different levels of government have frequently operated at cross purposes. For example, the federal government has deliberately slowed down the economy to fight inflation by tight money policies while, at the same time, the provinces have attempted to stimulate their economies by incurring increased provincial deficits.

Secondly, there has been too little co-ordination of the policies of the various departments of the Canadian government itself. Consequently, government policies have often worked against each other.



As an example, while the Minister of Finance has applied uniform policies to dampen the economy in his anti-inflationary drive, the Minister of Regional Economic Expansion has attempted to stimulate the economy, particularly in the slow growth regions, by industrial promotion programmes and similar measures.

Government economic policies have been inadequate, also, because the government has been content to rely on short-sighted temporary measures to direct the economy. It has sought to cure symptoms, rather than attack the underlying causes of economic problems by the use of long-range programmes devised to promote smooth running economic performance over the long term. National economic policy has relied almost exclusively on frequent but inconsequential adjustments in government fiscal and monetary policies to produce unduly restricted short term goals. This approach is wrong for several reasons. First, the long lead time and lags between changes in fiscal and monetary policies make such measures at best ineffective, and at worst inappropriate. Secondly, they are unpredictable as to specific results. Thirdly, the constant changes in economic policy undermine the confidence of the private sector.

(a) What the nation requires now is a long-term perspective based on long-range systematic planning and more clearly defined economic goals. As a crucial first step, a mechanism to co-ordinate all policies affecting the performance of the Canadian economy should be created. Ad hoc, piecemeal policy making, which has for too long characterized the approach of the present government and successive Canadian governments, must not be allowed to continue. It is essential that some vehicle be created to co-ordinate all policy-making in this area. Some co-ordination does take place at present in the Privy Council Office, the Prime Minister's Office and the Cabinet. However, this is far from adequate. What is needed is a secretariat or ministry of state fully to co-ordinate the actions by all departments affecting the economy. Such a secretariat or ministry, which would seek the formulation of a comprehensive on-going economic development strategy with a realistic assessment of goals and means, ought therefore to be the foundation of the New National Development Policy.

(This point is closely related to the proposal for a new industrial development strategy for Canada, as outlined in Section 1 of this paper.)

(b) Not only must there be long-range planning and co-ordination of programmes and policies at the federal level, there must also be close co-operation between the federal government and the provinces.



For this purpose, the Party favours the establishment of a more systematic approach to federal provincial consultation and to the co-operative inter-governmental relationships which are necessary for the development of properly planned and integrated economic growth policies for Canada. The periodic meeting of the ministers of the various departments of governments cannot produce the inter-governmental co-ordination which is necessary.





ECONOMIC AFFAIRS

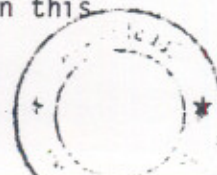
Section 2: Regional Development

A Canadian Partnership

For Economic and Social Growth



This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)





## REGIONAL DEVELOPMENT

### PROBLEM

While Canadians in many parts of the country enjoy one of the highest living standards in the world, there are areas and regions of Canada whose development has been shamefully neglected. Regional economic disparity is, in fact, one of the most critical problems facing the nation today. The disparities which exist within Canada by any measure of development - rate of economic growth, extent of individual opportunity, standard of living, level of public service, access to education - and the grievances and alienation among large numbers of Canadians which are caused by this situation, threaten the viability and unity of the country. Government policies have not only failed to solve this problem, in many cases they have aggravated it.

The elimination of regional disparity was a major emphasis of the Trudeau government during the 1968 Canadian general election. Despite expenditures of millions of dollars on regional development by the government since that time, there has been little improvement in the situation. According to the Fifth Review of the Atlantic Provinces Economic Council, the income disparity in the Atlantic region, for example, has improved little in the past three years and in fact has not significantly improved in the past twenty years.

*Excerpt*  
APEC has argued that the approach to regional development of the Trudeau government, and specifically of the Department of Regional Economic Expansion, has been ad hoc and piecemeal with no specific targets and few clearly thought-out long-range programmes. There has been a considerable degree of ministerial discretion allowed in the allocation of federal funds, making the Department of Regional Economic Expansion susceptible to political manipulation. And inadequate attention has been paid to the promotion of self-sustaining, job intensive enterprises; instead the emphasis has been upon the encouragement of projects that show short-term benefits which have only the appearance of helping the areas involved.



Nor has there been any real attempt by the federal government to co-operate with the provinces in developing the economies of the slow growth regions. The Canadian government throughout much of 1967 and 1970 embarked upon a tight money policy applied uniformly across the country at a time when many of the provinces, particularly the under-developed provinces, were attempting to stimulate their economies, in the face of rising unemployment levels, by incurring increased deficits. As a result, provincial efforts have been greatly frustrated, and areas of the country where unemployment was already severe experienced still higher unemployment rates.

### GOALS

The Progressive Conservative Party believes that it must be a high priority for Canada in the 1970's to lessen the significant regional disparities which now deny equality of opportunity to people in many different parts of the country. To this end, well thought-out, fully co-ordinated, long-range government policies and programmes are required to attain the optimum development of all provinces and all regions of Canada so as to achieve a more equitable distribution of the nation's wealth and greater opportunities of self-fulfilment for citizens in all parts of Canada.

In particular, the federal government, working in partnership with the provinces, should aim at helping Canadians to achieve, in every region of the country:

- (1) the opportunity to pursue satisfying employment and to have an income sufficient to provide an adequate level of goods and services on a sustained basis;
- (2) easy and efficient access to educational and health services and housing of reasonable quality;
- (3) a social and physical environment conducive to personal fulfilment and well-being.

These goals will not be achieved unless the Canadian government works closely with the people of the underdeveloped areas to make full use of their unused or under-utilized natural and human resources. In the majority of cases, the underdeveloped areas



have great potential for economic and social development: essential to realizing this potential are programmes tailored to the local conditions and needs of each area requiring development.

## GUIDELINES

### 1. Regional Disparities and a National Development Policy

The Progressive Conservative Party believes that Canada is too vast and too varied a country to be managed as a single economic unit. Canada is composed of several different economic regions which possess significantly different economic conditions, potentials, problems, goals, and priorities. National economic policies must, therefore, be flexible, both in their formulation and in their application, in order to be sensitive to the economic diversity of Canada.

(a) Economic policies intended to deal with a problem which is serious in one or several areas of the country must be designed carefully so as not to affect adversely those areas of Canada where that particular problem does not exist or is not so acute, and where quite different problems may require a much higher priority.

Similarly, programmes designed to promote economic development in the economically weaker parts of Canada should not work against the continued development of those areas which are more prosperous.

It is essential that the federal government plan and operate regionally sensitive economic policies which will bridge regional disparities and not exacerbate them. It must take care to moderate the effect on slow growth regions of any national monetary and fiscal policies which may have been devised with the needs and problems of other parts of Canada in mind.

The importance of this point has been clearly demonstrated by the policies of the present government in regard to inflation. In its management of the economy, the Trudeau government has been so obsessed with the problem of inflation that it has ignored or



been indifferent to some of the consequences of its policies in making other economic and social problems much worse. In its crude and heavy-handed attempts to fight inflation, the government adopted restrictive monetary and fiscal policies. The net result was the creation across Canada of a scarcity of funds for investment purposes and extremely high interest rates which caused particular harm and suffering in most of the regions of the country that were already developed or disadvantaged. Unemployment was increased badly and unnecessarily everywhere. But it was often increased most in the very regions where it was already highest. Similarly, capital development was often hardest hit by the government's policies in those parts of the country where the need for capital was the greatest.

The failure of the Trudeau government to realize the significance of the regional differences within the country has been a major factor in preventing national full employment with stable prices from being realized. The major change which is essential, if Canada is to have full employment without inflation, is a transfer from emphasis on national policies to an emphasis on regional needs.

The transfer of emphasis to regional policies does not imply that there should not be central banking and central fiscal policies. There can be only one currency in the nation, there can be only one exchange rate for the Canadian dollar in foreign markets, and obviously there must be free movement of capital throughout the nation. The question which is fundamental, however, is whether or not more attention should be given to regional operations in the creation of economic policies. The evidence suggests that there must be. Rates of unemployment have varied substantially between the different regions and the effect of policy changes has in many instances been widely different in different areas. In order to achieve regional economic growth which is an essential condition for national growth, regional monetary and fiscal policies must be developed.

A. This can best be done by moving much more monetary policy making to a regional level where there is concern and knowledge of the impact of policy on growth and development. Serious consideration should be given to the possibility of decentralizing



the Bank of Canada into five regional offices and each office given the authority to:

- (a) Set secondary reserve requirements for banks in the area;
- (b) Operate as the bank's direct regional representative in open market operations;
- (c) Exercise moral persuasion over the financial community to encourage them to do what is necessary for the growth of the region;
- (d) Actively encourage the development of local credit and financial institutions, such as building societies and credit unions.

B. The impact of monetary policy in various regions is influenced by institutions other than the Bank of Canada and certain procedures. Therefore, in order to assure the effectiveness of regional policy, additional changes must be made as follows:

- (a) The Industrial Development Bank should be reorganized so that it can work in conjunction with the Bank of Canada more effectively in fulfilling regional economic goals.
- (b) The Bank Act should be amended to require commercial banks to report reserves on a regional basis so that their activities can be effectively monitored by the Central Bank.
- (c) A continuing review must be made of all the investment needs, both private and public, of different regions so that opportunities for effective use of resources are not missed.

C. Regional monetary policy must be supplemented by regional fiscal policy. The provinces and the federal government must work very closely together in the development of their programmes. In addition, if fiscal policy is to be used to achieve full employment without inflation, it must be as flexible as possible. Therefore, the federal government should disentangle itself from its many cost-sharing programmes as soon as possible because the lock-in is too great. It is impossible to assess or to control the costs



of such programmes and they should be replaced by unconditional grants.

Moreover, these programmes tend to discriminate against the poorer provinces. For example, under the Canada Assistance Plan, the federal government contributes 50 per cent of provincial and municipal public assistance and welfare costs. While Ontario, British Columbia, and Alberta are able to take full advantage of programmes of this nature by meeting dollar for dollar federal public assistance expenditures, the poorer provinces cannot raise their share as easily and are therefore not able to make full use of the federal subsidy.

D. National trade policies, too, have frequently worked against the economic interest of various regions of Canada and have been insensitive to special regional problems or potentialities.

Trade policies must be planned and conducted, to a much greater extent than this government has done, with the varying needs and possibilities of Canada's diverse economic regions in mind. New patterns of trade and new trading ties should be developed, and in some cases revised, which make the most of Canada's resources and strategic geography.

Canada has not had for some time a comprehensive study of the effectiveness and utility of particular tariff policies presently in effect. The Progressive Conservative Party favours such a review. In particular, such a study should examine the possible advantages of applying regional tariff policies in appropriate areas and on appropriate goods. In more general terms, the government should investigate ways in which the economies of slow growth regions might be helped by the lowering, and perhaps in some cases the elimination, of tariffs on products which they produce.

E. The Progressive Conservative Party is greatly concerned about the continued strength of the Canadian dollar in relation to the United States dollar and about the fact that the exchange rate of the dollar has been permitted to float for as long as it has. This



has been one of the most important restrictions upon the economic recovery throughout the country but particularly in the underdeveloped regions. The unpegging of the dollar by the Trudeau government has placed Canadian exporters at a disadvantage and it has promoted unease and uncertainty among Canadian businessmen.

## 2. Industrial Development and Regional Economic Growth

(a) The future economic viability of Canada will in large part be dependent on its success in building a more sophisticated manufacturing structure, with each region playing a role which will make the most of its economic potential and special strength. If the slow growth regions of the country are to participate in and benefit from this development, the federal government must play a greater role in helping to promote in these areas the creation of new industries and the expansion of existing industries.

To do this effectively, the government, and particularly the Department of Regional Economic Expansion, must focus its attention on the truly disadvantaged regions of Canada. The Progressive Conservative Party strongly endorses the principle that particular areas should be designated for special development assistance. However, the designated area concept is useless unless the number of areas is limited. Under the Trudeau government, much of Canada has been classified as underdeveloped. As a result, regional development expenditures have been spread so thinly that little has been done to bridge the gap between the genuinely slow growth regions and the developed areas.

Because the federal government has largely failed to provide adequate assistance to the slow growth areas, the poorer provinces and municipalities have been saddled with enormous costs and burdensome long-term indebtedness in their attempts to finance loans, grants, and other forms of incentives to attract new industries or to help with the expansion plans of existing industries.

The Progressive Conservative Party believes that the federal government should concentrate much of its regional development efforts in a vigorous programme to encourage industrial development in the slow growth regions. Current programmes of incentives for



investment in new or expanding industries must be strengthened and their scope broadened.

While the Party recognizes the need to assist the slow growth areas of the country in providing schools, transportation, municipal services and similar undertakings, it believes that a greater emphasis must be placed in future upon the promotion of self-sustaining industries which are capable of employing large numbers of people. Such an objective must be a central feature of the industrial development strategy outlined in a special policy paper of the Party on Economic Growth.

Many of the slow growth regions of Canada are rich in natural resources; these must be developed and used. However, industrial incentive programmes should concentrate on encouraging those kinds of enterprises which process Canadian resources in a very high state. While we should, of course, make every effort to sell outside the country those resources which are surplus to our needs, we must plan carefully so that we are not in effect exporting jobs by selling our resources to other countries and buying them back in the form of manufactured goods when we are capable of doing much of the processing of these resources ourselves.

A major principle in providing government funds or incentives for investment in the slow growth regions of the country must be that they will lead to the development of self-sustaining economic activities.

Such a programme of industrial development should attempt to encourage those economic activities at which particular regions are most proficient or for which they are best equipped by virtue of their natural resources, geographic location, and skills. Development programmes must be custom-designed for the areas they are intended to assist. The ineffectiveness of many policies of the present government in alleviating regional economic disparities is in large part related to its failure to appreciate that different regions of Canada possess different kinds of economic potential. To ensure that regional planning is sensitive to the particular requirements and objectives of the areas being assisted, it should be formulated and directed to the fullest extent possible within the regions. For this purpose, the Party



would give serious consideration to the establishment of regional decision-making bodies within the Department of Regional Economic Expansion. Such a step would effectively bring the operations of this important department closer to the people it is designed to assist, it would help national policies to take account of regional differences and needs, and it would improve the intergovernmental co-operation which is essential to make regional development programmes work.

(b) The federal government, working closely with the provinces and with the private sector, should take the initiative to create in Canada centres of economic growth and of excellence, based on an integrated development of inter-related industries, which certain areas of the country have special abilities to sustain.

With long-range, systematic research and planning by governments and industry, Canada is capable of developing in various regions of the country, both in slow growth areas and in more developed areas, centres of specialization which can compete successfully with the expertise of other nations.

(c) The Progressive Conservative Party sees considerable merit in a proposal which the Atlantic Development Council forward, that Industrial Intelligence Units be established in various centres across Canada to help assess the potential of specific areas for industrial development and to help ensure that concentration of effort is directed to industries that will contribute the most to a region's development. The industrial intelligence units would provide both public and private agencies concerned with economic development with detailed, comprehensive, specific, and up-to-date information and guidance on good industrial opportunities, and would be responsible for the initial contact with prospective firms or industries to stimulate interest in a location in the region. Discussion and negotiation on specific sites within the region would be a matter for the respective provinces.

(Industrial Development is also discussed in related policy papers on Economic Growth, Science and Technology, International Trade, and others.)



### 3. Intergovernmental Co-operation

The existence in Canada of serious regional economic disparities is a national problem. It affects all parts of the country. As such, it requires the attention and concern of all levels of government working together. Only a fully co-ordinated attack on regional economic disparity can succeed, and this will only be possible if planning at all levels of government is characterized by co-operation and openness. This must involve close continuous and systematic consultation and co-operation between the various levels of government, and also between government and the citizens of areas being assisted.

As emphasized elsewhere in this paper, much of the planning that is required to assist slow growth areas can be achieved most effectively at the local and provincial levels and with the active involvement of local people. This is particularly true when comprehensive programmes are required which affect virtually every aspect of life in a community or region. The Progressive Conservative Party, therefore, believes that the role of the federal government in such situations should largely be one of supporting provincial and local planning and priorities.

At present, provincial fiscal resources are not adequate to meet their constitutional responsibilities. For this reason, the Party favours a reallocation of tax revenues to the provinces, and through the provinces to the municipalities, in order to redress this imbalance.

### 4. Federal Services and Regional Development

(a) The present administrative structures and geographic location of many national services do not adequately reflect the federal nature or geographic needs of Canada. The estrangement from the federal government which is felt by Canadians in so many parts of the country is partly the result of the over-centralization of government services and agencies in a few locations in or near Ottawa. The Canadian Wheat Board is, in fact, one of the very few national agencies which is not located in and operated from central Canada.



If the services provided by the Canadian government are to serve effectively the needs of Canadians in all parts of Canada, and at the same time contribute to the operation of the Canadian federal system and to national unity, a greater degree of decentralization of these services must be introduced so as to make them more responsive to the needs of the people they are intended to serve.

The exigencies of geography perhaps at one time required that crown corporations and other major government bodies and agencies be located in and operated out of the same location in central Canada. Modern technological developments, especially in the fields of transportation and communications, now make it possible and practical to diversify the location and operations of these national services.

(b) The points of view of people from all regions of Canada must be fairly and adequately represented on all government agencies, including commissions, boards, task forces and other bodies of enquiry. Moreover, all studies undertaken by the federal government must make sure to ascertain fully and fairly the opinions of people in every region of the country.

(c) Numerous departments of the federal government, in addition to the Department of Regional Economic Expansion, are now directly involved in regional economic development. Such programmes as manpower retraining, transportation, and industrial development are promoted by different departments of the federal government for the purpose of fostering development in certain areas. Many of these programmes are conducted with little or no co-ordination. Consequently, they are sometimes robbed of much of their effectiveness. A Progressive Conservative government would ensure the co-ordination of those areas of government which most directly relate to the promotion of regional economic development.

Also needed is a great deal more co-ordination of the policies and programmes of different departments of government to ensure that they do not work at cross purposes. Under the Trudeau government, many of the policies of the Department of Regional Economic Expansion aimed at stimulating the economies of the slow growth regions were rendered impotent by the policies



of the Department of Finance which were designed to fight inflation by dampening the economy across the country.

(d) Programmes for regional development in many instances can best be undertaken at the local level. The Party would encourage and support the activities of regional development boards, strengthening existing agencies and proposing the establishment of new ones in all major regions of the country now without one where such a move would be desirable.

(e) The present purchasing policies of the federal government and its numerous agencies, should be carefully reviewed to ensure that the support of this significant purchasing power is being distributed, within the bounds of some reasonable equity, across the country.

## 5. Transportation

The Progressive Conservative Party recognizes that the role of transportation in Canadian economic development, and in particular in the development of slow growth regions of Canada, is an extremely important one and that it will continue to be so. A new approach must be made to the planning of a national transportation policy which will integrate thinking about the various aspects of transportation and lead to an overall conception of the transportation needs of the country. A revised national transportation policy must take into consideration the special needs and problems of regional disparity and the challenging realities of Canadian economic and social geography.

In a special policy paper on Economic Growth, the Party has outlined a number of specific transportation policies designed to develop the slow growth regions. These include the encouragement in a variety of ways of privately owned and operated regional carriers and third tier or local carriers which provide essential but non-compensatory air services to smaller centres and to remote areas; an emphasis on the need to equalize railway transportation costs relative to the movement of commodities between the various regions of Canada and for the movement of commodities into export position; and proposals for a new roads to resources programme and for linking remote regions of



the north to southern growth centres.

#### 6. Foreign Investment and Regional Development

Foreign investment has an important part to play in meeting a part of the capital needs of regional economic development.

Without exception, all the provincial governments welcome direct foreign investment as a way of stimulating their provincial economies; and they provide attractive financial incentives to promote it. However, these provincial initiatives do not always coincide with federal programmes of regional incentives across the board; nor do they always relate constructively to one another. Moreover, the provincial policies may be in substantial conflict with the objectives of the federal government with respect to direct foreign investment in general.

To bring about a fully co-ordinated approach to foreign investment, in the interests of all parts of Canada, the Progressive Conservative Party favours the holding of a major national conference to establish priorities and policies relating to foreign investment, in which representatives of the federal, provincial and municipal governments would participate. Such a conference should deal with, among other things, the fierce competition for foreign investment among and within all provinces, which at present makes virtually impossible any sort of effective, co-ordinated national approach to either industrial development of Canadian investment.

Additional proposals in regard to foreign investment are presented in the policy papers on Economic Independence, and others.

#### 7. The Value of Regional Diversity

The Progressive Conservative Party believes that there is great value, as well as great difficulties, in the fact of Canada's regional diversity. The country is much the richer for the cultural, social and economic variety which result from this diversity. In seeking to overcome the problems of social injustice and economic inequity which arise from regional disparities, care must also be taken to preserve and to foster the desirable and distinctive



features in the pattern of life and social fabric of each region. Care must also be taken, by an insistence upon adequate planning and safeguards, to ensure that regional development programmes do not mean regional pollution.





ECONOMIC AFFAIRS

Section 3: International Trade

A Canadian Necessity

(This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)





## INTERNATIONAL TRADE

### PROBLEM

No country in the world has, in proportion to the size of its population, as great a stake in international trade as Canada. The maintenance and expansion of this trade in the face of fast-moving changes in the world market situation is one of the greatest challenges confronting the country in the 1970's.

Canadian exporters are selling \$6.30 out of every \$100 worth of exports which are sold by all the countries of the world outside the Communist bloc. Canadian importers are buying \$5.40 of every \$100 worth of imports in the non-Communist world. The total value of Canadian exports is over 17 billion dollars a year. This large and active international trade is indispensable to the growth and prosperity of the Canadian economy.

Canadian exports and the Canadian share of total world trade will, however, undergo a major setback unless the policies and programmes of the Canadian government, and of Canadian producers and exporters, anticipate and begin now to prepare Canada for the substantial new developments which are taking place in the world trade patterns.

The following are some of the most important new developments in world trade to which Canada must respond if its position as a world trading nation is to be maintained and enhanced:

1. Protectionist trends on both sides of the Atlantic threaten to have serious consequences for Canadian trade. The United States, Canada's largest trading partner, is responding to its growing trade deficits as well as to the increased protectionism in other countries by introducing protectionist measures of its own. The recent economic policies announced by President Nixon, particularly the imposition of a 10 per cent surcharge on exports to the United States, could well cripple some of Canada's export industries. These policies may in turn precipitate a round of retaliatory trade restrictions elsewhere, provoking bitter trade disputes and competition throughout the world and thereby limiting access of Canadian goods



to international markets.

2. The pressures for a realignment of international trade into four or five large, isolated world trading blocs appear to be gathering momentum. Such a development will affect Canada's vital international trade significantly, and probably in an adverse way unless effective steps are taken now to ensure that Canada is not shut out of the new trading blocs. For example, the entry of Britain and other nations into the European Common Market and a move towards protectionism by the E.C.M. could result in a sharp decline in trade between Canada and most of Western Europe which would be economically disastrous for this country. In 1970, the United Kingdom alone imported \$1.5 billion from Canada, making this market the second largest for Canadian producers. The tariff changes resulting from Britain's prospective membership in the E.C.M. will have an enormous impact for Canadian importers, particularly on agricultural and manufactured products. With Ireland, Denmark, Norway and several Mediterranean countries and others seeking either membership in the Common Market or preferential trading arrangements, Canada can expect sharp cuts in its exports to these countries. Similarly, the creation of trade blocs in the Pacific and in Latin America could lessen Canadian trade opportunities in these areas.

3. The increasing self-sufficiency of some of Canada's trading partners has widespread implications for Canadian trade. The dramatic advances in agriculture being made in China and South-East Asia, to cite just one example, poses a serious challenge to the sale of Canadian wheat and other agricultural products.

4. The possibility that dissatisfaction in the United States over the 1965 U.S. -Canada Automotive Agreement will lead to the termination of this agreement should not be ignored by Canada. The Automotive Agreement has strengthened the Canadian trade balance. Its termination would be a serious blow to the Canadian economy and to employment opportunities in this country.

5. The increasing need for and decreasing supply of energy resources in the United States will present special problems and perhaps also special opportunities for Canada. It is already clear that the United States will look more and more towards Canada



as a source of supply of energy for a continentalist agreement for the joint exploitation and  
of Canadian oil. Canada will have to reconcile its

6. The presence in Canada of substantial numbers of foreign-owned and controlled multinational corporations is having serious implications for Canadian trading opportunities. Because many of the key decisions affecting the operations of these foreign-owned companies operating in Canada are made at the head offices and entrepreneurial ability, which is essential if the country is to compete successfully in an increasingly competitive world market, has been hampered. Moreover, too frequently Canadian subsidiaries of large foreign-owned multinational corporations have tended to rely on imported technology from the parent companies. This has seriously retarded the ability of Canada to produce new or improved goods or services for world markets. An additional problem is that foreign countries are sometimes able to apply their trade laws and policies to foreign-owned companies operating in Canada.

For almost three years, the present government has promised to enunciate a policy to deal with the special Canadian trade problems created by the presence in Canada of foreign-owned multinational corporations. It is long overdue.

7. The present international monetary system is proving to be increasingly inappropriate in a world of complex patterns of trade relations among nations. The exchange crises which have been experienced by various countries in recent years are symptomatic of the inherent weaknesses of the system. This will present growing problems for countries such as Canada which are highly dependent on foreign trade for economic growth.

#### GOALS

The special trade problems which Canada will face in the



1970's will require a great deal of attention and imaginative planning if the position of Canada as a leading world trade nation is to be maintained and enhanced. Canada can no longer rely on a world of relatively free trade, stable international relationships, and large-scale investment of capital and technology to provide the rising standard of living and relatively full employment to which we have become accustomed.

Growing competition from other countries will dictate that Canada place greater emphasis on economic growth based on productivity, including increased efficiency in the organization of labour and capital markets, improvements in managerial skills, and better economies of scale and specialization. In addition, Canada will have to be much more aggressive in promoting Canadian products in world markets, and in taking advantage of new trading opportunities as they occur.

#### GUIDELINES

##### 1. A Priority of Attention

The basis of an international trade policy for Canada must be a long-term industrial strategy designed to build in Canada a strong industrial base which can compete successfully with that of other countries. Canada cannot continue to muddle through with ad hoc and piecemeal government programmes which in too many instances are primarily stop-gap responses to the programmes and policies of other countries. As other nations begin to devise and implement economic measures with longer term implications, we will find ourselves constantly running to catch up unless all Canadians working together establish our own comprehensive long-term economic policy designed to look after our national interest. No longer can we afford to be caught off guard by the policies of other countries, as the present government was when President Nixon recently announced his far-reaching economic policies.

We must not fail to recognize the tremendous importance of international trade to Canada and to the well-being of virtually every Canadian. International trade was one of the highest priorities of the former Progressive Conservative government of



Canada, and it continues to be a high priority of the Party. A Stanfield government will devote a great deal of attention to maintaining and developing further a vigorous and successful international trade programme with long-term policies such as the industrial strategy for Canada outlined in a special section of a policy paper of the Progressive Conservative Party on Economic Growth.

## 2. Trade Blocs

The present trend towards a division of the international trading world into a number of mutually exclusive trading blocs poses a profound threat to Canada's economic well-being and perhaps also to her political and cultural well-being. No country in the world has more to lose from a development of isolated trading blocs which would place restrictions on international trade.

Given this situation, Canada must take an active lead in international initiatives to maintain the fullest and freest possible flow of trade. Constant attention must be given by the Canadian government, at the highest level, to the implications of current trends and developments affecting trade, and policies must be developed and pursued vigorously to ensure that the interests of Canadians are not overlooked or harmed. Both economically and politically, Canada cannot afford to find herself shut out of trading opportunities with Western Europe and other areas of the world, or locked into a position of complete trading dependence upon the United States.

As an alternative to the formation of exclusive and restrictive trade blocs, a broadly based free trade association, in which all like-minded nations are invited to participate, may well be the surest way in which to sustain and improve upon the flow of world trade. There is room for a significant Canadian initiative in this direction. It will be a high priority of Mr. Stanfield's government to work for enlightened and progressive international agreements to assist the flow of world trade.

## 3. Canadian Trade with the United States

(a) Canada and the United States are each other's largest trading



partners. Over 70 per cent of all Canadian exports were sold in the United States last year, including more than 85 per cent of Canadian exports of highly manufactured products. Such a heavy dependence on a single trading partner, and the uncertainty and insecurity which results from this reliance, would be economically undesirable for any country. For Canada, it presents special, additional, problems of sovereignty because of the size, power and proximity of the United States. The Progressive Conservative Party welcomes this bilateral trade with the United States, but it also recognizes the need for greatly intensified efforts by Canada to increase its trade relations with other parts of the world to offset the reliance on the U.S. market.

(i) In making every reasonable effort to diversify our trade patterns, we must recognize that the United States will necessarily continue to be our principal trading partner, and that many of our best prospects for further economic development will be tied to our relationship with that country. It is vitally important, therefore, that Canada-U.S. relations be on a secure and rationalized basis. The policies of Canada and of the United States invariably have great impact across the border. The failure to consult with one another on policies of mutual concern has frequently strained the friendly relations the two countries have traditionally enjoyed.

The fact is that the political management of our relations with the United States have been very much neglected at great cost to Canada. Decisions are being made almost daily in Washington which have enormous implications for us. But, because we have made few efforts to establish a systematic rapport with that country, Washington makes many of these decisions with little awareness of our vulnerability to them, even if, as is often the case, they are directed at a situation or problem with which we have nothing to do.

What is urgently needed is a more effective instrument for the conduct of our relations with the United States. The Progressive Conservative Party believes that a Joint Economic Commission should be established, with equal Canadian and American representation, to conduct specialized studies and to consult with each other on our respective economic policies. Such a commission



of high officials, constantly exchanging information and recommending action to our two governments, could be an excellent Canadian source of intelligence about U.S. intentions and by far the best way to press the Canadian position and Canadian interests before public positions are taken in the U.S.

This proposal must not be misinterpreted as a first step towards the annexation of Canada with the U.S., nor towards greater interdependence between the two countries. Rather, by establishing more frequent and systematic consultations with the United States, Canada will be in a better position to protect its own interests and formulate and implement its own policies, instead of simply reacting to the policies of its neighbour to the south. As such, it would contribute to our independence and would be one of the best guarantees that we do not drift into a form of annexation because of a lack of foresight and planning.

To be effective in the prosecution of Canada's interests, the members of such a commission should be backed up by a kind of policy thinking hitherto unknown in Ottawa - an overall consideration of Canada's relationship with the United States in all its ramifications, not simply a few functional aspects of the relationship. By putting our entire relations into a broad perspective, the two countries will be in a better position to approach particular mutual problems and concerns to the advantage of both.

(ii) As a complement to the Joint Economic Commission, the Canada-U.S. Interparliamentary Committee, which was established under Mr. Diefenbaker's Prime Ministership, should meet on a regular basis to exchange information and views on matters of mutual concern. The commission normally meets approximately every three years for about a week. It should meet every year, for a shorter period of time because of the other heavy responsibilities and commitments of the participants. Particular consideration should be given at future meetings of the committee to establishing guidelines as to what the governments of the two countries should and should not do in the exercise of policies which will have a potentially significant impact on both countries.

(b) An immediate problem facing Canada's trade relations with the United States is the ten per cent surcharge imposed by President



Nixon on Canadian imports to that country. The Progressive Conservative Party believes that Canada should intensify its efforts to impress upon the U.S. government the seriousness with which this matter is viewed in Canada and the importance for both countries of having Canada exempt from the surcharge.

The Party very much regrets that the present Prime Minister has not viewed the situation sufficiently important to merit a direct presentation of the Canadian position by him to the United States government. The Party reiterates its willingness to associate itself with the Canadian government in any attempts to have the surcharge on Canadian imports to the U.S. removed and to show that we in Canada are united in our views on this question.

The approach which Canada should take in its efforts to have the surcharge removed should essentially be one of underlining in the strongest terms possible the simple fact that the United States cannot benefit from any measures which would seriously hurt the economy of its largest trading partner, one which does more than two-thirds of its foreign trade with the U.S.

(c) Canada has much to gain from continued and increased trade with the United States. It must ensure, however, that it does not in effect export jobs to the United States by selling its natural resources there, rather than by processing them here and then selling the finished product abroad. Canadian sales to the United States must increasingly concentrate upon finished goods and move away from the selling of unprocessed natural resources.

(d) It is clear that there will be expanding opportunities for large scale sales to the United States of natural resources, especially energy resources, in the 1970's. Canada possesses a vast reservoir of virtually unexploited sources of the major energy forms at a time when the depletion of United States energy reserves is swiftly becoming critical. In these circumstances, Canada must make the wisest and fullest use of its bargaining position to ensure that it gets the best terms possible on any transactions.

Beyond this, however, care must be taken to see that the situation does not result in a rape of Canada's natural resources



which would leave our country weakened in the longer-term for the sake of short-term gains. The public interest of Canadians and the long-term interest of the country must be guarded.

The Progressive Conservative Party believes that sales of Canadian energy resources, and of other natural resources, must be conducted in the context of a global export policy embracing all Canadian products. For example, Canada should take advantage of the critical need in the United States for such Canadian energy resources as natural gas and insist on a fair share of the United States oil market. The present government has come dangerously close to a disastrous sellout of Canadian resources for which Canadians would be paying the price for years to come.

A comprehensive and well thought out policy in regard to the sale of energy resources is now urgently needed and the Trudeau government has failed to provide it.

Such a policy must be based upon a complete inventory of Canadian energy resources and upon broad plans which will look after the long-term needs of Canada.

#### 4. Canadian Trade with Europe

Canada's trading relationships with Western Europe are of very great importance, both economically and politically. At present, Canadian trade with Europe is still growing. However, it is not growing at a sufficient rate to offset our increasing trading dependence on the United States. The percentage of Canadian trade being done with Europe is in fact declining and it will probably continue to decline with the expansion of the European Common Market, unless Canada develops policies now to assert its interests in this increasingly important trading area.

The failure of the present government to recognize both the serious threats and the challenging opportunities which are presented by current trading developments in the world is nowhere more apparent than in its approach to the European Common Market. The fact is that the European Common Market, with its population already approaching 200 million and possibly soon to increase by another 50 million or more, now constitutes the largest import



market in the world, larger even than that provided by the United States. Yet in its shallow White Paper on Foreign Policy, the government made virtually no mention of ways in which Canada could improve its relations with the E.C.M. or enlarge its trade with this important association. It is only now that Canada has actually made any efforts to establish any sort of formal trading arrangement with the E.C.M., by taking preliminary steps to form a permanent Canada-Common Market Commission.

(a) The Progressive Conservative Party believes that a degree of access to and association with the European Common Market is of critical importance to Canada both economically and politically. An access to the E.C.M. is essential if Canada is to maintain any real independence from the United States for its economy. The Party recognizes that trading patterns have a significance for our autonomy. Our ability to continue as an independent nation will depend to a very large extent upon our continued access to the markets of Britain and Europe and upon a continuing relationship with these parts of the world.

(b) While the growth of most countries' exports to the European Common Market increased in the period since 1959, the growth of Canada's exports to the Common Market has fallen off from a rate of 18.5 per cent per year in the period from 1950-58 to 8.1 per cent per year in the period from the Common Market's beginning to the present. It is clear that the Canadian government must devise as quickly as possible a comprehensive trade strategy for the purpose of actively promoting Canadian interests among E.C.M. members and improving our trade in this vital area.

(c) Canada should explore the possibilities of a special relationship with the E.C.M., in keeping with the very real and important community of interests our country has with Britain and Western Europe.

(d) Canada should prepare detailed proposals for the development of a North Atlantic trading area as an alternative to any further expansion of the E.C.M.



## 5. Canadian Trade with the Caribbean

The Caribbean, too, is an area offering Canada significant opportunities for more active and substantial trading relationships. Yet, like the European Common Market, the Caribbean has been given no prominence in the government's White Paper on Foreign Policy. The policies of the present government have, in fact, led to a deterioration of relations between Canada and the Caribbean. For example, the termination by Canada of tariff rebates on imports of Caribbean sugar without any consultation with the governments involved, has struck a serious blow to Canadian-Caribbean relations.

The Progressive Conservative Party believes that Canada should seek to restore the special and friendly relations which Canada once enjoyed with the Commonwealth Caribbean and, in particular, that:

- (a) Canada should substantially increase aid to the Caribbean, especially in ways which would assist with the development of the industrial capacity of this area;
- (b) Canada should pursue increased trade with the Caribbean. For example, Canada should expand significantly its citrus import from the Caribbean states.

To promote greater two-way trade between Canada and the Caribbean, serious consideration should be given to: (i) the creation of a joint marketing agency; (ii) the reconvening of the 1966 Ottawa conference to discuss direct shipping services and air freight transportation; (iii) discussions with the Caribbean countries to pursue the possibility of lessening, and perhaps with some goods eliminating altogether, restrictions on trade between Canada and the Caribbean.

The Progressive Conservative Party recognizes the value of the many special economic, historic and cultural ties which link Canada with the Caribbean. It welcomes the concept of a continuing and special association with interested Caribbean countries in a progressive relationship for mutual assistance and development.



## 6. Canadian Trade with Latin America

At a time when Canada should be embarking on ambitious programmes to assert itself in Latin America, an area of expanding opportunities for Canadian trade, the present government is deliberately weakening ties with this important area of the world. For example, Canada has recently closed embassies and its diplomatic offices in several Latin American countries, thereby substantially reducing the Canadian presence in Latin America. By doing this, Canada has ignored the example of the United States and other leading trading nations which have recognized these countries as potentially profitable markets for many products, particularly feed grains and livestock. Rising standards of living and improving economic conditions are leading to increased demands for products in many parts of Latin America.

Rather than deliberately weakening ties with the countries of Latin America, Canada should be pursuing policies which will strengthen economic, cultural and diplomatic ties.

## 7. Canadian Trade with The Pacific Rim

Canada's place as a Pacific power needs to be much more effectively recognized in both our economic policy and our foreign policy.

The countries of the Pacific Rim represent a potentially lucrative market for Canadian goods and offer many opportunities for a mutually beneficial trade. For example, the recent diplomatic recognition of Red China by Canada and the general increase in goodwill between the two countries could result in a more favourable environment for trade.

Japan, too, presents attractive possibilities for increased Canadian trade, particularly in manufactured goods. To date, there has been a very significant imbalance (almost 100 to 1), in favour of Japan, in the trade of highly processed goods between Japan and Canada. We must make a real effort in our negotiations with Japan to redress this imbalance.

Australia has already become our largest market for fully processed goods, after the United States. The potential for trade with these and other countries in the Pacific region should



be vigorously pursued.

The Progressive Conservative Party believes that Canadians must greatly increase their personal contacts with countries of the Pacific Rim, and that they should be encouraged and assisted in doing so by government programmes and policies. In addition, the Party favours a strong campaign to promote Canadian products in the countries of the Pacific Rim, in particular, processed foods, other agricultural products, consumer goods, and high technology products in such fields as communications, nuclear power, nickel refining, and other products for which there is a special demand in that part of the world.

#### 8. The Commonwealth and the Francophone Community

The Progressive Conservative Party recognizes the special political and cultural value, as well as the economic value, of maintaining and developing trading relationships with the sister countries of the Commonwealth and the Francophone community.

#### 9. The Canadian Dollar

(a) The upward movement of the Canadian dollar has dealt a heavy blow to the Canadian export industry. By failing to introduce any measures which would alleviate the effects of the upward movement of the dollar on the export industry, the Trudeau government has inflicted on many Canadians a serious setback from which they and the Canadian economy in general will not soon recover.

The economic measures recently announced by President Nixon of the United States propose to devalue, in effect, the American dollar. It would be very serious indeed for Canada if the value of the Canadian dollar were placed near or above the value of the American dollar, thereby discouraging Canadian exports. One of the major efforts of the Government of Canada must be to ensure that our dollar gets into and stays in a relationship with the U.S. dollar which is reasonably encouraging to Canadian exports.

(b) For over a year, the Progressive Conservative Party has argued that all countries would benefit greatly from a completely revamped International Monetary System. International trade



developments during the past four months or so have underlined the validity of this stance. Exchange crises in a number of countries, precipitated in particular by the U.S. economic policies, have indicated the fundamental weaknesses in the existing system and, in particular, the special problems for international trade which are caused by the unilateral, short-term actions which various countries have taken to bolster their currencies under this system. As a leader in the international trading community, Canada should play a key role in having the Bretton Woods Agreement renegotiated and the present International Monetary System replaced with one which would introduce much needed flexibility in international monetary relations and which would remove the need for short-term, unilateral emergency actions by countries.

#### 10. Forestry

Canada's forests are one of the country's most valuable resources and a major source of its economic strength. Canada possesses about one-tenth of the world's productive forest land; it is one of the world's largest producers of forest products, about \$3 billion worth each year; and its pulp and paper technology is respected and sought after throughout the world. Yet, as the Science Council of Canada pointed out in a special study made public in May of 1971, the economic contribution of Canada's forest products over a period of time could be more than tripled by aggressive marketing, greater investment in forest management, and adequate investment in research. Specifically, the areas logged annually in Canada must be at least doubled; ways must be found to decrease by about one-half the time required at present for a cut-over region to regrow its trees; better forest crops must be grown; and resources devoted to research must be greatly increased.

The Progressive Conservative Party is well aware of the immediate difficulties which the forest industry in Canada faces. These have been aggravated by the appreciation in the value of the Canadian dollar which in effect makes our forest products more expensive in the world market and therefore less competitive. Nevertheless, the research and conclusions of the Science Council of Canada's Report on Forestry must not be ignored, especially in view of the longer term opportunities. As a vital first step, the Canadian government should step up its support for and encour-



agement of research in connection with forest production, particularly in Canadian universities. Only four universities in Canada have forest faculties, only three provinces have forest resource research programmes, and the total amount of research being done on forest production is much less than that being performed by our major competitors, principally the United States and the Scandinavian countries.

In partnership with the provinces and the forest industry, a major programme of forestry research and development should be undertaken immediately. Particular emphasis should be given in such research to finding ways to produce more and better forest crops which can be processed in the highest state possible, and to opening up new markets for these products.

While we should take advantage of the research of other countries, we have problems and conditions peculiarly Canadian, which will simply not be met unless we attend to them ourselves.

#### 11. Tariffs

In the Pacific, in Latin America, and in various other areas of the world, countries are moving towards special trade relations based on a lessening of formal trade restrictions, principally tariffs.

Canada has traditionally pursued policies aimed at the reduction of tariffs and other trade barriers to Canadian exports to other countries, particularly in resource-based products, while at the same time, maintaining protection for a wide variety of Canadian manufactured products.

The Progressive Conservative Party believes that a fundamentally new approach is now required if Canada is to maximize trade opportunities available to it in the ways which will best serve the public interest.

(a) In the negotiation of any tariff changes and all trade agreements, Canada's representatives must keep in mind the important distinction between renewable and non-renewable resources. Non-renewable resources are one of our country's great assets.



Properly husbanded, they will provide one of the principal bases for national economic and industrial development in the coming decades. Because they are non-renewable the use of such resources must be very carefully considered. They must not be lightly squandered in bulk sales for short-term gain that preclude the possibility of the development in the future of significant economic programmes based upon them which would create new opportunities for employment and for social and economic growth within Canada.

(b) Tariff and trade policies must be designed to further whenever possible the sale of goods and products with a high labour content, so as to create new job opportunities in Canada.

(c) Canada should pursue vigorously a selective lowering, and in some special cases perhaps an elimination, of tariffs with the United States on highly manufactured goods, to the extent that it can be shown that such action would encourage the export of processed goods and of renewable resources from Canada. The 1965 Canada-U.S. Automotive Agreement is evidence of the benefits to Canada which can result from this approach. Canada should use the critical need in the United States for Canadian energy resources as leverage in any negotiating for such a policy.

(d) The Progressive Conservative Party is keenly aware of the danger which increased economic interdependence between Canada and the United States poses for Canadian sovereignty. While recognizing the importance of having successful access to U.S. markets for Canadian goods, the Party believes that an ambitious programme to increase Canadian trade with many other countries, including some of Canada's hitherto less traditional trading partners, would greatly assist the country to develop a more independent economy. In particular, Canada should take the initiative to negotiate a lessening of trade restrictions with the countries of the European Common Market, the Pacific Rim, Latin America, and the Commonwealth Caribbean, with a view to increasing trade relations. Canada should also review its trading relationships with the Commonwealth and the Francophone Community; and it should actively explore the possibility of a broadly based free trade association in which all like minded nations could be invited to participate.



(e) Canada has not had for some time a comprehensive study of the effectiveness and utility of the various tariff policies presently in effect. The Progressive Conservative Party favours such a review. In particular, such a review should investigate the effect present tariff structures and other trade barriers have on Canada's productive capacity and trading opportunities.

## 12. Productivity

Policies to enhance Canada's productive capacity must accompany programmes devised to promote the sale of Canadian produce. The future economic viability of Canada will in large part be dependent on its success in developing a sophisticated and efficient manufacturing structure which can compete with the expertise of other countries. Presently, Canadian manufacturing industries are in many cases characterized by small-scale, unspecialized production, and by high unit costs. The country has not always used effectively its human and natural resources and its access to first-class technology, nor has it fully recognized the economic potential of many areas of the country to sustain viable manufacturing industries.

The Progressive Conservative Party believes that Canada should give greater priority and support to programmes of research and development which will, in turn, assist productivity and exports. Further, a policy of improved and expanded incentives should be designed to encourage industrial and commercial innovation. Government policies should also encourage and assist improvements in the efficiency of existing Canadian manufacturing industries and the development of new industries, particularly those specialized products for which this country is, in many instances, uniquely equipped and for which there is a growing demand throughout many parts of the world.

(Specific proposals for the promotion of Canada's industrial capacity appear in relevant sections of policy papers on Economic Growth, Science, Technology and Research, and Regional Development.)

## 13. Marketing

Many of the problems of Canadian trade arise from a failure to relate planning and production to world markets. This is notably



true, for example, of the agriculture industry, where lack of information about shifts in world market needs has made it difficult for the industry to concentrate on the production of those products for which there is the greatest world demand.

The Progressive Conservative Party believes that a comprehensive programme of research into prospective world market demands must be undertaken on a systematic and sustained basis, and that representatives of the private sector should participate with the government in planning and conducting such research. The establishment of this world markets' research programme of government incentives to encourage and assist industry to diversify production into those areas toward which world demand is shown by research to be moving.

#### 14. Transportation Policies

Helpful and efficient national transportation policies are a key factor in developing international trade. Some policy proposals and priorities for transportation are discussed in the paper on Economic Growth.

Matters relating to International Trade are also discussed in the policy papers on Economic Growth, Regional Development, Agriculture, Economic Independence, External Affairs, and The World of Work.

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ECONOMIC AFFAIRS

Section 4: Canadian Agriculture

A Development Design



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## CANADIAN AGRICULTURE

### Problem

The Canadian agricultural industry is in serious trouble. In 1970, Canada, once a major world food supplier, imported more food than it exported - for the first time in Canadian history. A substantial percentage of these imports were products which Canada is fully capable of producing in sufficient quantities both to satisfy domestic requirements and to sell to world markets, for example, beef, eggs, and a wide list of dairy products. In 1970, Canada imported over \$700 million worth of agricultural products from the United States alone, compared to \$648 million in 1969 and \$571 million in 1968. With proper planning, Canada could have produced over half of the agricultural products which were imported and could, further, have substantially expanded the volume and range of agricultural exports.

For many Canadian farmers, the costs of food production are rising faster than their net income from farm products. The frustration of the farmer is compounded by the sometimes enormous disparity between the prices paid him for his produce and the prices paid by the consumer for that produce on the market. At the same time, the farmer is often faced with many obstacles in getting capital to make his farm operation more economical. The result is that an alarming proportion of Canadian farm families - estimated by some authorities to be as high as one-half of the farm population of Canada - live below the poverty line. The depressed state of much of the Canadian agricultural industry is forcing increasing numbers of farmers to desert their farms and in discouraging other Canadians from entering the industry.

### Goals

The Progressive Conservative Party does not accept this deterioration in Canadian agriculture as either unavoidable or undesirable. On the contrary, the Party recognizes agriculture as still the country's most important primary industry and as such a vital segment of the Canadian economy. With proper planning, agriculture possesses great potential as an industry and as a way of life.

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Everything possible must be done to ensure that agriculture not only recovers from its present depressed state but that it expands as well. This is, of course, necessary because domestic food production will be increasingly important for our growing population. But just as significantly, the existence of a viable rural population is required as a balance to urban life and, in particular, to help brake the urban sprawl which in this country is already causing a backlog of social and economic problems of serious proportions.

What is required to realize the potential of agriculture as an industry and as a way of life is a comprehensive and forward-looking policy which is designed specifically to attain maximum efficiency in all aspects of the agricultural industry, to promote the production of a greater variety of products of the highest quality, to develop more effective domestic and export marketing of these products, and to achieve successful competition with other segments of the Canadian economy for capital, for manpower, and for other resources which are needed for the effective development of the industry.

Especially important is the need to lower and stabilize the costs to the farmer of production and marketing with a view to achieving a stabilized and secure minimum level of net income for him without undue rises in prices for the consumer.

Because agriculture is not only a livelihood for thousands of Canadians, it is a way of life, an agriculture policy must have a very significant human dimension, one which is directly related to the needs and aspirations of people, not simply to the mechanics of the market system. The proposed agriculture development strategy is designed to remake agriculture as a growing and vitally important industry so that it can become once more credible and attractive to Canadians. Unlike the policies of the present government, this policy is not designed to move people and resources out of agriculture, nor is it a policy of coercion or retrenchment. It is a policy of assistance and encouragement to help the farmer to realize his own economic and social goals.

The Progressive Conservative Party recognizes that for a variety of reasons some farms in Canada cannot be made economically viable. In such cases, the Party believes that it will often be



preferable and less expensive to assist the farmer to remain on the farm rather than to force him to abandon farming altogether with perhaps little opportunity to make a living elsewhere.

### Guidelines

#### 1. Government and National Planning for Agriculture

(a) The revitalization and growth of agriculture in Canada requires an Agricultural Development Design which is comprehensive, practical and forward-looking. Such a programme will not be effective unless it is based on the participation of all Canadians active in the agriculture industry. The Progressive Conservative Party opposes present trends towards the centralization of government planning for agriculture and the isolation and secrecy and lack of consultation which has characterized much of the planning. Under A.R.D.A. and similar programmes developed by the last Progressive Conservative government of Canada, a high priority was placed on achieving maximum participation from and consultation with the agricultural community. With the abolition of A.R.D.A. by the present government and with the creation of a Department of Regional Economic Expansion, these values have all but been abandoned. They must be restored.

(b) The conditions and requirements of agriculture in Western Canada are significantly different from those in Québec, Ontario and the Atlantic Provinces. In recognition of these differences, the Department of Agriculture should undergo a thorough restructuring. Intensive study should be made of additional ways that the Department of Agriculture can become more responsive to the needs and wishes of those it is intended to serve. Too often, agriculture policies of the Canadian government - for example, the Prairie Grain Stabilization Act of the Trudeau government - have been formulated in almost complete isolation from those most active in the industry. Particular consideration should be given to the advisability of establishing in Western and Eastern Canada local offices of the Department of Agriculture.

#### 2. Farm Management

Education and training is a crucial first step to revitalizing Canadian agriculture. It is therefore a major emphasis



of the agriculture policy of the Progressive Conservative Party. In partnership with the provinces, the federal government should:

(a) establish a national information system to provide farmers and other concerned individuals and groups active in the agriculture industry with practical, readily available, and easily interpreted information about such matters as: present and prospective prices of farm products and equipment; government and other agricultural training and retraining programmes; research assistance available and research programmes going forward; employment opportunities in the agriculture industry; agriculture conditions and trends in Canada and in other countries; and credit and similar opportunities available to the farmer in both the private and public sectors;

(b) make available greatly increased funds for highly trained and mobile field staffs to provide information and specialized advice to farmers across Canada regarding farm management and related matters;

(c) substantially increase financial assistance for agricultural education programmes in the universities and colleges of Canada;

(d) expand agricultural training programmes for farmers and farm workers who are interested in developing a greater knowledge of farming methods or who wish to develop other skills. Governments have invested millions of dollars into training programmes for urban Canadians, but have largely neglected the genuine needs of rural Canadians, whose manpower problems are as serious or more serious;

(e) expand the scope and volume of research programmes of service to agriculture.

### 3. Marketing and Trade

The agriculture policies of the present federal government are in large part aimed at encouraging Canadian farmers to get out of agriculture. Yet, the fact is that, with a few notable exceptions such as wheat, Canada has a deficit of foodstuffs.



Many of the problems of Canadian agriculture are caused by the failure of the industry, and of government policy, to relate planning and production to domestic and world requirements. Careful planning and forecasting, combined with a bold and effective programme of incentives, is needed to assist the Canadian farmer to switch from the production of products for which there is little or no domestic or world demand to the production of those products which are more marketable.

(a) As a first step, Canadian agriculture policy must be genuinely forward-looking. Instead of simply responding to developments as they occur, the country must anticipate in a systematic way demands for particular products. A comprehensive and sustained programme of research into prospective domestic and world market demands for agricultural products should be undertaken with the participation of governments, the universities, the agricultural industry, and other groups in the private sector. Research of this kind is seriously lacking in Canada. A high priority should also be placed on the communication of the results of this research to all those active in the agriculture industry.

(b) The greater orientation of agricultural productivity towards domestic and world markets should be accompanied by aggressive programmes to promote the sale of Canadian products.

(i) As part of this programme, serious attempts should be made to lower tariffs on farm products with other countries and to overcome other impediments to trade.

(ii) The Progressive Conservative Party favours the creation, in co-operation with the provinces, of a national agricultural research council. This council should be designed primarily to expand markets for Canadian agricultural products, to conduct market research, and to co-ordinate agricultural research being done across Canada - not to coerce Canadian farmers to produce specified types or quantities of agricultural products.

(c) Canada must have permanent, on-the-spot experienced representation in major countries of the world for the specific purpose of promoting the sale of Canadian agricultural products and keeping



in close contact with prospective buyers. The Canadian government should encourage and assist with the establishment of such trade agencies, which might represent a wide variety of interests in the agricultural industry, but should not itself operate or control them.

(d) As part of a major effort to boost the sale of Canadian agricultural products around the world, and to keep in close touch with prospective buyers, there should be an assistant trade commissioner associated with every Canadian foreign trade post who is trained and experienced in Canadian agriculture.

#### 4. Capital and Credit

The highly restrictive monetary and fiscal policies of the Trudeau government during much of 1969 and 1970 have had a most detrimental impact on Canadian agriculture, one which will leave its mark for years to come.

Separate policy papers on Economic Growth and Regional Development outline the need in Canada for flexible fiscal and monetary policies. Consistent with this approach, the Progressive Conservative Party urges the adoption of flexible fiscal and monetary policies which are sensitive not only to the economic conditions and special requirements of particular regions of Canada, but which are also sensitive to the special, in some cases unique, problems of particular sectors of the economy, including agriculture. For example, the federal government might be required to impose some restrictions on lending to fight inflation or for other purposes. But the insistence on a uniform application of such a policy in all sectors of the economy could threaten the existence of such industries as agriculture which are experiencing serious problems of survival.

Present minimum capital requirements for farmers in all parts of Canada are extremely high and in all probability will increase in the years ahead. The high costs of land, of equipment, and of stock, will continue to restrict severely the ability of farmers to improve and expand their operations and, in particular, to diversify their production.

The Progressive Conservative Party favours the easing at



this time of restrictions on lending to farmers and to others engaged in the agricultural industry in order to give a much needed boost to this important industry.

In particular:

i) the \$40,000 maximum limit on loans of the Farm Credit Corporation should be immediately raised or removed;

ii) credit programmes of public agencies, wherever possible, should be altered to allow differential rates on loans. At present, uniform interest rates are charged to all farmers for all credit transactions, regardless of the risk involved to the lending authority. A flexible scale of interest rates would enable potentially good but somewhat riskier loans to be made which are not presently being made.

iii) the federal government should use moral suasion to encourage the chartered banks and other financial agencies to lend more money to be used for agricultural purposes, particularly for diversification programmes, on short, intermediate, and long-term basis.

iv) consideration should be given to an expansion of the powers, and the responsibilities, of the Industrial Development Bank so as to make it a major source of financial assistance to the agriculture industry.

b) The above proposals, if implemented, would go a long way toward assisting the agriculture industry. However, because they are largely long-range policies, many farmers would need additional assistance, while they take effect, particularly those in immediate danger of losing their farms because of sudden crop failure, adverse market prices, or for other reasons. Governments at all levels provide special loans for certain kinds of industry when to do so would create employment or aid the economy in other ways. Agriculture has largely been excluded from help of this sort. A Progressive Conservative government would make available immediately long term, low interest loans for farmers who are in need of such assistance and who are in a position to use them to their own benefit and to that of the economy.



## 5. Farm Machinery

A wider use and improvement of machinery is essential if Canadian farmers are to be competitive on world markets. For this reason, great efforts should be made by the Canadian government to encourage improvements in farm machinery technology and the access of farmers to it.

The Progressive Conservative Party agrees with many of the major recommendations of the Barber Commission on farm machinery which reported to the Canadian government in May of 1971, and urges their immediate implementation. These proposals include substantial reductions in barriers to the import of farm machinery to Canada, the provision of capital assistance to help farmers finance the purchase or modernizing of machinery which they need to keep up to date and to be competitive, the extension of the Farm Improvement Loans Act to provide government guaranteed loans for dealers in farm machinery to help them finance their inventories, and steps to ensure that sufficient research and development in farm machines is conducted in Canada by Canadians to meet Canadian requirements.

## 6. Taxation

The Progressive Conservative Party believes the tax system should be used to encourage Canadians to remain on farms or to take up farming as a career so that food production for domestic requirements and for export can be ensured. The Income Tax Act of the Trudeau government actually works against this objective in a number of ways. For example, the Act proposes to tax the transferral of farm ownership among blood relatives. This would make it very difficult for many farms to pass from one generation to another within a family, and would seriously deplete the working capital of a family farm when working capital is often already in short supply.

Because of the importance of the family farm to the whole economy, the Progressive Conservative Party opposes the imposition of capital gains tax on bona fide farm property.



## 7. Transportation

Because of Canada's vast distances, small and scattered population, location of natural resources, and dependence upon export markets, a comprehensive and efficient system has always been vital to national development. The economic and social costs to all of Canada of inadequate transport facilities are obvious. Yet many areas of the country continue to lack proper transport services, particularly the economically disadvantaged provinces. The equalization of costs relative to the movement of commodities between the various regions of Canada and for the movement of commodities into export position continues to be a major concern of the Party, as it was of the previous Progressive Conservative government. This is especially important for the agriculture industry. Agricultural products are, for the most part, bulky and perishable, and therefore require fast, direct transportation, primarily by rail and truck, if market opportunities are not to be missed. For this reason, the Party favours a comprehensive review with the provinces of transportation requirements, specifically with a view to arriving at means of improving the transport of agricultural products and of minimizing transportation costs to the farmer. Such a review should also seek ways to bring about a better integration of the various forms of transport. Any plan for future requirements of transportation must reflect the inherent advantages of each transportation mode. Coupled with this is the requirement that each mode co-ordinate and integrate its operations and facilities with other modes to achieve the most effective and efficient allocation of total transportation resources.

(Additional proposals on transportation appear in a policy paper on Economic Growth.)

## 8. Land Use

Land is one of the most precious natural resources of Canada. Long range and systematic planning is required to ensure that the best agricultural land is in fact used for agriculture and that it is not wasted on other purposes through lack of planning. Similarly, good planning should ensure whenever possible that it is non-agricultural land which is used for forestry, recreation, industrial development, or other non-



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agricultural purposes. Such planning is virtually non-existent in Canada. As a result, large amounts of Canada's best agricultural land are being devoured by industrial complexes, highway networks, housing construction and similar developments which, with a better planning of land use, might well be directed toward marginally-productive land areas.

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(Specific proposals for land use appear in relevant sections of policy papers on the Environment and Urban Affairs and Housing.)

#### 9. Food Aid and International Development

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Canada should meet all reasonable requests for food by the World Food Program. The present government has been appallingly insensitive to the food requirements of a number of countries which have experienced acute crises in recent years. In the event that multilateral agencies are unable to act, the federal government should take the initiative to undertake bilateral arrangements in helping to supply food to nations in distress. Such a policy is usually in Canada's best interests, as well as being of assistance to people in need in other countries.

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The Party also recognizes the obligations of Canada to play a leading role in promoting development in many parts of the world. Canada has the capacity to provide leadership in assisting underdeveloped countries to increase their capacity to meet their food requirements. Moreover, Canada should take the lead in persuading other countries to build inventories of strategic food items for the use of underdeveloped nations or nations hit by disaster.

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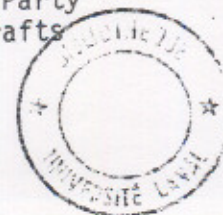
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SOCIETY AND THE INDIVIDUAL

Section 1: Consumer Protection

A Charter of Consumer Rights



(This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)



## CONSUMER PROTECTION

### Problem

The problems of Canadian consumers are becoming increasingly numerous and complex with the growth of technology, the increase in specialization, the expansion of the economy, the improvement in living standards, the development of the advertising industry, and the growing opportunities for credit buying. The Canadian consumer is in many cases ill-equipped to evaluate the enormous variety of individual products which appear on the market in a multitude of grades, weights, sizes and prices. The problem is compounded by the development by market organizations of highly skilled sales techniques which, in too many cases, are aimed at misleading or confusing the consumer about the nature and quality and price of the products being sold.

The fact is that the consumer is largely alone and unaided in his attempts to get maximum value from his purchases and to avoid being victimized by negligent or unscrupulous producers and sellers. Government has often been slow in exercising the power and responsibility it has to insure that minimum standards of quality, safety, and fairness characterize the production and sale of consumer products in Canada. And, despite the good work they have done, private consumer groups have had neither the resources nor the public support which are necessary to make their influence felt effectively.

## Goals

The Progressive Conservative Party recognizes the crucial importance of consumer protection in Canada, and, under the leadership of Mr. Stanfield, has done valuable work on behalf of the consumer. For example, the Party proposed a number of important amendments to the Packaging and Labelling Bill which was recently passed by the Parliament of Canada. Several of these amendments were defeated by the Liberal majority, but

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were subsequently reintroduced as official government amendments. These amendments, and the forceful presentation of them by representatives of the Progressive Conservative Party, helped to remake a disjointed and ineffective piece of legislation into a valuable Act to protect the Canadian consumer.

However, much more remains to be done. Many of the existing government regulations designed to protect the consumer are inadequate and ineffective. Moreover, the consumer has had virtually no voice in the important area of consumer protection in Canada. The result has been that in many instances government measures have not been sufficiently sensitive to the genuine problems of the Canadian consumer.

The Progressive Conservative Party believes that the protection of the consumer should receive a very high priority from the government of Canada. The Party believes, moreover, that the Canadian consumer should have a significant role to play in improving the standards of consumer protection in this country. Great efforts should be made to encourage and to assist Canadians in all walks of life, not just the producers and sellers of consumer products, to contribute to this process.

The Progressive Conservative Party accepts as basic principles the following rights of the consumer:

- (1) the right of the consumer to be heard and to be considered and involved in the formulation and application of government laws and regulations designed to protect the consumer;
- (2) the right to purchase only those consumer products which have passed a reasonable test of safety;
- (3) the right of the consumer to be accurately informed about his rights;
- (4) the right of the consumer to be protected against the negligent production and fraudulent advertising of consumer products;



(5) the right to choose freely in the marketplace, in particular, to be protected against cartels and conglomerates which are acting against the consumer's interest;

(6) the right to privacy in all consumer transactions;

(7) the right to enjoy an environment which is protected against destruction by the production or use of consumer commodities.

### Guidelines

#### 1. The Participation of the Consumer in Consumer Protection

Governments must not only seek out and listen to the views of consumers and consumer groups, they must also involve them in both the formulation and the application of consumer laws and regulations.

(a) Legislation relating to the protection of the consumer should be drafted by the government only after the views of the Canadian public, and groups or associations who have a particular interest in consumer affairs, are fully consulted.

Sufficient time should be provided before the passage of specific pieces of consumer legislation to allow the public and consumer groups to express opinions about the legislation, for example, at public hearings sponsored by the government for this purpose.

(b) The Consumer Council of Canada should be reorganized so that it can become a truly effective advisory body to the Canadian government on consumer matters.

The Consumer Council should become a major liaison between Canadian consumers and the government. To make this possible, the Council should be provided with a greatly increased budget and research staff, it should be given a realistic degree of independence from the Department of Consumer and Corporate Affairs, it should be fully informed about the legislative plans and research projects and other activities of the government on consumer matters, and its membership should be broadened to include representatives of the provinces.



Reports of the Consumer Council should not remain confidential to the Cabinet, as they have been; they should be published and made readily available to the public.

The role of the Consumer Council should be more clearly defined. The Progressive Conservative Party would like to see the Council become more active in establishing with greater precision the rights of the consumer and in recommending specific ways government should act to establish these rights.

(c) The consumer laws and regulations cannot be fully effective unless Canadian consumers are aware of them and of their rights as consumers. The Progressive Conservative Party believes that full use should be made of the mass media for this purpose. The failure of the present government to publicize widely the regulations of the Consumer Packaging and Labelling Bill which was recently passed by Parliament has deprived the Bill of much of its effectiveness. It is not sufficient to publish consumer regulations in obscure government publications.

## 2. Food, Drug, and Product Standards

(a) A large proportion of the manufactured goods sold in Canada is imported, principally from the United States. The present government has refused to adopt and enforce its own safety standards for consumer products which are produced outside the country and sold in Canada. The Progressive Conservative Party believes that all products for sale in Canada should meet Canadian standards of safety and quality. Our conditions and requirements are often different from those of many of our traditional trading partners, and for this reason, foreign product standards are not always appropriate for Canada. Canadian standards for importing goods should be established, and products which do not meet these standards should not be allowed to be sold in this country.

(b) The consumption of unsafe drugs and harmful foods, particularly of those foods which have been treated with additives or chemicals without being adequately pre-tested for quality and safety, poses a threat to the health of all Canadians. Each year the number and kinds of processed foods and drugs for sale increase at a rapid



rate. The Canadian government must ensure that adequate resources are available to make certain that these new products are adequately tested. To a much greater extent than in the past, government must become involved in the pre-market testing of food and drugs so that defects are detected before the products are marketed. A greatly stepped-up programme of pre-market testing should be followed up by more active government inspection of foods and drugs being sold and by greater government supervision of the pre-testing of commercial products in industrial laboratories. The funds and the personnel available to the Canadian Food and Drug Directorate are inadequate for this purpose. The budget of this body should be increased substantially so that the important work which it is doing in testing and surveying products can be expanded.

### 3. Automobile Safety

Automobile accidents are one of the three major causes of deaths in Canada. They are responsible for more deaths among Canadians under 35 years of age than any other cause.

(a) An accident prevention research centre should be established in partnership with the provinces.

(b) Defective automobiles should be required to be recalled immediately by manufacturers.

Canadian automobile manufacturers should be required to notify, by registered letter, automobile owners and dealers of defective automobiles and the federal Department of Transport within a specified period after defects are determined. The Department of Transport should make spot-checks to insure that defective automobiles have been recalled and serviced appropriately.

(c) Automobile safety features should be required to be engineered into automobiles and they should be required to meet specified government standards.

At present, many safety features are merely added to intrinsically unsafe motor vehicles as one of the last stages in the manufacturing process.



(d) In co-operation with the provinces, regular nation-wide safety checkups for all motor vehicles should be established.

(e) A national programme of auto safety will be incomplete without a greatly increased public awareness of the important issues involved. To facilitate this, regular parliamentary hearings on auto safety, open to and actively involving the public, should be held at a variety of centres across Canada. Representatives of the automobile industry, of consumer groups, and interested individuals, should be invited to participate, so that a frank and thorough public debate and examination of automobile safety can be held on an on-going basis, with all points of view represented.

#### 4. Finance and Loan Contracts

Existing legislation to ensure that interest rates, legal conditions, and all other provisions of finance and loan contracts are clearly and honestly outlined for the benefit of the debtor should be more stringently applied. Similar provisions should be enacted to apply to manufacturer's warranties and guarantees.

#### 5. Planned Obsolescence

Measures should be introduced to protect the public from the sale of goods which, without being advertised or well-understood as such, are deliberately designed to wear out within a short period of time. If planned obsolescence is a factor in the production of certain goods, this must be made clear to the purchaser and it should serve reasonably the interests of the consumer as well as of the producer, with a guarantee of replacement in case of failure before the stated period of obsolescence.

The Department of Consumer Affairs should be much more active in testing products for safety and to ensure minimum standards of quality and durability. Reports of its findings should be published at regular intervals.

The government should also encourage independent research into planned obsolescence goods to ensure that the public interest is not abused and that private citizens are not being exploited.



## 6. Market Competition

The Progressive Conservative Party believes that the government must become more active in protecting Canadian consumers against cartels and conglomerates which operate against the public interest and that legislation pertaining to anti-trust and collusion should be made more effective and extended to cover all types of business enterprises.

However, in seeking to eliminate the undue concentration of market power brought about by business mergers, foreign take-overs and similar developments which would deny consumers the benefits of an efficient and competitive market, government must not replace one set of injustices with another by establishing arbitrary tribunals or comparable devices which would impose unreasonable restrictions upon private enterprise. This is exactly what the present government proposes to do by its Competition Act, C-256. The Act contemplates, among other things, the creation of a Competitive Practices Tribunal, a quasi-judicial body which would be staffed by experts in economics, business, law and public affairs. As proposed, the Tribunal would have virtually unlimited power to approve, require modifications or dissolution of registered mergers of over \$5 million, if the action is challenged. The Tribunal would be able to exert enormous influence over the future structure of the Canadian economy and the conduct or fortune of various businesses. In effect, parliament and the government would be delegating the task of developing policy in areas of great economic importance, without clear guidelines or safeguards for the protection of those enterprises subject to the sweeping embrace of the Tribunal's jurisdiction.

The Progressive Conservative Party is categorically opposed to such an approach. The Party particularly opposes the arbitrary and sweeping powers and the lack of clear restraining guidelines which the Act would establish, the fact that the possibilities of appeal are extremely limited, and the lack of attention that the government has given to provincial jurisdiction over some important aspects of the legislation. The Act is unacceptable without substantial amendment.



## 7. Consumer Credit

Consumer credit is becoming increasingly important in Canada and in other countries. Canadians, in fact, now purchase most of their major commodities on credit, and also use it regularly for routine buying. With the increased use of credit, there has developed highly sophisticated systems of data collection designed to store large amounts and a wide variety of information relating to credit buying, including credit ratings on many thousands of individual Canadians and similar information of a very personal nature.

At present, there exists no federal legislative regulation of data processing. Without any regulation, data collection companies can exercise a great deal of influence over the lives of many Canadians without their knowledge, and can sometimes exercise considerable power over social, economic and political decisions in Canada, as a result of the information which they possess or to which they have access. The Progressive Conservative Party strongly believes that Canada is in need of controls to ensure that the privacy and reputations of Canadians are protected.

In particular:

- (a) the Party believes that all companies which collect information about and dispense ratings on Canadian consumers, and which operate within federal jurisdiction, should require a government operating license;
- (b) specified standards for data collecting should be introduced to protect individual rights. For example, consumers should have the right to be informed about and to see and (in the case of inaccuracies) to amend information stored about them in commercially or publicly controlled data banks.

(Proposals relating to the threat of foreign ownership or control of data collecting in Canada appear in a policy paper on Economic Independence.)



## 8. Consumer Affairs and the Environment

The Progressive Conservative Party recognizes that the protection of the consumer is closely related to pollution abatement.

(a) The Party believes that the federal government should require that as soon as possible all packaging of consumer products of the type which is ordinarily disposed of as waste have incorporated in their design or marketing either an inexpensive pollution-free means of disposal or a programme of recycling. Provisions relating to this matter might take the form of amendments to the existing Weights and Measures Act.

(b) The Party favours the introduction of measures which would restrict the amount of noise and pollution which products may produce before being sold.

## 9. Members of Parliament and Consumer Protection

(a) Members of Parliament should become more active, as consumer ombudsmen, in protecting the interests of consumers against negligent or unscrupulous manufacturers and sellers and, in particular, in bringing to the attention of appropriate governmental authorities infringements on consumer rights. To assist members to fulfil this important function, greater research assistance and facilities should be made available to them.

(b) The Party is concerned about the possibility of conflict of interests which arise when Members of Parliament, particularly government members, maintain close formal ties with private interests for which they are recommending government policy. Under Mr. Diefenbaker's Prime Ministership, members were required to divest themselves of corporate directorships or similar connections with private interests before appointment to the Cabinet. This was already required of judges. The Party believes that the precedent established by Mr. Diefenbaker is one which should be followed.

In addition, Members of Parliament, including Senators, should be required to put on record, with the Clerk of the House,



their associations with private interests which might present a conflict with their public duties.

#### 10. Consumer Legislation

Much of the existing federal legislation relating to consumer affairs is unco-ordinated, piecemeal, and largely unrelated. The Progressive Conservative Party believes that the Canadian consumer would benefit greatly from a rationalization of all legislation relating to consumer affairs. This might take the form of a Consumer Protection Act. Such an Act, which would constitute a Charter of Consumer Rights, should be designed to establish clearly the legal rights of individual Canadian consumers.

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SOCIETY AND THE INDIVIDUAL

Section 2: Parliament and Democratic  
Government in Canada



This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.

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## PARLIAMENT AND DEMOCRATIC GOVERNMENT IN CANADA

### Problem

The scope and character of government in Canada has changed dramatically over the years, particularly since the end of World War II. Government is now involved, to a greater degree than the Fathers of Confederation could have imagined, in virtually all aspects of Canadian economic and social life. Despite the great changes in the activities of government and changes in society generally, governmental structures and processes have undergone only comparatively minor adjustments or modifications. As a result, the political system has often not been effective in responding to the needs and demands of the people it is intended to serve.

One of the serious consequences of this situation has been that increasing numbers of individuals and groups in Canadian society have become frustrated by the existing system and feel alienated from it. Many of these individuals and groups have become willing to resort to a politics of confrontation, often operating outside the framework of our laws and institutions, in an attempt to achieve their goals.

The problems arising from the urgent need for thoughtful adaptation and reform of our institutions and processes of government have been compounded tragically by the unconcealed disdain with which Mr. Trudeau has treated the rights of Parliament and the individual Members of Parliament, including many members of his own party.

### Goals

The Progressive Conservative Party believes that the political system in Canada, and all elements of it, including Parliament, political parties, the public service, and the electoral system, must be constantly responsive to the changing conditions and requirements of Canadian society. In order that political structures and political processes can serve usefully the people of Canada, and indeed in order that the democratic system can survive and flourish in Canada,



these structures and processes of government must undergo continuous review and reformation.

Particular care must be taken, however, to ensure that such changes and reforms actually do serve Canadian needs and values and that they are not simply modelled after structures and practices of other countries which are inappropriate to Canadian circumstances.

### Guidelines

#### I The Rights of Parliament and Its Role

Attention must of course be given continually to ways in which Parliament can be made to operate more efficiently, especially since there is so much more business coming before it each year and therefore a greater need to use time effectively. However, the nature of Parliament must not be misunderstood. Parliament is not, essentially, an administrative body; rather, it is a body representative of the people which is charged with the responsibility at all times of trying to assure that the government, in its administration, acts in the interests of the people. The legislative process is not an administrative act; it is the transfer by the citizens of additional powers to the government in order that the government may carry out some administrative programmes which it professes would be in the interest of the general population.

Therefore, administrative efficiency should not be the sole, or even the primary, objective of parliamentary reform. Opportunities for the elected representatives of the Canadian people to express their opinions on public questions and the views of those whom they represent must not be unduly restricted in the narrow pursuit of administrative efficiency or convenience. It also follows that the rules and practices of Parliament are the possession of the whole of Parliament; they are not the government's possession, nor are they the prerogative of the government of the day, to be used for its purposes exclusively.



Under the guise of reform, the present government has made significant alterations to the Canadian parliamentary system. In almost all cases, these have detracted from the capacity of Parliament to fulfill its proper function; to serve the needs of the people of Canada, to involve citizens in the democratic process, and to enhance and give expression to the distinctiveness of Canada. Indeed, under the present Prime Minister, the Canadian parliamentary system has adopted some of the more authoritarian aspects of the American presidential system without the elements of that system which give to it its representative and democratic character. (This point is developed further in a special policy paper of the Progressive Conservative Party on Canadian Political Independence and the Canadian Political Heritage.)

The Progressive Conservative party believes that Parliament, as the body of elected representatives of the people, must be at the very heart of our system of democratic government, that its rights must be respected and enhanced, and that it should be enabled to play its full and proper role as effectively as possible in order to discharge its high responsibilities to the Canadian people.

In particular, the balance must be restored between the ever growing power of the Prime Minister and Cabinet, on the one hand, and Parliament, on the other, as outlined in the following sections.

(a) The Member of Parliament

The Progressive Conservative Party believes that the role of the individual Member of Parliament is of fundamental importance to democratic government in Canada. It notes with profound concern the attempts by the present government to inhibit and to circumscribe this role.

The Prime Minister and the present government have tried to reduce the responsible and representative nature of the processes of government in Canada by substantially limiting opportunities for Members of Parliament to question Cabinet



Ministers; by attempting to introduce restrictions on debates on government legislation; by eliminating open discussion in the House of Commons of departmental policies and practices, and replacing it by an almost total reliance on committee discussions which, all too often, have proven ineffectual; by building up in the Office of the Prime Minister a huge bureaucracy of aides and advisers which, together with a greater reliance on often secret reports of Prime Ministerially-appointed task forces as a source of public policy in Canada, makes it a practical possibility for him to circumvent Parliament; and by creating "regional desks", which are capable of undermining the role of Members of Parliament and of Parliament itself.

The Progressive Conservative Party believes that immediate steps should be taken to enhance the role of the private Members of Parliament.

(i) The greatly increasing scope and complexity of government have made it ever more difficult for most private Members of Parliament to fulfill effectively their national and constituency responsibilities with the limited resources and facilities available to them.

Members of Parliament should be provided with more adequate research and secretarial assistance and office space as needed.

(ii) The budgets of the research offices of the various parliamentary caucuses should be increased. In addition, the interpretation of their responsibilities should be broadened and unrealistic restrictions on the use of their funds removed to enable them to be of greater help to the Members of Parliament whom they serve.

(iii) Regular procedures should be established for a systematic review of the salaries and expense allowances of Members of Parliament, which would ensure that these are consistent with increases in the cost of living and in their responsibilities.



(iv) The Progressive Conservative party views with concern police surveillance of Members of Parliament. Police surveillance of elected representatives is open both to abuse and to misinterpretation. Such surveillance should occur only under very special circumstances, when police have good reason to believe that the law of the country is being broken. It may be that the approval of the Prime Minister or the Minister of Justice should be required before surveillance progresses beyond a certain point.

(v) One of the greatest blows struck to the powers of the private member by the Trudeau government was the transferral of all estimates from the committee of the whole to standing committees. The granting of supply has been traditionally the main control of Parliament over an autocratic government. The Progressive Conservative party strongly believes the opposition parties should have the right to select three or four departments annually whose estimates would be scrutinized in Parliament itself by the committee of the whole. The present arrangement, by disbursing and diffusing the efforts of the private member in as many as ten standing committees meeting at the same time, makes any effective scrutiny very difficult. Moreover, the present system of scrutinizing government estimates is much less likely to receive the attention by the media which is so important to a public awareness of the operations of Parliament and government.

(b) Committees

The committee system of Parliament should be greatly strengthened in order to enable the individual Member of Parliament to participate more fully and effectively in the study and shaping of legislative proposals, and in order to facilitate the work of Parliament itself. The committee system should not be employed by the government simply as a means of occupying the time of Members of Parliament and of minimizing criticism of government actions. The present government has to a great extent used the committee system for this purpose, and on many occasions it has mishandled or ignored altogether valuable committee work.



(i) Reports and recommendations of committees should be given full and serious consideration by the government and, where appropriate, should be voted upon in Parliament after a reasonable period of debate.

(ii) Much of the work presently being done by highly expensive and unrepresentative task forces could be and should be referred to parliamentary committees and subcommittees.

(iii) Parliamentary committees should be provided with adequate research assistance, physical facilities and secretarial help. The work of committees is greatly hampered under existing arrangements.

(iv) A panel of chairmen of the committee-of-the whole, which would include opposition as well as government members, should be created to permit opposition members to share the job of presiding over the House of Commons.

(c) Television and Parliament

The Progressive Conservative party believes that public interest in and knowledge about Parliament and about the processes of government would be increased greatly by the televising of some of the highlights of parliamentary activities. As a preliminary and experimental step, appropriate committee meetings should be televised. If such an experiment proves successful, question periods and special debates of the House of Commons should be televised on a regular basis.

(d) The Question Period

(i) A fundamental principle of responsible government is the accountability of the Prime Minister and Cabinet to Parliament. The daily question period in the House of Commons, which provides an opportunity for Members of Parliament to seek information on behalf of their constituents and the people of Canada about the activities or policy intentions of the members of the government, is one of the most important expressions of this principle. However, because of its brevity, the question period is not always as effective as it might be.



The Progressive Conservative party strongly supports the extension of the question period from forty minutes to at least one hour.

(ii) The Prime Minister, as part of a general assault on the power and privileges of Parliament, has introduced a rota system of attendance at the question period by Ministers of the government. While not objecting to this rota system, in principle, the Progressive Conservative party believes that the frequent absence from the House of so many Ministers on the few days when they are supposed to be present according to the rota is a disservice to Parliament.

The Progressive Conservative party believes that the right of Members of Parliament to question members of the government must not be impaired. It proposes, therefore, that all Cabinet Ministers should attend the question period on the days they are designated to be there, by the rota, unless they are unavoidably absent from Parliament on public business.

(e) The Speaker

(i) The Progressive Conservative party has consistently urged the necessity of strengthening and enhancing the role and impartiality of the Speaker of the House as the custodian of the rights of Parliament and as the parliamentary mediator and adjudicator. Specifically, much would be gained by the appointment of a permanent Speaker.

(ii) Several deputy speakers should be appointed, including representatives of the opposition parties. At present, one deputy speaker is appointed, from the government party.

(iii) The party favours the introduction of a special power, as exists in other national legislative bodies, to enable the Speaker to protect the prerogatives of opposition parties and to ensure that there is no infringement of the rights of individual members.

(f) Parliamentary Debate

In order to facilitate and expedite the work of Parliament,



the party supports a reasonable system for the allocation of time for debates in Parliament. However, the party continues to oppose the several attempts made by the present government to throttle the opposition by imposing unreasonable limitations on the debate of government legislation.

Serious consideration should be given to the desirability of permitting a Member to put his views on record without actually delivering a speech in Parliament. Such a provision might significantly help to make more efficient use of Parliament's time without restricting the right and duty of Members to make known their views on public issues to the government, to Parliament, and to the Canadian people.

(g) The Senate of Canada

The Progressive Conservative party believes that the Senate of Canada can continue to be a useful complement to the House of Commons. With appropriate reforms, the special capabilities of the Senate to unify the country and to strengthen representative government in Canada would be enhanced greatly. For this purpose, the party believes that some participation by the provinces should be introduced in the appointment of Senators. The party proposes further, that appointments be made not just on the basis of partisan service, but from among men and women who would bring to the work of Parliament special talents or knowledge or ability or who are particularly qualified to represent the views of some sections of the Canadian population which have been hitherto under-represented in Parliament.

Consideration should be given to placing a limit upon the term of future appointments to the Senate of, perhaps, ten years.

(h) The Auditor General

Recent attempts by the present government to divest the Auditor General of many of his traditional powers to scrutinize government spending threatened to weaken one of the most effective safeguards available to Parliament and the Canadian



people against the abuse of government power and the misuse of public funds.

The Progressive Conservative party believes that the autonomy of the Auditor General must be maintained and secured in the face of government pressures to reduce it; that the powers of the Auditor General to scrutinize government spending must not be hampered; and that these powers should, in fact, be extended.

(i) The scope of the duties of the Auditor General should be enlarged to include a critical examination of all government spending.

(ii) The growing size of government requires that periodic increases be made in the departmental budget and the size of the staff of the Auditor General.

(iii) The authorization for the position of Auditor General of Canada contained in Part VII of the Financial Administration Act should be withdrawn from that Act and passed as a separate Act of Parliament, giving the Auditor General authority to engage the staff required to carry out the duties of that office.

(iv) Consideration by Parliament of the report of the Auditor General on occasion has been delayed for as long as a year after the close of the fiscal year; the result has been that Parliament is prevented from carrying out reforms until long after they have been recommended by the Auditor General. The party proposes that the report of the Auditor General be given a high priority by Parliament. The report should, in fact, be examined by the Public Accounts Committee and by Parliament within a prescribed period of time, not exceeding three to four months, after its presentation to the government.

(i) Access to Information

Legislation should be introduced granting to Parliament,



to the press, and to the public the right of access to all government information, except that which is classified information under the Official Secrets Act or special categories of information which for other clearly valid reasons should not be publicly available, for example, income tax returns.

(j) Private Members' Bills

Greater opportunities and specific allotments of time should be provided for individual members to bring forward private bills and to have them considered and voted upon by Parliament.

(k) Respect for Parliament

Before even a beginning can be made upon the task of revitalizing Parliament and restoring the proper balance between Parliament and the Prime Minister and Cabinet, it is clear that a dramatic change will have to come about in the respect which the present Prime Minister and many of his Cabinet colleagues have for the House of Commons and for the representatives elected to it by the people of Canada.

II Human Rights in Canada

Eliminating discrimination has consistently been a principal concern of the Progressive Conservative party both on the federal and provincial levels.

The great concern which John Diefenbaker had for the civil rights of all Canadians, as a private member, as leader of the Progressive Conservative party in opposition, and as Prime Minister, found expression in the Bill of Rights which his government brought into being in 1960. Progressive Conservative provincial administrations, too, have also been in the forefront in legislating against discrimination in all its forms. For example, the anti-discrimination legislation of Premier Leslie Frost of Ontario in the 1950's was the first passed by any government in North America. The civil rights legislation passed by Premier William Davis last year is the most advanced in any



common law jurisdiction in the world.

Unfortunately, there is still strong evidences of prejudice and discrimination in all parts of the country. In keeping with its traditions, the party pledges itself to fighting discrimination in all its forms, whether based on sex, race, colour, or creed.

### III The Source of Public Policy

#### (a) Task Forces

In a number of important ways, the present Prime Minister and the present government have undermined the responsibility of the elected representatives of the people in Parliament and of the duly constituted public service for the development of public policy. To a far greater extent than has been the case with any previous Prime Minister, Mr. Trudeau has relied on special task forces, appointed by him at very substantial cost to the Canadian taxpayer, and composed largely of individuals from outside government, as sources for public policy. Task forces have come to play such an important role in the activities of the present government that they now constitute in effect a significant new arm of government. Because they operate in almost total secrecy, and because Parliament has no control over, and in most cases is not informed about, their activities, they pose a serious threat to the authority of elected representatives of the Canadian people and of Parliament itself. They also constitute a new form of patronage open to abuse and misuse by the government.

(i) The Progressive Conservative party recognizes that special task forces have a place in the Canadian political system, and that they can be useful, for example, in gathering information and making recommendations in regard to highly specialized public questions. However, task forces must not be allowed to usurp the role of Parliament and of the public service in initiating policy.



(ii) Parliament should be fully informed at the outset of the composition and terms of reference of all task forces appointed by the government, and the reports of all task forces should be made public after their submission to the government.

(iii) The Progressive Conservative party believes that properly constituted Royal Commissions can do useful work in gathering information, seeking advice, and in making recommendations about important public policy questions. Such Commissions have in the past generally encouraged participation from and provided information to the Canadian public. Their legal position and powers can be clearly defined, as can their responsibility to the Canadian people. For these reasons, properly constituted and legally responsible Commissions will be, in many cases, preferable to task forces which, as used by the present government, circumvent both the Canadian public and Parliament.

#### IV The Canadian Electoral System and Canadian Political Parties

The electoral system is a vital part of the machinery of democracy in Canada. Despite its importance, it is one area that successive federal governments have failed to adjust to the changing character of government and society. As a result, large numbers of Canadians are being denied the opportunities to participate fully in the democratic process either as electors or as candidates. In 1964, the former Liberal government set up a special committee on election expenses headed by Mr. Alphonse Barbeau. The Committee recommended a wide variety of specific proposals for the reform of the electoral system. Five years later, no action has been taken by the government on this report. The present government has in its hands the recommendations of the special Commons Committee on Electoral Reform headed by Mr. Hyland Chappel, which reported in June of 1971 and which endorsed many of the proposals of the Barbeau Committee. The Progressive Conservative party believes that a major reform of the electoral system is long overdue to make possible the maximum participation of all Canadians in the electoral process, and to reduce significantly the sometimes prohibitive cost to individuals who wish to seek public office.



Such a reform should include:

- (a) the legal recognition and registration of political parties;
- (b) the encouragement of private and corporate donations to political parties by tax incentives;
- (c) a subsidy from the federal government towards the campaign expenses of serious political candidates.

A feasible formula might be:

- (i) a maximum subsidy of 25 cents per registered voter to all legal and registered candidates in a federal election who receive 20 per cent of the total votes cast, the total amount not to exceed 33 per cent of the total expenses of each candidate;
- (ii) a maximum media subsidy of a free mailing of one item (not to exceed 2 ounces if unaddressed or 1 ounce first class) to every elector in the riding of each candidate; and a 2 cents per elector reimbursement towards the proven media expenses of any candidate who receives 15 per cent of the valid votes cast;
- (d) a realistic limit on the total campaign expenditures of each party and candidate in a federal election, one which would not dictate how and where such campaign expenditures may be spent;
- (e) restricting federal general election campaigns to four weeks;
- (f) a comprehensive system of absentee voting to prevent the disfranchising of Canadians who for whatever reason must be absent from the country at election time;
- (g) a system of continuous electoral rolls to eliminate the necessity of enumeration, thereby making possible a reduction



in the length of time of a federal election, and making possible the introduction of absentee and postal voting procedures.

(These and related points are elaborated in the position paper on Election Expenses presented by the Progressive Conservative party to the House of Commons Special Committee on Election Expenses.)





SOCIETY AND THE INDIVIDUAL

Section 3: Native Peoples

A Partnership to Honour the Obligations of History



This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)



## NATIVE PEOPLES

### PROBLEM

In few areas is Mr. Trudeau's notion of a "just society" more of a shambles and more of a farce than in the plans and actions of his government concerning the native peoples of Canada. In an approach characterized by insensitivity and a basic indifference, his government has attempted to impose policies upon the native peoples which do not meet their real needs or their legitimate aspirations. This high-handed approach has undermined the confidence of the native peoples in the intentions of the government and this lack of confidence has been confirmed by the repeated failures of the government both to engage in genuine consultations with the representatives of the native peoples and to develop substantive programmes to help them to overcome their many difficulties.

Poverty and cultural deprivation are the most conspicuous and genuine problems facing the native peoples of Canada.

The impact of white civilization has made it impossible for the native communities to continue their traditional way of life, with its heavy reliance on hunting and fishing, without providing them with alternative means of livelihood.

To take a job in industry, for example, an Indian or Inuit is usually forced to leave his family, his home, and his community for what is for him the hostile and foreign world of the city. White prejudice, so prevalent in many parts of Canada, makes this adjustment even more difficult. The Canadian government and the Canadian people either have largely ignored the problems of the native peoples or have responded to them by demanding that the native peoples give up their cultural identity and be totally absorbed into white society.

The preservation of their cultural identity, and of their individual identity, in the highly competitive world of the white man presents an enormous challenge - both for the native peoples and for the rest of Canadian society. To meet this challenge, the native peoples need and deserve the understanding and support of other Canadians, and the assistance of enlightened government policies.

### GOALS

Any government policy which seeks to achieve healthy,



productive, and economically secure lives for the native peoples of Canada must respect their cultural heritage and traditions. The Canadian Indian or Inuit must be free to choose to live either in or away from his native community without prejudicing the opportunities available to him to enjoy the standard of living and quality of life of other Canadians. In both the formulation and application of such a policy, the native peoples must be fully consulted and fully involved.

The obligations of history must be met in a new approach to the problems of the native peoples of Canada, an approach which is sensitive, fair and constructive and one which is developed in an active partnership with the native peoples themselves.

### GUIDELINES

1. The Progressive Conservative Party abhors the failure of the Trudeau government to live up to the obligations of over two hundred years of Canadian history in not recognizing aboriginal rights. We accept as a basic premise the urgent need to identify and to settle fairly and systematically all claims based on these aboriginal rights.

Similarly, all outstanding disputes involving treaty rights and claims must be examined with care and settled fairly.

In appropriate instances, we propose a legislative settlement of disputed treaty and aboriginal claims, to be arrived at after close consultation between the Cabinet and the native leaders.

2. Historically, the native reserves of Canada have been held communally by the native bands, under government auspices. The Progressive Conservative Party is opposed to any attempts by the government to fragment the reserves by imposing on the native peoples an alien system of individual ownership of the land. To insist that the native peoples can have equality with other Canadians only if their land is held on an individual ownership basis is to ignore the tradition of communal identity which is such an important part of the culture and history of the native peoples of Canada.

In addition, such a policy disregards the present financial situation in which many native peoples find themselves. If the reserves were broken up and owned on an individual basis, a real danger exists that many native peoples would soon lose possession of their land as a result of tax or mortgage defaults, through no



fault of their own. The unfortunate results of experimental programmes with the reserves of the American native peoples which were conducted by the government of the United States should not be ignored in Canada.

3. Ways must be found to assist the native peoples to make their lands economically productive to the fullest extent which is possible and desirable. The Progressive Conservative Party favours the establishment of feasibility studies, in every case to be planned, staffed and conducted in collaboration with the native peoples, of the economic potential of these lands. Where it is found to be needed, a Progressive Conservative government will make development capital available to be used in ways that the native peoples and their leaders consider appropriate.

4. The standard of housing and of health care in most Indian and Inuit communities of Canada is a national disgrace. Presently the mortality rate of Indian and Inuit children is two and a half times higher than the rate for all other Canadian children; for young Indian and Inuit adults, it is five times that of other Canadian adults. Lack of even minimum standards of medical care, aggravated by poor housing, has created appalling conditions which must be overcome at once.

The provisions of immediate financial assistance and expert advice for the peoples of Indian and Inuit communities to improve housing and health care is a high priority of the Progressive Conservative Party policy.

5. Because of poor planning, insensitive programming, and severely limited opportunities, the standard of education available to most of the native peoples of Canada is abominable. Ninety-four per cent of the Indian and Inuit children drop out of school before they reach Grade 12, and the federal government is apparently attempting to phase out its programme of support for those Indian and Inuit students who reach university. This disgraceful situation is in large part the result of the imposition of the native peoples of an education system which is foreign to their culture, and which often does little more than cultivate alienation, frustration, and resentment.

The Progressive Conservative Party strongly supports the establishment of a special task force, under the direction of qualified native peoples, which would develop teaching programmes,



curricula, text books, and teaching aids which are relevant to the needs and sensitive to the way of life of the native peoples.

The Progressive Conservative Party also supports the establishment wherever appropriate of school boards composed entirely or in large part of the native peoples themselves, which would have the power to hire teachers, design curricula, and make similar decisions. Such school boards would, for the first time, involve the native peoples in their own education programmes and would greatly contribute to making their education more relevant and attractive to them.

6. Administrative and legal reforms, and changes in official attitudes, are needed to ensure that native people, individually and collectively, receive justice under the law.

7. The plight of the growing number of Indians in the cities needs study and attention. A Progressive Conservative government would establish an action task force, in consultation with native representatives and including native people, to determine the government's responsibilities and to see what can be done to ensure better housing, job placement, vocational training, and conditions for living of these people.

8. The rights and the problems of non-status Indians need immediate, sympathetic and extensive consideration.

9. Policies must be developed, in consultation and partnership with the Eskimos, to ensure the protection of Inuit rights and culture and interests as the north is opened up.

10. The Progressive Conservative Party would give full recognition and extended support to the native organizations of Canada.

11. Government programmes of assistance to the native peoples of Canada have been, for the most part, fragmented and uncoordinated, with a significant degree of duplication and waste. Moreover, there has seldom been adequate consultation and collaboration with the native peoples themselves in regard to these programmes.



The Progressive Conservative Party favours a coordination of the efforts of all governments and all departments of governments in order to maximize the effectiveness of such programmes and to avoid duplication of effort and waste of resources. A Progressive Conservative government will also take as its first premise in reviewing existing programmes and in planning new ones the need to work in the closest cooperation with the native peoples themselves.



SOCIETY AND THE INDIVIDUAL

Section 4: Income Development Programme

A Policy for Reform of the  
Social Security System



(This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)



## AN INCOME DEVELOPMENT PROGRAMME

### Problem

Canada has devoted billions of dollars attempting to solve the problem of poverty, and the amount is increasing at a rapid rate each year. In the past six years, the welfare budget of the Canadian government alone has more than doubled, from \$2.4 billion to over \$5 billion at present. The provincial and municipal welfare expenditures have increased at a comparable rate. Despite the development of an expensive and elaborate system of public welfare over the years, Canada has not even come close to solving its serious problem of poverty. The tragic fact is that, in this country of great wealth, at least one in five Canadians - more than 4½ million people - are living at or below the poverty line as defined by the Economic Council of Canada. According to the Council, there has been relatively little change in the distribution of family income in Canada over the last fifteen years.

The almost total failure of government policies and programmes to deal effectively with poverty in Canada is the result of a variety of factors, of which the most significant is the piecemeal unco-ordinated way in which we have approached the problem. Our approach, in fact, has consisted largely of a hodge-podge of programmes piled one on top of the other with virtually no overall plan or design and no clearly thought-out objectives.

Faced with the obvious failure of the public welfare system to alleviate poverty significantly, successive Canadian governments have not been willing to undertake more than modifications of a marginal and repetitious nature to existing programmes - for example, modest increases in old age security payments. The Canada Assistance Plan, which was hailed by the previous Liberal government as a milestone in the history of welfare policy in Canada, was in reality merely a collection of small changes in existing programmes. Legislation based on proposals of the White Paper on Income Security of the Trudeau government will simply perpetuate past mistakes by dabbling with the old age pension supplement, family allowances, Canada pension plan benefits and unemployment insurance while failing to come to grips with the



fundamental needs and issues.

We strongly believe that the traditional approach to poverty in Canada is fundamentally wrong and that no amount of tinkering with existing programmes will bring about the substantial improvement in the plight of the poor which is now so badly needed. In the first place, the approach has been wrong because it has helped least those who need assistance most. Because the benefits of many of the programmes, such as tax-free Family Allowance, go to the non-poor as well as the poor, millions of dollars have been paid to Canadians who are in comparatively little need of public assistance, while the real poor have had to do with inadequate support. Other programmes such as the Canada Pension Plan and Unemployment Insurance have failed to make much impact on poverty because the assistance which they provide is directly related to the contribution which the beneficiary has previously made to them. As a result, an individual who has an inadequate income or no income whatever, and therefore has made no contribution, receives little or no help from these programmes.

In fact, more than one-half of Canada's poor receive no help or encouragement from the present welfare system; this large segment is the working poor, the people who work at or below the minimum wage level, never earning enough money to get by. It must be remembered that poverty is not primarily a problem of the old, the unemployed, or the disabled. It is to a great extent a problem of inadequate incomes in a large segment of the normal working population. It is simply not true that the poor are those who don't work or don't want to work. As the Economic Council of Canada has demonstrated, at least two-thirds of the heads of poor families are in the labour force and over three-quarters of poor families have at least one wage earner.

In most parts of Canada, a poor family with a wage earner working full-time but making minimum or poverty level wages is not eligible for public assistance and therefore receives no supplementary help. Yet the needs of such a family are often very great because of its size and the relative inadequacy of its income. A welfare system which provides help for those who do not work, but denies help to equally needy people who do, does not make sense.



Equally senseless are the provisions which generally apply to families who are on public welfare but who have part-time earnings; their welfare allowances are usually reduced one dollar for every dollar earned. That is, any money a family can earn is lost through an equivalent reduction in its welfare allowance. This amounts to a 100 per cent tax on work, and actually discourages work.

Another serious deficiency in some existing programmes is the extent to which they sometimes encourage desertion and the breaking of the family for financial reasons. This can result if the husband cannot earn through employment as much as his family would receive on public assistance if he were absent from the home.

An additional problem with the present welfare system is that it promotes unevenness of levels of public assistance from one part of Canada to another. For example, under the Canada Assistance Plan, the federal government contributes 50 per cent of provincial and municipal public assistance and welfare costs. Such shared-cost programmes of the federal and provincial governments seriously discriminate against the poorer provinces. While Ontario, British Columbia and Alberta are able to take full advantage of programmes of this nature by meeting dollar for dollar federal public assistance expenditures, the poorer provinces cannot raise their share as easily and are therefore not able to make full use of the federal subsidy. The result is that the Canada Assistance Plan actually exacerbates rather than reduces regional disparities. The same is true to only slightly less an extent of the Medical Care Insurance Plan and the Hospital Insurance and similar plans.

The problems with the existing welfare system are greatly compounded by the burden which the poor in Canada must bear from the taxation system. It is little consolation to the poor to have the grudging relief from federal income tax recently doled out by the Trudeau government to lower income groups; the real injustice remains hidden in indirect federal sales taxes, in provincial sales taxes and in municipal property taxes. The fact is, that despite the mythology, the taxation system in Canada is regressive for at least one-third of all Canadian families. That is, the poor pay a significantly higher percentage out of income for taxes than do the affluent, even though they pay little or no tax on personal



income.

Most serious of all the fundamental failures of the traditional approach to the problem of poverty in Canada is the extent to which it robs the poor of that most cherished of possessions - human dignity. The present welfare system fails to help the poor achieve a humane and decent standard of living; it stifles initiative; it too often forces individuals to accept a demeaning form of charity with unreasonable strings attached; and in many cases, it requires public officials to conduct investigations into the private lives and personal circumstances of those applying for or receiving assistance. As the recent annex to the Castonguay-Nepveu Report demonstrates, too many administrative decisions made in welfare bureaus are based on hearsay evidence from dubious sources - evidence which is never made known to the person applying for financial aid.

Any welfare system which penalizes work, deprives recipients of dignity, breaks up homes and costs billions of dollars without attacking poverty effectively must be judged a monumental disaster.

### Goals

The Progressive Conservative Party holds the very strong belief that the elimination of poverty must be one of Canada's most important national goals. Canada is a land of immense wealth and potential, a nation which has always aspired to build and to grow in order to achieve a maximum degree of equality of opportunity and social justice for all Canadians in all parts of the country. For this reason alone, we cannot in good conscience avoid setting ourselves such a goal. But, if social justice did not oblige us to set the elimination of poverty as a national goal, this would be required by the exigencies of economic life. The 1961 census figures show that poverty may have cost the country as much as 2.3 billion dollars in that year in loss of output that would otherwise have been achieved if the poor had been properly employed. More recently, in May 1971, Dr. Clarence Barber put the loss of output at five billion dollars.

There are also additional costs in the form of higher tax rates which are imposed on the rest of society in order to provide the various transfer payments to the poor and in order to meet the costs of crime, disease and social unrest which are directly linked with poverty.



Quite apart from essentially humanitarian reasons, therefore, a wealthy country like Canada cannot afford in sheer economic terms to fail to eliminate poverty.

Canada will not eliminate these costs by continuing to apply bandages to the programmes and policies of the past. What is needed is a fundamentally new approach to poverty in Canada, one which in very real terms promotes a full system of social justice and which maximizes every Canadian's sense of individual initiative and enterprise.

Of prime importance in any new approach is a programme of income development designed to encourage Canadians to develop their own abilities and to increase their income-earning potential.

Of course, such an income development plan would not be sufficient in itself to combat poverty. However, an inadequate income is a common denominator shared by all poor, and an income development programme would be the vital first step towards the elimination of poverty.

An income development programme must involve a change in philosophy from previous programmes. It must set out with the clear objective of alleviating a major problem of poverty - inadequate income - and must rationalize, integrate, and supplement worthwhile existing programmes. In this way, it would be breaking with past practices of monstrously stacking one programme on top of another without any genuine attempts to co-ordinate one with another or to establish a clear-cut overall objective binding them together.

An income development programme must also involve radical changes from the practices of previous programmes. It must eliminate the inequitable standards, the glaring errors, and the demeaning aspects of our present welfare plans. Specifically, an income development programme must do these things:

1. It must focus assistance on those who need it - the poor.

There must be adequate financial incentives and new opportunities to encourage individual initiative and to remove those



elements of the existing welfare system which actually entrench the dependence of the poor upon the state. Therefore, the present 100 per cent tax on earned income over and above welfare allowances must be eliminated and replaced by a graduated scale; no Canadian should be penalized for choosing to work. New employment opportunities for the employable poor must also be opened up. Crucial in this regard is the need to improve greatly government retraining programmes. Currently these programmes have standards of eligibility that are too rigidly narrow for many poor to qualify, and are inadequate in a number of other ways. (Proposals for the reform of federal manpower retraining programmes appear as a major part of a separate policy paper on the World of Work.)

2. It must encourage families to stay together, and no longer force a father to desert his family in the knowledge that the state can provide better for his family in his absence than he himself can through his continued presence in the home. An income development programme would supplement existing income; it would not be a substitute for existing income, as are present welfare benefits.

3. It must promote evenness of levels and standards of public assistance across the country. No longer should regional disparities mean discrimination against the poorer provinces.

4. It must be based on an unequivocal belief in the dignity of individuals. No longer should financial aid be based on hearsay evidence too frequently collected from the applicant's neighbours. Instead, the use of the impersonal income tax-type forms to establish need for financial assistance can be utilized to apportion such payments more fairly and without the rancour caused by the present system.

### Guidelines

#### 1. A National Approach to Poverty in Canada.

The Progressive Conservative Party believes that an income development programme based on the principles outlined above represents the best alternatives to the presently costly but ineffective welfare system. The Canadian government should therefore begin immediately to work closely with the provinces to



adopt it.

The Progressive Conservative Party does not suggest that the proposed programme will eliminate poverty instantly. However, the Party does believe that it would be a crucial first step in eliminating poverty by establishing a national income floor below which no Canadian would have to live.

In putting forward this proposal, we have no illusions about the constitutional difficulties involved. Provincial jurisdiction in this field cannot be simply swept away by the federal government no matter how good its intentions or effective its plan. It is for this reason that the Party emphasizes that there must be from the start close and continuous co-operation between the various levels of government in working out the plans for an anti-poverty programme.

It may be that the impact of such a programme would not be identical across the country. It may be that the priorities of some provinces would be different from those of others. In our concept of dynamic federalism, such differences must be taken into account. This may complicate the picture but they also permit the adoption of a realistic programme on a country-wide level. That is our primary goal.

It is not essential that we have identical methods of payment across the country or even that every aspect of the programme be the same everywhere. What is essential is the achievement of an agreement on a national minimum in this field.

From there, we can go on to other things.

New constitutional structures will be needed for such a co-ordinated attack on poverty. The Progressive Conservative Party believes that an inter-governmental commission composed of senior representatives of the federal and provincial governments should be established to examine thoroughly the present social security system in Canada and to provide guidelines and recommendations for the proposed new approach to welfare in this country. The work of the commission should be complemented by the establishment of a Standing Conference of federal and provincial Ministers



responsible for Social Security, which, with the introduction of the proposed income supplement programme, would involve Ministers responsible for Finance and Revenue, Labour, Unemployment Insurance, Workmen's Compensation, and perhaps other departments of government. Such a Standing Conference would be much more inclusive and effective than the periodic meetings of the Ministers of Welfare.

## 2. The Fundamentals of the Income Supplement Plan

A basic tenet of Progressive Conservative Party policy is a commitment to full employment. Our income development programme endorses that commitment, and incorporates it as a fundamental principle by providing the incentive and the means for the poor to achieve a better standard of living for themselves and their dependents through the job market place.

As outlined elsewhere in this paper, a basic weakness of the existing welfare system in Canada is that it not only fails to provide incentives for the welfare recipient to seek greater income, but it actually discourages him from doing so; in most parts of Canada, any money which a welfare recipient is able to make while on welfare is in effect taken from him because his welfare cheque is reduced by the amount he earns. An income development programme would provide incentives for the welfare recipient to seek greater income through employment. The basic way in which this could be accomplished is as follows:

(a) An income floor would be established for individuals and families that have no earned income because of physical disability or for other valid reasons. The exact level of income support for a family would vary according to size.

(b) An individual or family that is capable of earning an income below the poverty line would be entitled to retain a first, specified amount of this earned income without any reduction in the amount of public income supplement received. In this way, a recipient is encouraged to seek and hold down a part-time or low-paying job which might be an important first step out of poverty.



(c) Beyond this first specified amount earned which would be permissible without any reduction in the amount of public income supplement received, an individual or family would be entitled to earn an additional amount of money. This amount would be more than that by which the public income supplement would be reduced. The rate of reduction of public supplement would be on a graduated scale - a smaller rate of reduction for those who are able to earn incomes at the lower range, increasing on a sliding scale for those earning higher incomes.

The confidence of the Progressive Conservative Party in such an incentive design is based on its strong conviction that a vast majority of Canadians genuinely want to achieve a better standard of living for themselves and for their dependents through personal initiative. Highly respected studies in Canada, in the United States, and elsewhere, provide convincing evidence that this is indeed the case. For example, the classic two-year pilot project conducted in the United States (the New Jersey Graduated Work Incentive Experiment) has revealed that there was no evidence that work effort declined whatever among those receiving income support. On the contrary, intensive research indicated that the work effort of participants receiving payments actually increased relative to the desire for work of those not receiving such payments.

It is conceivable, of course, that a few would attempt to abuse this programme. To meet this contingency, the Progressive Conservative Party proposes that a work or training programme be instituted for those few who will not make an effort to help themselves or their dependents. Employable adult recipients of public supplements (that is, excluding the aged, disabled, blind, and mothers with dependent children, for example) who are unemployed would be required to register. Such a work programme would require that, if a suitable employment position becomes available, or if an individual can be accommodated with an appropriate retraining programme, unreasonable refusals would result in the reduction of public support. To ensure that the system is conducted fairly, procedures for appeal would be provided.

### 3. Advantages of An Income Development Programme

We propose an income development programme as the most



effective means to assist the Canadian poor to develop their income potential. However, it does not believe that anything would be gained by endorsing a particular form of income development system; the exact system appropriate for Canada should be determined only after a great deal of consultation between the federal government and other levels of government and extensive consideration by the Parliament of Canada.

Regardless of what particular scheme is adopted, there are three specific ways in which this Income Development Plan is superior to the existing welfare system and to many other income supplement plans as well;

(1) it provides a minimum income sufficiently high that every Canadian will have the opportunity of a decent living; (2) it provides welfare recipients with financial incentive to seek work and training; (3) it greatly limits the "leakage" of funds to those who do not need the assistance.

Such a plan does not wholly achieve all three goals; nor can any income development scheme do so since to some extent they are incompatible. However, an income development plan does achieve a practical balance between the three goals, which if implemented would be an important first step towards the elimination of poverty in Canada.

#### 4. The Administration of the Income Development Plan

The Progressive Conservative Party strongly endorses the principle of an income development programme. The Party believes that such a programme would be a significant improvement on the existing welfare system and that it should therefore be adopted as a major priority of federal and provincial government welfare policies. The Party recognizes that existing welfare programmes, which have been stacked one on top of another for decades with little co-ordination or overall objective, cannot be completely revamped overnight in one easy step. Both the form of the income development programme and the details of administering it will require a great deal of careful planning by the federal and provincial governments. The planning cannot be done in isolation; it must be done in the context of other priorities and of the economic resources of the country.



Although the administrative details will have to be worked out by the federal and provincial governments over an appropriate period of time, certain procedures are essential if the income development programme is to be an effective alternative to the existing welfare system.

(a) Public assistance provided by an Income Development programme should be administered through the tax system. The use of the impersonal income tax-type forms to establish eligibility for and levels of financial assistance would do away with the stigma which is so often associated with the present welfare system.

(b) An important merit of the Income Development Plan is the extent to which it makes possible the consolidation of the jungle of present welfare programmes. The Income Development Plan could integrate many, but perhaps not all, of the other federal income programmes. The Progressive Conservative Party states emphatically that such existing programmes as Family Allowances, Youth Allowances and Family Assistance need not be abolished. However, they could effectively become part of the income development programme. Over a longer period of time, the Unemployment Insurance Plan could be integrated with the income plan, at least to an appreciable extent. During the transitional period, unemployment insurance might continue to operate, with the benefits of that programme being calculated as other income for the purposes of the Income Development Programme.

(c) Although the consolidation of existing welfare arrangements which the Income Development Plan makes possible is one of the most important reasons for supporting the plan, the Progressive Conservative Party believes that for a variety of reasons the present Old Age Security and the Guaranteed Income Supplement should be maintained, with significant modifications, rather than integrated into a general income development plan. In the first place, with elderly Canadians, the incentive principle is largely irrelevant. Secondly, the need for a high level of public support is very important, old age security is a crucial part of the financial planning for retirement of a vast majority of Canadians. Indeed an extremely high proportion of expenditures under these programmes (90 per cent) go to persons below or near the poverty line. They are, therefore, relatively effective as



anti-poverty weapons and as such should be maintained.

Despite the fact that the existing Old Age Security and Guaranteed Income Supplement plans have been relatively effective anti-poverty devices, they are still inadequate to meet the financial needs of many elderly Canadians. It must not be forgotten that over one-half of Canadians 65 years of age and over now live below the poverty line. More than half a million Canadians - over 30 per cent of the country's elderly population - must attempt to exist solely on the income of \$135 provided by the Guaranteed Income Supplement. They must watch helplessly as inflation steadily shrinks even that sum, while the Trudeau government imposes an annual 2 per cent ceiling on the cost-of-living adjustment of the programme at a time when the cost of living actually has risen and continues to rise considerably more than 2 per cent each year. The government has compounded the frustration of the elderly of Canada by now removing the 2 per cent cost-of-living adjustment which had been also a feature of the basic Old Age Security pension.

The Progressive Conservative Party has consistently and strenuously urged that the elderly in Canada be provided with an adequate standard of living. In the general election of 1965, and again in 1968, proposals for the care of the aged were major planks in the Party's programme. It continues to be one of its major concerns.

In particular, the Party strongly advocates that:

- (i) the 2 per cent ceiling on the cost-of-living adjustment on the Guaranteed Income Supplement be removed and that full adjustment be substituted;
- (ii) the cost of living escalator formula abolished by the Trudeau government for those receiving the basic Old Age Security pension be reinstated.

(The Old Age pension is at present frozen at \$80.00 a month for over 700,000 elderly Canadians.)

- (iii) when a wife or husband reaches 65, the spouse be deemed eligible for Old Age Security and Guaranteed Income benefits if he



or she is unemployed. Such a provision is necessary to assist many couples who must attempt to exist solely upon the husband's Old Age Security - Guaranteed Income Supplement during those years after the husband reaches 65 but prior to the time the wife becomes eligible for assistance from these programmes.

#### 5. The Cost of the Income Development Plan

(a) As emphasized elsewhere in this paper, the Progressive Conservative Party proposes an income development plan as a reasonable and desirable objective for Canada in the fight against poverty. The cost of an Income Development Plan would depend upon the exact rate structures adopted, after consultations with the provinces. The cost of the plan would depend, too, on the exact number of Canadians in need of public assistance.

In any event, it is not suggested that the income development plan should be stacked upon present welfare programmes; the plan envisions the incorporation of several existing welfare programmes which would provide funds to meet a significant proportion of the cost of the proposed plan.

We recognize that the income development programme must be related very closely to the resources of the country; the exact programme which Canada adopts must be subject to the ability of the country to finance it. For this reason, it might well be advisable to implement the income development plan in stages. Serious consideration might be given to introducing an income development programme for families and unemployable individuals only; and later it might be extended to apply to all needy Canadians. In the meantime, single Canadians in need should be helped by existing assistance programmes, or, particularly for young people, by improved educational and manpower opportunity programmes.

#### 6. Complementary Programmes

Although the Income Development Plan would be an important first step in eliminating poverty in Canada, one which involves a whole new approach to welfare by focusing attention directly on poverty, it will unfortunately not eradicate poverty completely. The plan does not raise everyone above the poverty line, nor could it do so without doing away with other essential features,



namely, the encouragement of initiative and the prevention of leakage of funds to the non-poor. What the plan does do is establish a national income floor below which no Canadian would have to live and upon which governments and private individuals and groups can build whatever other programmes seem appropriate to the particular circumstances of the poor in different parts of the country. The Income Development programme must also be accompanied by greatly expanded employment and training opportunities, as outlined in detail in a special paper of the Progressive Conservative Party on the World of Work. One of the major objectives of the income development plan of the Progressive Conservative Party is the creation of incentives to the poor to earn; failure to complement the income supplement with job opportunities and retraining programmes would negate the benefits of the reform of the income security system. Such manpower programmes must involve a return to the commitment of previous Canadian governments to full employment; it must involve the removal from present retraining programmes of those restrictions which discriminate against the poor in a variety of ways; and it must involve a much more active role by the Department of Manpower in seeking out job opportunities and in making them known to the poor.





SOCIETY AND THE INDIVIDUAL

Section 5: The World of Work

Toward Full and Satisfying Employment in Canada



This document has been prepared as a background paper for discussion purposes at the Annual Meeting of the Progressive Conservative Party of Canada, December 5-7th, 1971. It supersedes all previous drafts on this topic.)



THE WORLD OF WORK:  
Toward Full and Satisfying Employment

Problem

The Canadian world of work is facing enormous problems. By far the most serious of these is the unpardonable waste of human resources and the tolerance of human misery that are a result of the highest unemployment rate in a decade - a rate which has not been lower than 6 per cent in the past twelve months. If this were the outcome of governmental oversight - a sin of omission - it would be reprehensible enough; that it is, instead, the effect of a conscious, deliberate government policy is a national disgrace. This is a shocking abandonment of the policy supported by all governments and all political parties since 1945 that the first objective of economic policy is a fully employed labour force. To have contributed deliberately to the loss of employment of over 650,000 Canadians in an abortive attempt to curb inflation reveals how devoid of compassion the Liberal Government actually is.

It is not only those put out of work as a result of government economic policy who are in difficulty. Many others have been displaced or live in constant fear of being dismissed at any time by machines or as a result of the increasing consolidation and centralization of Canadian industry. Existing policies to cope with this problem are inadequate, in terms both of notification and of retraining, and there is virtually no thought being given by the present government to the serious long-range consequences of automation.

At the same time, while young people are entering the labour force at a later average age and with a better education than their predecessors, employment opportunities are declining relative to their vast numbers. Graduating from Canadian educational institutions last year were more than 350,000 high school students, more than 20,000 community and technological college students, 8,000 nursing students, and well over 80,000 university and teachers' college students. Many of them were simply unable to find work. Of the 218,000 young people (14 to 24 years of age) who sought employment for the first time last spring, more than 43,000, or nearly 20 per cent, failed to obtain work.

Serious difficulties are being experienced even by those with steady employment. In the first place, many with family responsibilities



find themselves in the category of the "working poor", that is, those who work full time and yet, because of poor wages or heavy family responsibilities, are still unable to provide adequately for themselves and for their dependents. Federal and provincial minimum wage laws mitigate this situation somewhat, but these people continue to be largely overlooked by existing social assistance programmes despite the fact that they are often in as much need as the unemployed who do receive public assistance.

Secondly, while collective bargaining appears to be the best means of achieving a productive, harmonious relationship between labour and management, it can also be a source of friction and economic hardship. We must reduce the frequency of resort to strike or lock-out action; new measures to protect the public interest are required. Last year, a staggering 7.8 million man-days were lost in this country through strikes alone - a 53 per cent increase in two years. Within the federal government itself, employee-management relations have deteriorated to a dangerously low level resulting in widespread discontent within the public service. Negotiations have sometimes dragged on for over a year beyond the expiry of previous contracts.

Thirdly, there continues to be a serious problem of alienation throughout the labour force as a result of frequently monotonous jobs, unsatisfactory working conditions, impersonal industrial processes and bureaucratic structures, and an inability to discern the utility of one's efforts. Repetitious tasks have dehumanized much of the work environment.

Fourthly, for those who must find employment for the first time or move from one job to another, the national placement agency, the Department of Manpower, has many deficiencies. For instance, the Department is not being sufficiently aggressive in ferreting out vacancies for those seeking employment. Federal manpower offices have been finding fewer jobs for Canadians each year since 1966, despite an increase of more than 50 per cent in their expenditures in the same period. And, as the Economic Council has pointed out, there has been a serious lack of co-ordination between federal and provincial manpower departments. Furthermore, the training and retraining policies of the Canadian government are inadequate; for example, particular courses are often inappropriate to the requirements of the job market.

### Goals

The Progressive Conservative Party is in a unique position to



approach realistically the problems which have been created by the modern world of work. The frame of reference of Conservative philosophy has never been to oppose change and development; rather, more than other political philosophies, it has maintained an understanding of, and sensitivity to, the disruptions in human relationships brought about by change. Never before have these qualities been so vitally needed in the halls of government.

Consistent with its philosophy, the Progressive Conservative Party believes that it should be a top priority of the Canadian government to promote the availability of rewarding, remunerative and productive employment for all Canadians. In this pursuit, the Party first pledges its firm and continued commitment to the objective of a fully employed labour force. The Party supports the objective of full employment as worthy in itself and, also, because of the over-riding importance of full employment in terms of so many other issues. For example, the problem of displacement caused by automation becomes a much less significant problem in a full employment economy. Full employment would also greatly alleviate many of the problems associated with regional disparities, the working poor, and upgrading and re-training.

In contrast to the belief of the Progressive Conservative Party that full employment must be a prime objective of national economic policy, the Trudeau government has tried to fight inflation by swelling the ranks of the unemployed - a clumsy, archaic and cold-hearted policy which has merely slowed down the economy without halting inflation.

The Progressive Conservative Party recognizes the direct relevance of many other areas of public policy to the world of work. If properly formulated, policies for economic growth, international trade, regional development, agriculture, and science and technology, to mention just a few, are capable of contributing enormously to the objective of full employment. The first objective of a Stanfield government in formulating policies in these and related areas would be to develop increased employment opportunities for Canadians in all parts of the country. In the fields of labour standards and industrial relations, federal jurisdiction is limited to such national undertakings as transportation, communication, banking, the public service, and crown corporations. Even within these limitations, there is much that can be done. The Progressive Conservative Party believes that the continuance and improvement of free collective bargaining is of fundamental importance for the stability of industrial relations in Canada. It therefore supports the continued existence of a strong trade union movement and encourages the expansion of union membership,



while recognizing a need to protect the public interest in particular kinds of industrial conflict. The goal of a Progressive Conservative government would be to ensure the maximum effectiveness of the collective bargaining process through improved procedures within federal jurisdiction, a policy which could serve as a model for the country as a whole.

It would also be a major goal of a Progressive Conservative government to revamp the Department of Manpower of the Canadian government to make it more effective as a national employment service and, in particular, to serve more directly the needs of the working poor.

An additional goal of a Stanfield government would be the creation of job opportunities for the new graduates of Canadian schools and colleges.

### Guidelines

#### 1. Full Employment

The Progressive Conservative Party believes that specific policies designed to achieve full employment in Canada can best be pursued in the context of a comprehensive and long-range industrial strategy for Canada, as outlined in a special section of a policy paper on Economic Growth.

As an immediate objective, policies relating to economic growth, regional development, foreign investment, international trade, science and technology, agriculture, and others, must be related in the most direct way possible to the creation of job opportunities as illustrated below.

##### (a) Economic Policy

The Progressive Conservative Party believes policy is the reduction of the present alarming rate of unemployment and stimulation of the economy by means of a cut in taxes. This is especially important at this time in view of the very serious potential impact which the recent protectionist economic policies of the United States government may very well have on the Canadian economy and in particular on the employment situation. For over a year, the Party has urged the Canadian government to stimulate the economy and encourage initiative by a general income tax reduction of 6 to 8 per cent and by the removal of the 11 per cent tax on building materials. After arguing consistently that tax cuts would be inflationary and could not be



afforded by the federal budget, the Trudeau government has made a complete about-face in the light of the failure of its economic policies. It has promised tax cuts as a part of a billion dollar programme that it claims will promote employment. The Party welcomes these tax cuts but believes them to be inadequate on a number of counts, as outlined in a special policy paper of the Party on Economic Growth, and much too late to be effective in meeting the serious unemployment problem we can expect to have this winter.

Other fiscal and monetary policies must also complement taxation policy to create employment, and special national projects should be considered to create jobs for Canadians. For example, many new jobs could be created by a new roads to resources programme designed to link remote regions of the north to southern growth centres. (This proposal and related proposals appear in a special section on transportation in the policy paper on Economic Growth.)

#### (b) Regional Development

One of the most regrettable consequences of the government's crude anti-inflation policy has been that those regions of the country which were already least developed have suffered the most severe effects. A major obstacle to the creation of job opportunities in these slow-growth areas has been a lack of capital - a problem compounded by the uniform application of tight money policies by the Trudeau government. The Canadian government must play a more effective part in helping to promote the creation and expansion of industry - especially labour-intensive industry - in these areas so as to reduce their relatively higher unemployment rates.

#### (c) Foreign Investment

While the Progressive Conservative Party is greatly concerned about the impact of foreign investment on Canadian independence, it recognizes that many of the slow-growth areas of Canada are particularly dependent upon foreign capital to spark industrial development and to create job opportunities. It therefore proposes that a major consideration in deciding whether to encourage foreign investment in new or established enterprises should be the extent to which it contributes to the creation of job opportunities for Canadians.

#### (d) International Trade

The Progressive Conservative Party recognizes the necessity of



the continental market, as well as of other markets, for Canadian manufacturing industry. Consequently, a national strategy to promote jobs must include both successful access to United States markets for Canadian goods and a diversification of trading patterns so as to reduce excessive dependence on U.S. markets. Unless Canada begins to act aggressively to diversify Canadian trade patterns, and also to develop special areas of trading competence, the country will continue to face escalating rates of unemployment.

Programmes devised to bring about trade diversification must go hand in hand with initiatives to develop a sophisticated and efficient manufacturing structure which can compete with that of other countries. The products of these industries, for both domestic use and for export, must be processed in the most highly refined state so that we in Canada do not in effect export badly needed jobs.

(e) Science and Technology

Canada's unemployment tragedy is not restricted to industrial workers. There is a serious lack of opportunities available for highly trained Canadians in the natural sciences, engineering, the social sciences, and the humanities. This situation is in large part the result of both government and the private sector paying insufficient attention to the use of science and technology to meet the needs and problems of Canadians. A Progressive Conservative government would give special attention to encouraging those scientific activities most clearly related to the creation of employment opportunities.

(f) Agriculture

One of the causes of the current unemployment crisis is the depressed state of the Canadian agricultural industry. As a result, increasing numbers of farmers must desert their farms and seek jobs in urban areas. The Progressive Conservative Party regards agriculture as an important sector of the Canadian economy and proposes to reduce this exodus in a variety of ways. These include easing the restrictions on lending to farmers in order to improve, diversify and expand their operations, an aggressive programme to promote the sale of Canadian agricultural products, and increased financial assistance for agricultural education programmes.

(The proposals outlined in this section are dealt with in more detail in relevant papers of the Progressive Conservative Party on Economic Growth, Regional Development, Canadian Sovereignty and Canadian Identity, International Trade, Science, Technology and Research



and Agriculture.)

## 2. Technological Change

The Progressive Conservative Party believes that Canada must be prepared to accept the challenge which technological change presents to the Canadian world of work. A more flexible and more mobile labour force must be developed which can be trained, retrained, and relocated, if necessary, to meet constantly changing conditions. Although collective bargaining is increasingly concerned with job security, the problem is one of great proportions, and since less than half of the labour force is organized, government must endeavour to cushion the effects of technological change, especially for the weaker segments of the labour force. Policies must be designed to deal with the problems of the obsolescence of many skills and the reduction of employment opportunities for marginal workers in particular. These should take the following forms:

(a) The Progressive Conservative Party believes that management should give adequate notice of all forms of industrial conversion and especially of plans to introduce technological and related change which is likely to displace a significant number of workers. The length of notice should depend upon the size of the plant work force or the number of workers that are likely to be displaced.

(b) In any plant operating within federal jurisdiction threatened with a reduction in operations or an outright, permanent **closing**, the federal government should seek the co-operation of workers and management of such plants and of the provincial and local authorities for the purpose of establishing a committee representing all parties directly concerned to assist both the labour and management affected in finding alternative work.

In addition, cost-sharing and profit-sharing should be studied for their effectiveness in enabling labour and management to co-operate in industrial conversion programmes to their mutual benefit. These arrangements would have the added effect of helping to reduce the sense of alienation so prevalent in the modern world of work.

(c) Placement and counselling services and mobility programmes of the Department of Manpower should be complemented by a full range of retaining and upgrading courses with more emphasis on industry training. (Proposals to reform existing programmes appear elsewhere in this paper.)



(d) There is a serious need for research into manpower forecasting and into the effects of automation on employment trends. The Canadian government should sponsor, or perhaps undertake itself, extensive research into long-term manpower requirements in different fields of employment and an indepth investigation of the current and likely future effects of automation. Such research is essential if government policies in a variety of fields are to provide adequately for the future. The results should also be made available as widely as possible to prospective students and trainees to enable them to have a much better idea than at present of what the employment opportunities in every field are likely to be by the time they begin their careers.

### 3. Industrial Relations

The Progressive Conservative Party reaffirms its confidence in the collective bargaining process as the best means available to achieve the maximum mutual benefit of labour and management and to resolve differences between them. However, the Party believes that many improvements in this process should be made, and in certain circumstances, particularly in order to protect the public interest, alternative means of attaining industrial harmony are required.

(a) Although the strike and lock-out are legitimate economic weapons in most cases, increased efforts should be made to try to settle labour-management disputes without resort to either. There should be wider use of regular negotiations throughout the term of a collective agreement, instead of both sides relying almost exclusively on negotiations after the termination of a contract, as is the norm at present. Not only would this lessen the possibility of strike or lock-out action, but it would also produce better agreements since deliberations could be conducted without the tensions which are often associated with the present practice.

(b) The duration of interrupted service or production caused by work stoppages in some sectors of the economy may endanger the public interest. The protection of life and health and the maintenance of public safety and order must be ensured at all times. The Progressive Conservative Party proposes two kinds of policy to protect the public interest against the disruption of essential services. First, there are certain kinds of employment in which, while collective bargaining is to be encouraged, the right to strike must be denied. In federal jurisdiction, this would include the armed forces and police services. In such cases, binding arbitration should be substituted for the right



to strike. Secondly, the Party endorses the proposal of the Woods Report to establish a Public Interest Disputes Commission. This body would have the dual function of determining special procedures for resolving industrial disputes where the public interest is threatened. If the Commission should be unsuccessful in its efforts, it would report to the government on the situation, and Parliament would thereby have a more comprehensive and informed basis on which to exercise the power it now has to legislate an end to a strike or lock-out.

(c) A complex economy such as Canada's cannot be directed efficiently unless government leaders realize the need to work harmoniously with all major economic interests of the country. Nor can the federal government of Canada realistically expect to achieve stable industrial relations in Canada or to achieve many of its national policies without enlisting the active support and confidence of labour. The Progressive Conservative Party believes that nothing is gained, indeed much is lost, by the type of confrontation which the present Prime Minister has on many occasions provoked with labour by attempting to place unreasonable blame on it for the failure of the government's own policies.

(d) The Progressive Conservative Party firmly supports federal labour standards legislation relating to minimum wages and hours of work and standards of safety as an effective complement to collective bargaining procedures. They have been instrumental in improving the position of low-income workers, especially those who are not organized, and in setting standards for provinces to follow. The Party favours a more regular or automatic review of such standards.

(e) Although the Progressive Conservative Party believes that the great majority of labour unions are run in an efficient and honest manner, it does believe that certain legislative measures concerning their internal operations are required to protect the membership. The Party believes, in particular, that the provision of free, open, democratic elections for union offices at regular intervals, and the right of members to receive audited statements of union finances, constitution and collective agreement, should be guaranteed in law.

(f) The Progressive Conservative Party is concerned about the impact of foreign influence on union operations in Canada. While the Party appreciates the need for international unionism in this era of the international or multi-national corporation, it supports the current efforts of the Canadian Labour Congress to assure autonomous status



and decision-making powers for locals in Canada.

(This issue is dealt with in more detail in a special paper of the Progressive Conservative Party on Canadian Sovereignty and Canadian Identity.)

#### 4. Manpower Programmes

Manpower policies are primarily designed to bring together the personal needs of employers and the skills of employees. For too long, however, these programmes have been oriented primarily toward the former; what is needed is a proper balance so that placement, retraining and relocation programmes will also be a more effective ladder for employed and underemployed Canadians than is now the case. This is particularly important to counteract the steady decline in the demand for semi-skilled work and to ease the lot of the working poor. In particular:

(a) The Department of Manpower must accept the creation of opportunities for the chronic poor as a major goal and change the regulations and procedures which discriminate against them:

(i) Provision for appeal against the decision of local counsellors on the selection of candidates for retraining courses must be made to ensure the fairness of the selection process.

(ii) Under present regulations, the maximum length of upgrading or retraining programmes available to any applicant is 52 weeks. Since even the most intensive manpower programmes are incapable of upgrading a trainee by more than three grades in one year, and many applicants must begin below grade seven, a large number of candidates for occupational training cannot be brought up to the level of education in one year at which most job opportunities become available. This one-year time limit should be removed.

(iii) Another weakness in the existing programme is the requirement that candidates for retraining courses have one year's work experience prior to becoming eligible. This policy discriminates against mothers who wish to return to work, young people who have left school prematurely and such minority groups as Indians, Eskimos and Metis who have often existed outside the official labour force. This restriction should also be eliminated.



(iv) In the last fiscal year, the federal government spent about six million dollars helping 1,800 employers to provide training for 21,000 workers within their companies. This represents only 3.9 per cent of federal spending on training. While there has been some improvement in the past few months, we are still spending much less than most other countries spend for retraining within industry. For example, in the United States, 80 per cent of government expenditures on training is industrial training.

There is a serious need for a greatly expanded training programme within Canadian industry - and the Canadian government should encourage it through various incentives to business, by tax incentives and, in some cases, direct grants.

(b) The Department of Manpower must end its passive practice of waiting for employers and employees to seek its services. It must get out into the community to seek actively job openings, to investigate the untapped pool of poor Canadians who could benefit from further training, and to encourage such people to pursue retraining courses. The poor, in particular, must be made aware that opportunities for real advancement exist, and the Department must provide incentives to participation.

(c) The Progressive Conservative Party emphasizes the close link that must exist between manpower programmes and income security policies. They must be closely related in both their formulation and application if poverty in Canada is to be appreciably diminished.

(The Party has outlined a detailed programme of income development in a special paper on the Reform of the Social Security System.)

(d) Much closer working relations are also needed between local Manpower Centres across Canada and municipal and provincial welfare agencies and their rehabilitation programmes. The Party favours the creation of appropriate formal mechanisms devised to ensure that the manpower programmes and policies of the various levels of government are fully integrated. As the Economic Council of Canada has pointed out in its Eighth Annual Review, such mechanisms are sadly lacking.

(e) Manpower retraining courses themselves need considerable improvement. They must be designed to fit both the needs of employees and the projected manpower requirements of the economy. While special efforts will still be necessary to place retrained workers in secure employment, this new element of planning will reduce the instances,



which are now so frequent, of candidates completing their courses only to find that no job openings are available. The types of training programmes must also be diversified. In particular, as emphasized elsewhere in this paper, more emphasis must be placed on involving the participation of industry in their design and operation.

(f) The Manpower Department must also intensify its efforts to find jobs for the thousands of university and college graduates who enter the labour market for the first time each spring. The failure to employ productively this sector of the labour force results in an enormous waste; both in human and economic terms.

To meet this growing problem effectively, the Canadian government must begin immediately to design long-range manpower and social assistance programmes specifically tailored to the requirements of Canadian youth.

(g) (i) Much more attention must be devoted to the problem of summer employment for students. The Progressive Conservative Party supports the objectives of the Opportunities for Youth programme as an important step towards alleviating the serious summer employment among students. However, the programme has many weaknesses which must be corrected. The failure of the present government to announce the Opportunities for Youth programme until it was too late for many students to take advantage of it robbed the programme of much of its utility. Other students were unable to take full advantage of the programme because of interminable delays in the processing of project applications. In addition, the financial support for the programme has proven to be inadequate to meet the needs involved.

Upon the basis of the unfortunate experience of this year's programme, future summer employment programmes must be greatly improved. They must be formulated well in advance of the end of the regular university year; the appraisal of projects must be speeded up; guidelines for approval must be more clearly defined; and adequate funds must be made available for the programme.

In addition, the criteria used to determine which projects should be supported under the Opportunities for Youth programme must be broadened so that the programme can address itself more effectively than has to the special problems faced by low income and married students. The Opportunities for Youth programme, in its first year of operation, failed almost completely to provide any encouragement or assistance to these two categories of students. By broadening the criteria of the Opportunities for Youth programme, it can more effectively promote



universal accessibility to education opportunities in Canada.

(ii) Along with a much improved Opportunities for Youth programme, the Canadian government should make greater efforts (following the example of the Province of Ontario) to encourage the private sector to hire students in the summer. Moreover, work projects for those hired by the government itself must be better planned. In too many cases, they involve unproductive duties which benefit neither the government nor the student.

(iii) Serious consideration should also be given to the hiring by government of students whose services might be made available to non-profit organizations. There are many voluntary agencies which would provide more effective services to the public with such additional personnel. Moreover, this kind of public service work would provide a satisfying experience to the students involved.

#### 5. Income Maintenance for Canadian Workers

The Progressive Conservative Party has consistently supported Unemployment Insurance as an effective and necessary means of cushioning the blow of unemployment for many thousands of Canadians. The Party, in fact, introduced government unemployment insurance into Canada.

In the face of the current high levels of unemployment which have largely been the result of deliberate government policy, the Progressive Conservative Party has been in the forefront in urging the government to expand and accelerate the benefits of the Unemployment Insurance Plan.

The Party objected to the Unemployment Insurance legislation sponsored by the Trudeau government last year and continues to believe that the legislation should be improved in a variety of ways, including the following:

(a) The Unemployment Insurance Act, as amended, eliminates altogether protection for certain categories of self-employed workers, despite the contention of the government that the changes in the legislation were specifically designed to broaden coverage rather than restrict it.

While there are some administrative difficulties involved in including the self-employed in such an employment insurance programme, the Party strongly feels that these can be surmounted, and indeed must be if the programme is to be an adequate income maintenance plan.



By far the majority of those who are today thought of as self-employed, and whose income is derived from a form of self-employment, but whose self-employment clearly depends on a third person, can be easily incorporated into the act. These are the franchisers, those persons whose businesses depend upon the continuance of a removable and often expensive franchise or license from either the public or the private sector. In this category would be taxi drivers, gas station operators, door to door salesmen, farmers under supply management, and others.

To ensure that an individual will not abuse the Unemployment Insurance Plan by seeking benefits from it after he has voluntarily severed self-employment provisions should be made to determine whether the applicant for unemployment insurance benefits had lost his franchise or had surrendered it (whether he had been laid-off or had quit).

(b) The Party is against those provisions which treat the savings and capital of a self-employed individual as income for the purpose of calculating benefits under the Unemployment Insurance Plan. As with other groups, Unemployment Insurance benefits should be based on the present income of the self-employed, perhaps calculated as an average of previous earnings. No category of worker should be discriminated against under the programme.

(c) The assistance provided to an individual under the Unemployment Insurance Plan is based upon the previous contribution he has made to it. The benefits are equivalent to about two-thirds of one's previous income up to a ceiling of 100 dollars per week. The Party believes that an automatic adjustment tied to average increases in per capita income and the cost of living should be applied to the 100 dollar ceiling. Without such automatic adjustments the benefits of the programme over a period of time will cease to give any appreciable assistance to those hit by the loss of employment.

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SOCIETY AND THE INDIVIDUAL

Section 6: The Environment

A Programme for Pollution  
Control



document has been prepared as a background paper for discussion  
ses at the Annual Meeting of the Progressive Conservative Party  
nada, December 5-7th, 1971. It supersedes all previous drafts  
is topic.)



## THE ENVIRONMENT

### Problem

Canada's natural resources - land, minerals, forests, recreation space, water and clean air - constitute the country's major source of national strength. They not only make it possible for Canadians to enjoy fuller lives, they are the foundation of the country's economic progress.

Canada is blessed with one-quarter of the world's fresh water volume, over one hundred thousand miles of ocean shoreline, one of the world's best concentrations of game, birds and fish, and unsurpassed forest and mineral wealth. However, industrialization, unplanned economic growth, population expansion, technology, urbanization, and a greater degree of affluence and leisure are contributing to the rapid deterioration of these vast resources. In a mindless pursuit of short-term gain, Canadians, and others, are levelling the forests, stripping the mineral resources, eroding the land, polluting the lakes, rivers, and streams, and poisoning the air with noxious gases. The effect on human and animal and plant life of this plundering of the environment is fast reaching crisis proportions.

Pollution of Canadian waters by sewage from municipal sewers, by industrial wastes, by pesticides and certain chemical fertilizers and by commercial vessels and pleasure craft has wiped out fishing in various areas of the country and has virtually destroyed their attraction for tourists. In addition, water pollution has become in Canada a cause of typhoid, virus infections, intestinal disorders, and other human diseases.

Pollution of the air, principally by industry and motor vehicles, is increasing all over Canada at a dangerous rate, with damaging effects on human health, animal and vegetable life and on all aspects of the environment. For example, a direct link has been established between air pollution in several major Canadian urban centres and the frequency of lung cancer, emphysema, chronic bronchitis and asthma.



The disposal of solid wastes and the unrestricted use of some chemical fertilizers, pesticides and herbicides by the agricultural industry are causing widespread contamination of one of Canada's most valuable natural resources, the soil. The detrimental impact which pollution of Canadian soil is having on farm production and, increasingly, on human health is practically immeasurable.

Moreover, the unrestricted and unplanned growth of many urban centres in Canada is causing pollution problems such as excessive noise and overcrowding which are taking a heavy toll of human health and are making the enjoyment of work and leisure in these areas virtually impossible.

### Goals

Despite the existence of a wide range of federal, provincial and municipal laws regulating pollution in Canada, very little is actually being done in an effective way to preserve the environment against further deterioration and to reverse the serious damage which has already been done to it. The laws which do exist have not been vigorously enforced; penalties for violations have been appallingly inadequate; the legislation of the several levels of government relating to pollution control have been confused and uncoordinated, and have frequently operated at cross purposes; and much too little money has been spent by both government and the private sector in researching the causes and effects of pollution and in developing practical methods of pollution controls.

The Progressive Conservative Party strongly believes that Canada is in very urgent need of a fully-coordinated, unrelenting nation-wide attack on pollution to arrest and reverse the serious harm that is being done daily to the environment and to the quality of life in this country. The reckless exploitation and wanton destruction of Canadian natural resources cannot be allowed to continue. Such a programme must involve all Canadians and all levels of government. It



must deal firmly and fairly with foreign developers. It must involve new and much tougher laws and regulations. And, most important, it must involve fresh recognition of the disastrous consequences of unregulated economic expansion and of the need for all Canadians to bear some part of the enormous but necessary and worthwhile burden and cost of preserving the environment.

#### Guidelines

##### 1. A Bill of Environmental Rights

The Progressive Conservative Party believes strongly that all Canadians have a right to live in a clean and healthy environment and that this right should be legally recognized. At present, the environmental and pollution legislation of the federal, provincial and municipal governments is often negative and uncoordinated. What is required is legal recognition of the individual and collective rights of Canadians in all parts of Canada to live in an environment which is protected against pollution in all its forms. Such a Bill of Environmental Rights could take the form of a new environmental quality act which would override all existing legislation of the federal government, an amendment to the present Bill of Rights, or an amendment to the British North America Act.

It would be a very high priority of a Progressive Conservative government to establish an Environmental Bill of Rights and to undertake close consultations with the provinces to make its provisions applicable across Canada.

##### 2. The Environment, the Constitution and Intergovernmental Co-operation.

1) Constitutional jurisdiction over the control of pollution and the protection of the environment is at present shared by



federal and provincial governments, a situation which makes the establishment and enforcement of comprehensive and effective national environmental standards very difficult. The Progressive Conservative Party believes that all of Canada would benefit greatly if the federal government were to have the power, to a greater extent than it now has, to set national standards of environmental quality and to enforce them more effectively. While the Party favours a greater degree of decentralization of constitutional authority in a number of specific areas of public policy, it believes that the Canadian government should actively explore with the provinces the possibility and desirability of a transferral of some constitutional power relating to the environment from the provinces to the federal government in order to enable the development of a stronger national approach to combatting and controlling pollution.

b) In any event, there should be the greatest possible extent of cooperation and consultation between the various levels of government on environmental matters. For example, much greater use should be made of the research and resource capacity of the federal government to serve and assist the provinces and the municipalities to establish and implement programmes of pollution control.

While co-operation between the several levels of government on environmental matters is important, there will be little progress unless there exists thoroughly co-ordinated policy-making at the level of the regional community. Local or regional governments must be genuinely involved and have a primary role to play in preserving the environment; indeed, it is at this level that citizen participation can be most effectively achieved.

Related to this point, it must be recognized that pollution control is an essential and inseparable part of community planning, community building and community government. For this reason, the municipalities must not be excluded from an active role in any national programme of pollution



control. In a variety of specific ways, as outlined in the remaining sections of this policy paper, they should receive the fullest support of the Canadian government so that they may be drawn into intimate and effective co-operation instead of being treated as non-essential or secondary participants.

### 3. Government Structures

(a) The first requirement of an effective national programme of pollution control is complete and accurate information about the extent of the present deterioration of the environment in all parts of Canada. In addition, a comprehensive inventory of the natural resources of Canada is required, and quality standards for each major resource should be established.

The National Research Council of Canada has been doing valuable work in this area. However, what is needed now is a major on-going action force, staffed by the best scientific advice available from a wide variety of disciplines, and supported by adequate funds and supporting personnel, to begin a long-term programme designed to study and monitor the environment and to undertake analysis of technical environmental problems with a view to assisting authorities of the several levels of government to arrive at proper standards and methods of pollution control. Much of the work of such an action force could perhaps best be undertaken in problem-oriented, multi-disciplinary centres set up on a number of areas of the country, with, in some cases, close affiliation with universities.

Associated with the action force should be an Environmental Council of Canada similar in composition and purpose to the Science Council of Canada, to advise the Canadian government and Parliament and the Canadian public about particular environmental matters and to recommend on a continuing basis both specific short term and long term measures for pollution abatement. The Council should be composed of



private citizens and members of groups outside of government, and might involve citizens' anti-pollution groups, the universities, industry, labour, and conservation bodies.

On the recommendation of the Council, special crown corporations designed to undertake pilot projects and to deal with specific pollution problems in various parts of the country could be established. Such corporations, which would be financed by the Canadian government, should have a limited, specified life span, and should seek to involve representatives of a wide range of scientific disciplines and expert advice, with a minimum of government control and direction.

(b) To bring about a much greater degree of coordination of the various pollution control programmes of the federal, the provincial, and municipal levels of government, the Progressive Conservative Party proposes that the Canadian Council of Resource Ministers be strengthened and that its scope and interests be broadened. The Council should meet on a more regular basis, and the funds and supporting staff of the Council should be greatly increased.

#### 4. Information

Existing information and data relating to the environment and resources in Canada are scattered throughout many government departments, agencies, research establishments and universities. For the most part, they are fragmentary and incomplete and not readily available or easily interpreted. Information about atmospheric extremes and patterns, the chemical, physical and biological characteristics of Canadian waters, air and soil, and known solutions to environmental problems and research being undertaken in Canada and throughout the world, is urgently required if environmental dangers are to be assessed and dealt with properly by all levels of government. The Canadian government has a valuable role to play in this area. It should establish immediately, in close cooperation with the other levels of government and with



industry and the universities, a nationally coordinated environmental data bank as part of the proposed Environmental Council or associated with the Department of the Environment.

#### 5. Inspection Teams

One of the major practical deterrents to effective pollution control in Canada is the lack of properly trained and informed inspection teams, particularly at the local level. Municipal sewage systems are spilling their refuse into rivers, streams and oceans, and water pollution from industrial and human wastes is widespread. Yet the dearth of trained inspecting officers in health units across Canada is preventing the quick and accurate detection of the incidence and sources of pollution. The Canadian government should initiate a major manpower training programme to ensure that Canadians are equipped and trained to undertake effective detection of environmental problems. The cost of special courses for pollution control officers of local agencies should be underwritten, and, in close consultation with provincial authorities, their salaries for the first year should be paid under the programme.

#### 6. Water Pollution

Fresh water is a key resource for Canadian development. Effective schemes devised to set and enforce water pollution standards and to ensure adequate supplies of fresh water to meet present and future Canadian needs are, therefore, essential.

(a) A Canadian Water Code establishing national water quality criteria and standards should be enacted in partnership with the provinces. The Canada Water Act, which permits the pollution of Canadian waters by industry upon payment of fees, should be amended to eliminate, or at least to restrict severely, such provision.

All new industries should be required to meet specific waste emission standards. Improved tax incentives, low interest



loan funds, and special tariff exemptions should be introduced to assist industry to invest in pollution control equipment. Failure of industries to meet set standards should result in substantial fines, which would increase at a progressive rate if corrective measures were not taken within a specified period. Plants failing to meet standards after an additional period should be closed, with special government compensation for workers disadvantaged by closures.

(b) The Canada Water Act passed by Parliament last year contemplates the complete elimination by 1972 of phosphates in detergents, a principal cause of the excessive growth of algae and other vegetation which accelerate the aging of Canadian lakes and reservoirs. However, the Canadian government has done practically nothing to bring about a reduction of phosphorous discharged into Canadian waters by municipal and industrial wastes. Much more money needs to be spent on the establishment of more and better waste treatment systems. Only eight of the 19 major cities now have full treatment of their sewage and other waste water; three have no treatment of their wastes at all; and eight have only partial treatment.

The special fund of the Canadian government, set up in 1961 by the previous Progressive Conservative government to assist in the construction of municipal sewage treatment plants, should be replenished and its application extended to include phosphate removal in all cases where the need is indicated.

(c) Canadian water should not be sold before a complete inventory is made of present and future Canadian needs; and it should then be sold on a fixed term basis and only in the most utilized state possible so as not to export much needed Canadian jobs to other countries. Exports of Canadian water should in all cases require the prior approval of the Canadian people through their representatives in parliament.

#### Air Pollution

The Clean Air Act passed by Parliament in June of 1971 is inadequate for the purpose of establishing and enforcing air quality standards. The Act should be substantially



amended to make it more effective and to broaden its scope - for example, to permit legal actions against polluters by private citizens. Emission standards and penalties for failure to meet such standards should be complemented by intensive efforts to improve systems of monitoring air pollution and to develop exhaust control devices, pollution-free vehicles, pollution-free power and, to the greatest extent possible, pollution-free fuels.

Industry is not the only contributor to air pollution; the Canadian government itself is, in fact, a major polluter of the air. The government of Canada should set an example to the private sector by modifying public building facilities so as to meet specified standards. It should be a requirement that every new public building comply with specified standards of pollution control. Facilities which are not able to meet acceptable standards should be phased out of operation.

#### 8. Land Use

Land is one of the most precious natural resources of Canada. Yet long range and systematic planning designed to preserve Canada's best land is virtually non-existent. As a result, land that could better be used for such purposes as agricultural development and recreation is being devoured by industrial complexes, highway networks, housing construction, and similar developments which, with better planning of land use, might well be directed towards marginally-productive land areas.

A national plan to reserve and enhance the environment should ensure that, to a much greater extent than is the case at present, the national parks, wildlife reserves and wilderness areas are protected and allowed to grow as a counter-balance to urban life; that space is set aside for urban expansion, but that arrangements are made for adjacent recreation areas accessible to urban citizens; that the best farm land is protected in perpetuity; that destruction of forest areas is forbidden; that mineral resources are identified and developed at the appropriate time; that historic



sites are identified and preserved; that future sites of power stations, towns, airports and harbours are set aside in relation to national and regional needs; and that residential areas are removed from concentrations of heavy industry.

Consideration should be given to the establishment by the Canadian government of a Land Use Bureau which would undertake research into, and provide information and advice to both private citizens and governments about land use and land development.

In addition, there is a need to learn much more about the effects of the application of pesticides, fertilizers, and chemical soil treatments of many sorts on the soil, on crops, on drainage, and on the potential injury to humans and to wildlife. Restrictions on their use should be introduced if and as new knowledge about them indicates their harmful effects.

#### 9. Noise Abatement

Noise is a major contributor to the rapid deterioration of the quality of life in Canada, particularly in urban centres. Noise from commercial aircraft, from motor vehicles, from construction work, and from a great variety of other sources is not only making any degree of peaceful living practically impossible, but medical research has also indicated that noise is often a principal cause of hearing impairment, chronic fatigue, increased blood pressure, and decreased working and mental efficiency.

The Canadian government has constitutional jurisdiction over many of the sources of noise pollution, including transportation and industry and commerce. It therefore has a legitimate role to play in noise abatement.

The Canadian government should set up national noise abatement standards for airplanes, motor vehicles, and other sources of noise within its jurisdiction. Standards should be enforced with strict penalties. Products which are unable to meet reasonable noise abatement standards should not be allowed to be sold or operated.



## 10. Oil and the Environment

Drilling for oil in the Arctic regions and elsewhere, as well as the transportation of oil by pipeline and by sea, constitutes a major hazard to Canadian ecology and indeed to the ecology of the world. The wreck of a supertanker, for example, is capable of doing permanent harm to vast areas of Canadian shorelines, destroying forever valuable fishing grounds, beaches, wildlife and recreation areas.

Existing laws and regulations are simply inadequate to prevent such tragedies, and much too little information is known about effective methods of mitigating the effects of oil pollution disasters when they do occur.

(a) A Stanfield government would require that drilling for oil and the transportation of oil through or across Canadian lands and seas be undertaken only after prior approval by a broadly based pollution control authority set up to ensure that no danger to the ecology is caused. The same authority would also be responsible for supervising every stage of such operations.

(b) Contingency plans for oil or other spills from ships travelling in Canadian waters must be set out in more specific terms than is now the case. Small but highly trained mobile crews should be equipped and ready to deal immediately with the actual or imminent spill into Canadian waters of hazardous substances. The Interim Federal Contingency Plan for combating oil and toxic material spills, prepared in 1970, is inadequate to meet current dangers, and must be brought up to date immediately. More specific authority must be given to designated officers and this can now be done by regulation under the Canada Shipping Act amendments of 1971. More specific information on emergency operations dealing with different types of spill must be provided in written form, and made available to the public as well as to government employees.

(c) A Progressive Conservative government will give high priority to the establishment of immediate, direct and specific regulations to prevent collisions involving tankers carrying



oil adjacent to the Canadian west coast, and will provide the necessary ships, equipment and personnel for that purpose.

(d) Regulations relating to all shipping in Canadian waters which constitutes a hazard from oil or noxious substances will be promulgated swiftly under the Canada Shipping Act.

(e) A Progressive Conservative government will move with all possible speed to implement the recommendations of the Royal Commission set up to report on the Arrow oil spill at Chedabucto Bay, particularly those relating to navigational systems, emergency equipment on oil tankers and the powers Canadian authorities to prevent any threatened escape of oil or other noxious substance.

(f) A Stanfield government would also vigorously pursue a very early agreement with other countries on standards of oil transport on the high seas and on other environmental problems of common concern. Canada should undertake extensive preparations for the discussion of this special problem at the Stockholm conference on pollution which is to be held in 1972. Consideration should also be given to the convening by Canada, in Canada, of an international conference of maritime nations and shipping concerns to discuss and agree upon methods of pollution control in international waters, as well as possible means and avenues of cooperation in pollution abatement operations.

#### 11. Reclamation and Recycling of Waste Material

Much can be done to alleviate the present rapid rate of destruction of Canadian waters, air and soil by the introduction of forceful laws and regulations and also by a real effort on the part of all Canadians to use the natural resources of the country wisely. However, the preservation and enhancement of the environment and of the quality of life of Canada will not be maximized unless new and more effective methods to reclaim and re-use much of what is presently being discharged as waste into the environment are developed and employed.

(a) Some progress is already being made in this regard in Canada and in other countries. For example, some municipalities



are experimenting with methods of profitably separating and reclaiming municipal garbage for industrial use. Such experiments should be encouraged by the Canadian government with funds for specific pilot projects. Moreover, much more money needs to be spent on research into the whole area of waste re-use and reclamation. Japan and China have made tremendous progress, much more than have Canada and the United States and other western countries, in making use of both technological and human wastes. Canada could gain much by a programme of cooperation in this matter between Canadian scientists and those of Japan and China and other countries. Such cooperation should be actively encouraged.

(b) Moreover, much more needs to be done to ensure that known methods of re-using waste material are actually put into use.

The Canadian government should require that as soon as possible all packaging of consumer products of the type which is ordinarily disposed of as waste have incorporated in its design or marketing either an inexpensive pollution-free means of disposal or a programme of recycling. Provisions relating to this matter might take the form of amendments to the existing Weights and Measures Act.

## 12. Growth

Programmes and policies devised to abate pollution will only be successful in preserving the environment if they are accompanied by a genuine realization by all Canadians that unplanned and unregulated economic growth cannot be allowed to continue in Canada. We Canadians have too often been willing to tolerate the destruction of our environment as the price for short-term economic gain. In future, a proper balance must be sought between the need to preserve Canada's natural resources and quality of life, on the one hand, and the legitimate desire of Canadians to pursue economic goals, on the other. The greatest care must be taken that, in seeking to become an affluent society, Canada does not become an effluent society as well. The achievement of such a balance will require the most thoughtful planning and attention by both government



and the private sector.

### 13. The Conservative Party's Commitment to Conservation

As a Conservative Party, the Progressive Conservative Party realizes the special obligations it has to the people of Canada and to itself to champion the cause of conserving the environment against governments, private citizens and commercial interests who would abuse it. Environmental quality was a major theme of the Conservative Party and its Leader in the election of 1968 and continues to be one of its principal concerns. The Conservative Party reaffirms its commitment to provide vigorous leadership on all environmental matters if elected to power. The conflicting information and opinions emanating from a number of Cabinet Ministers in the present government make it only too clear that Canada now lacks an overall environment policy and the leadership which is so seriously needed in this most important area of public policy.

A fully co-ordinated attack on pollution will come about only when the Canadian government and its leaders bring to the problem the willingness to work patiently and closely with the provinces and with the Canadian people, as well as the determination to pursue vigorously every possible means of protecting the environment for the use and enjoyment of present and future generations of Canadians.

The Conservative Party pledges to provide that leadership.

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SOCIETY AND THE INDIVIDUAL

Section 7 - The Role of Women in  
Canadian Society



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top .)



## THE ROLE OF WOMEN IN CANADIAN SOCIETY

### PROBLEM:

The report of the Royal Commission on the Status of Women in Canada was tabled in the House of Commons on September 28, 1970. Since that time many Canadians have had an opportunity to read and digest these recommendations. This Report clearly documents and highlights the obvious fact that equality for Canadian women is a myth.

We in the Progressive Conservative Party recognize this deplorable fact and also realize that we have a responsibility to ensure that this situation is corrected.

We commend the Royal Commission both for the comprehensiveness of its study of the problem and for the intelligence of its assessment. We endorse many of its proposals and believe that their implementation should be the long-term goal of any Canadian government.

But with minor exceptions, the present government has not acted to correct existing inequalities, nor has it made any further commitments in this area.

No commitments have been made by the Trudeau government to implement any part or parts of the Report. This is a Report which was prepared for the government by a Royal Commission. The government's referral of this important Royal Commission Report to a partisan political committee rather than a parliamentary committee and/or a cabinet committee represents yet one more example of wasteful neglect of extremely valuable preliminary reports prepared by recognized experts at considerable expense to Canadian tax-payers. Furthermore, the government's continued failure to implement virtually any of the many excellent recommendations proposed in the report makes a mockery of the careful research and thoughtful efforts of the Royal Commission.

Lack of interest and delay in righting injustices towards Canadian women can no longer be tolerated. Government hints concerning possible future action will no longer suffice. Commitments are needed now -- clear-cut and definite undertakings of



the kind a Stanfield government will be prepared to make and fulfill.

The position of the Progressive Conservative Party on the status of women in Canada is twofold: first, that it recognizes the principle of full equality for women, and second, that it accepts the principle that each woman must have the right to decide on her own role in life: housewife, mother, worker, or a combination of the three. We believe that each woman should be free to make her choice and then be encouraged to develop her talents in this direction.

The Royal Commission's statement on this is very clear. 'Subject to our conviction that married women should be free to decide whether or not to enter the labour force, we believe that the opportunity of fully using their skills and abilities in the labour force is actually important to women themselves.' (Report, p. 99.)

Many women today do choose to remain in their homes and we recognize the absolutely vital contribution which they make as homemakers, as mothers and in many other ways; including a very significant contribution as workers in volunteer organizations.

Many women accept heavy responsibilities and gain valuable administrative experience through volunteer work, and it would be hard to over-estimate the value of their activities to those who live in their communities. Society still needs many women who are willing to make contributions of these kinds.

However, for a variety of reasons, many women have chosen to enter the labour force. Some have done so because of a need to support, or to help to support, their families. The number of women who are heads of families below the poverty level has been steadily increasing since the Second World War. Other women have done so, especially when children are older, because of a need to develop as individual personalities. Still others have done so simply in order to have a career. Today, Canadian women make up one third of the labour force and fill, as well, many essential but non-paying jobs. All indications show that the



the trend of having an increasing proportion of women in the labour force is irreversible. Various social, financial and academic factors are forcing both single and married women into the labour force.

A Statistics Canada educational survey shows that 23,180 women graduated with a B.A. and/or a first professional degree in the academic year 1969-70, compared to 20,491 women during the previous year 1968-69. The participation rate of Canadian women in the labour force during the past 10 years has shown a steady increase. Statistics show that a participation rate of 36.9% in August of 1971 compared to 28.3% in January of 1969. Even though a marked increase is apparent, however, the participation rate of Canadian women is far less than that of women in other industrialized and advanced countries. For example in June of 1962 the participation rate of women in the U.K. was 40.1% while in June of 1963 the United States rate was 37.8%.

Our society invests heavily in the education of its women, and in the long-run our economy needs their skills. Our economy suffers if, in the long run, trained women are not used to their full potential.

No Canadian government should discourage, or can afford to discourage, those women who wish to be members of the labour force by engaging in, or condoning, discriminatory practices.

Now, therefore, is the time for both government and business to recognize this well established but still developing trend and to ensure that it becomes a pattern which is marked by fair practices.

We believe that women have the right to make the decision to work outside their homes or at home. However, we realize that this right will be meaningless until those who seek employment can be sure of encountering equal opportunity for training, jobs and promotions. A Stanfield government would commit itself to the correction of this discriminatory problem.

Because of the scope of the Report and the comprehensiveness of its recommendations, it appears necessary in the short run to select from among them certain recommendations which especially



deserve priority in the formation of the policies of the Progressive Conservative Party. These recommendations, along with others which emanate from within the Party itself and which will be outlined in this paper, will, if implemented, constitute just a beginning, though a significant beginning, to the process of opening the doors to equal treatment for the women of Canada.

A Stanfield government will be prepared to implement such recommendations for the equality of opportunity for Canadian women and furthermore to encourage other levels of government and private business to take similar action.

#### GUIDELINES:

##### SECTION I:

1. We believe that the government of Canada must take the lead in ensuring that there is equal treatment for women.

To ensure such equality of treatment for employees of the government, and thereby to provide a powerful example to other employers across Canada, a Progressive Conservative government will adopt and implement the following policies:

- a) In the civil service and government agencies:
  - i. A commitment to equal employment opportunities for women. This would not only permit qualified women already trained to make greater use of their skills and abilities; it would ultimately give encouragement to other women to join the work force and become better trained.
  - ii. A commitment to provide equal opportunities for advancement for women, and to recognize that more attention should be given to ensuring that job responsibilities are in keeping with their skills and training.



While initially this may require seeking out qualified women for appointments, it is essential, for the achievement of this goal and for the removal of barriers which exist at present, that women be made members of all levels of management.

- iii. A Progressive Conservative government would show its genuine belief in the importance of women's contributions to society by appointing women to boards and agencies which fall within the federal jurisdiction.
  - iv. A commitment in the Fair Employment Practices Act to provide protection for women from dismissal during pregnancy, as well as a maternity leave. A suitable maternity leave, in our view, consists of a leave of absence at any time during a period of six weeks immediately preceeding the date at which delivery is expected and until the date of actual delivery, and also an arrangement which encourages the employee not to return to her work for at least six weeks after the delivery, unless her doctor gives permission for her to do so.
  - v. A commitment to making available day care facilities for both single and married female employees of the government, and government agencies (on a contributory basis). (See Section 2, p. 15.)
- b) In the field of taxation:
- i) The recent proposals of the Trudeau government for the relief of the working mother are far from adequate. They favour the affluent and are of very little benefit to the lower income group. What woman working for a minimum wage can afford to spend \$500 a year on the day care of each of her children? Such a woman will do the very best she can for her children by employing occasional baby sitters, by seeking unpaid assistance from relatives in caring for her children, or by taking the children to day care centres. But



many of the child care duties (laundry, mending, cooking, packing lunches) will fall squarely on her own shoulders at the end of a tiring day. In effect, she will be doing two jobs -- only one of which pays a cash wage. Yet Mr. Benson would not accept for purposes of deduction a receipt for her own labour.

To right this new wrong and also to right the old one of not allowing most of the working women who were employers of sitters to deduct their wage bills, a Progressive Conservative government will amend the Income Tax Act to allow each working mother, whether or not she is the sole support of her children, to deduct \$500 per child per year for child care without receipts for this care. Such a government will also extend this provision to cover children up to and including 16-year-olds, rather than the present age of fourteen years.

It is also recommended that the above tax proposals be further developed to consider the new definitions of legal dependents so far as working women are concerned. In regards to female heads of family, it is necessary to re-consider the model of a male bread-winning society which makes male pensions often heritable, but a woman's not, no matter how many dependents she may have. The same also applies to insurance benefits which insure women's lives for a fraction of that of a male counterpart.

c. In Health:

The Party recognizes the increasing problems faced by both married and single women who for various reasons, financial, emotional or physical want or need an abortion. Arguments from both sides have been presented, one defending the unborn child, the other insisting on the right of the mother to have complete control over her body.

In 1968, an amendment to the abortion clauses (Section 237) of the Criminal Code enabled doctors to perform



therapeutic abortions under certain cumbersome conditions.

But for most women, especially the poor, or the very young, those living in small communities or served by hospitals which refuse to perform abortions, the amendment is ineffective and archaic.

A Stanfield government would place this important issue before the House, allow time for meaningful debate and finally, guarantee a free vote by the House of Commons.

In order to provide guidance to the Progressive Conservative Members of Parliament, delegates to the annual meeting will be asked to indicate their personal views on this subject.

Our choice will be among three possible policies:

1. That represented by the present legislation which requires that requests for abortion be approved by a hospital committee of 3 medical people on grounds of danger to the life or health of the mother.
2. A proposal that the decision for abortion be made by a patient and a qualified medical practitioner within the first 20 weeks of pregnancy (this is what was proposed by the Canadian Medical Association on June 28th, 1971).
3. That abortion be available to any woman on her sole request within the first 12 weeks of pregnancy. (This is a proposal of the Royal Commission Report, p. 286).

It is further recommended that birth control and family planning information be made available to the public free of charge and that financial assistance be given for the training of family planning counsellors.

d) In The Public Service:

- i. A commitment to the appointment of more women to the



Senate and to the abolition of financial qualifications for membership in the Senate.

- ii. A commitment to the appointment of more women to the bench and to government boards, agencies, and corporations.

e) Pensions:

Amend the Canada Pension Plan and recommend amendment to the Quebec Pension Plan to allow for the participation of spouses who remain at home in the Plans by crediting the spouse with a portion of the contribution of the employed spouse made during the marriage and prior to any separation and/or divorce. This credited portion would follow the wife and thus provide protection for her which at present does not exist. As well, a male spouse could receive benefits from his female spouse's contributions. Under the present plan a wife will receive a pension on her husband's death if he has contributed, but a husband cannot receive a pension for his wife's contributions.

- f) Amend the Divorce Act to reduce the present three-year separation period as a ground for divorce to one year. It is recognized that once a marriage breakdown has occurred and separation has continued for a year there is often little prospect of a reconciliation.

As well, amend the Divorce Act to reduce the five-year separation period required before a deserter can commence an action for divorce on the ground of separation to three.

SECTION II:

In many areas, the corrective action required can only be achieved through close co-operation between the federal and pro-



vincial governments. It will in many instances be mandatory or more appropriate for the provincial governments to take the lead. We recognize these limitations on the jurisdiction of the federal government and the need for the fullest consultation and co-operation with the provinces.

A Stanfield government will plan a federal - provincial conference to work toward uniformity of approach toward the whole area of equal rights and opportunities for women.

As well, a continuing co-ordinating body of representatives of the federal and provincial governments will be set up to carry on the work of the conference.

With the aim of utilizing manpower more effectively co-operative programs should be considered to assist those women, who are interested in entering or re-entering the work force, to do so.

One of the more serious problems encountered by both married and single women wishing or needing to re-enter the labour force is the difficulty of finding adequate baby-sitting facilities for their children. With this fact in mind, a priority in co-operation would be the establishment of more, smaller and better supervised day-care centres. These day care centres could be financed on a cost-sharing basis available to all provinces. Consideration will also be given to federal assistance for the training of qualified workers for these centres.

### SECTION III:

#### 3. Administration:

- i. A Progressive Conservative government will establish a federal Council on the Status of Women, which will be directly responsible to Parliament for the implementation of these reforms. Employees of such a Council will also serve as research consultants and advisors to the federal government and undertake reviews of both federal and provincial legislation in relation to the status of women.



- ii. All provinces which do not have women's bureaus will be encouraged to establish them. These bureaus should be responsible for counselling women who are thinking of entering or returning to the labour force, for guiding female students into a wider range of careers, and for enforcing the equalizing legislation already enacted in each province.

#### SECTION IV:

##### 4. Training:

- i. Married women seeking to return to the labour force after an absence of a number of years frequently find that their skills and experience are outdated. In light of Canada's long-run need for skilled workers, we believe that provisions should be made for their guidance and retraining. An amendment will be made to the federal Adult Occupational Training Act so that full-time household responsibility will be equivalent to participation in the labour force insofar as eligibility under the Act is concerned.
- ii. Many of the present adult training programs ignore the needs of the rural woman. The farm of the seventies has become a large and complex operation. These changes have resulted in a new set of duties for the rural wife. The Progressive Conservative government, through its various programs, such as those of the Department of Regional Economic Development, will endeavour to provide assistance to them. Such assistance may come, for example, in the form of correspondence courses, training her for her new role in the agricultural business, such as, courses in accounting, taxation and economics.

#### CONCLUSION:

In this paper it has been recognized that for some period of time compensatory provisions for women subject to discrimination will be required to narrow the gap in opportunities for those involved.



These will be only transitional measures and must be regarded as such. The long-run goal is equal treatment for women, not special privilege for them.

We have been outlining legislative action that a Progressive Conservative government will take. However, there are limitations to such action. While government action can result in changes which, in time, can help to reshape attitudes, a government cannot in any direct way legislate immediate change in attitudes. This must come from the people of Canada.

Members of the Progressive Conservative Party, like other Canadians, must recognize their individual responsibility and seek to change their own attitudes toward women and their role within the Party. Sex-typing of work within the Party organization must cease, just as it must in the work world.

Canadian society can benefit from having more women legislators and more women actively participating in every facet of public life. The Progressive Conservative Party must welcome women who want to run as candidates and must actively encourage them to do so.

The Party itself must fully recognize women before more women will be elected to government. The Party must demonstrate its recognition of this by nominating women to its policy and organization committees and its executive, not simply as a token but because of the contribution they can make. The Progressive Conservative Party does not lack an ample supply of capable women interested in politics. It is for this reason, not as a specified concession, that such women must be given full opportunity to participate in Party activities.