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HOUSING

The Issue:

The fact that there is a housing problem of major proportions throughout Canada--and particularly in the large urban centres--has now been well documented.

Thousands of Canadians just starting to establish a home and family are finding there is no place they can afford to go. Thousands more with growing families find they can't move up from the inadequate lodgings they have outgrown. The plight of pensioners and others on fixed or low income, faced with soaring shelter costs, is becoming desperate.

During the past four years, the prices of accommodation, either to buy or to rent, have outstripped average family incomes. Since 1964, the cost of housing accommodation has increased about 10% per annum, while the increase in average wages and salaries in the same period has been less than 5%.

The average sale price of new homes in some of the larger cities last year was \$30,000, a 50% increase in four years.

The price of land has skyrocketed. Land which commonly sold for \$1,000 an acre or less in most urban areas in the early 1950's now sells from \$20,000 to \$30,000 an acre. It is almost impossible to purchase a serviced lot for under \$8,000.

NHA mortgage rates have reached their highest levels in history at 9 1/8%. To qualify for a loan at this rate of interest, an applicant must be earning over \$8,000 a year. This puts the purchase of a new home beyond the reach of 75% of Canadian wage-earners.

Apartment dwellers are in the same predicament. Rents, under no control, are increasing rapidly, up to 12% in one year in some communities. Tenants without a "bill of rights" find themselves at the mercy of landlords who are taking advantage of the housing shortage. It is not unusual today to find new one-bedroom apartments in central locations advertised at \$200 a month; nor is it uncommon to hear of rents being increased by 15% or more when leases are renewed.

Despite the extremely high cost of mortgage money, competition for capital funds is so intense that each rise in the NHA rates brings only a modest amount of additional investment in home-building. Present housing production of 160,000 a year falls well short of the annual need of a minimum of 200,000 units established by the Economic Council of Canada.

To compound the crisis, there is little subsidized public housing for families of very low income. The waiting lists for scarce low-cost housing accommodation in all major urban centres in Canada have grown tremendously in the past few years. In Toronto, for example, the number of families on the waiting lists has increased from 2,783 in 1964 to 9,557 by last winter.

The Causes:

/Our federal, provincial and municipal governments, imbued with the "free enterprise" philosophy, have relied mainly on private builders to provide Canadians with adequate accommodation. Government housing policies have been designed to assist private enterprise rather than aspiring home-buyers and tenants.

/Even the Central Mortgage and Housing Corporation has been set up as an ideological organ of private enterprise. The CMHC supplies information and help to private builders, but does little to encourage or help with public housing, public land assembly, and public intervention in urban development. CMHC acts on requests from provincial and municipal authorities and, unfortunately, such requests are few.

/The result has been a housing policy geared to the biggest profits instead of to social need. When investment in housing lags, the federal government's solution is to boost interest rates even higher, enriching the investors while pricing homes beyond the reach of most citizens.

/Uncontrolled land costs have enabled unscrupulous speculators to amass fortunes in a few years. Their exorbitant charges have increased the cost of a building lot in some cases to an amount equal to the full cost of an average home just four or five years ago. The only occasions on which the federal government has intervened has been to increase or reduce the flow of housing investment in an effort to regulate the economy. Housing has traditionally been viewed by both Liberal and Conservative politicians as a convenient tap to be turned on or off in times of economic slack or over-expansion, regardless of actual housing needs.

/Private builders often cite rising labour costs as the main factor in the current increase in housing prices. This is a myth. It is true that wages in the construction industry have gone up 47% in the last ten years. However, total construction costs, including labour and materials, account for only 13.7% of increased costs in this period, as compared with a 41.3% increase in land costs and a 34.8% increase in carrying charges. This indicates very clearly that private enterprise has been able to devise methods of offsetting higher wages through increased productivity, but has not shown the same interest in providing cheaper land or lower interest rates.

The Solutions:

/The New Democratic Party's program of action on housing calls for long-term federal-provincial planning in place of the existing "laissez-faire" approach.

/A successful housing policy is impossible when based on the non-interventionist policies of the Liberal and Conservative parties. It can only be achieved through the intervention of the federal government, in co-operation with the provinces, to ensure that the creation and allocation of housing shall be responsive to the national interest.

/The proportion of Canada's total investment devoted to housing is now only 5%. It would be the objective of NDP policies to raise this figure to at least 10% and preferably 15%.

/Not only must governments intervene in housing, but they must intervene on behalf of families and individuals in the lowest half of income distribution. This group would include the elderly, the widowed, and families headed by women or chronically-ill husbands, as well as those families of fully employed parents whose incomes are insufficient to enable them to rent or purchase housing without lowering their standard of living to intolerable levels.

/This NDP change in national housing policy would be frankly discriminatory--it would discriminate against the wealthy in favour of those who really need assistance.

/Each year the federal government should be able to provide the provincial governments with a statement of the anticipated housing programs within the entire nation, under both public and private auspices. It should also be able to tell its provincial partners what financial resources are available, and at what cost, to accomplish this purpose.

/The private sector should be instructed well in advance what proportion of our resources should be devoted to the independently wealthy purchasers of housing; what proportion to middle-income earners wishing to buy homes on terms such as those of the NHA Act; and what proportion should be made available to the great mass of our population who require a great deal of help in finding and financing suitable accommodation.

/The NDP would limit NHA interest rates to 5%, ensuring that sufficient money is available for housing at rates more middle-income people can afford.

/The NDP would establish a federal Department of Housing and Urban Development to assist other levels of government in the planning and construction of a wide range of rural and urban housing accommodation, urban redevelopment, community planning, and the preservation and extension of parks, green belts, and recreation centres.

/The NDP would remove the 11% sales tax on building materials and equipment.

/The NDP would institute massive land assembly programs, encourage more co-operative housing, enact a tenant's "bill of rights", and increase home improvement loans.

/The ultimate goal of NDP policies in this field is to provide all Canadians with decent housing at a cost of no more than 20% of their incomes--no matter how low those incomes may be.

/Unless NDP policies are adopted, the housing crisis will worsen. The poor will get poorer, and even our middle-class families will have to divert so much money into accommodation that they will find it increasingly difficult to maintain acceptable living standards and finance their children's education.

(N.B.--See also Resolution on Housing referred by the 1967 NDP Federal Convention to the Federal Council, and adopted November 19, 1967)

HOUSING (Addendum)

RURAL HOUSING

While the lack of adequate housing is a Canada-wide deficiency, the problem has been particularly acute in rural areas. As a recent study on prairie housing points out, the greatest unmet needs in terms of housing and public services are found in rural areas, especially those which are experiencing agricultural decline and rapid population loss.

For this reason, New Democrat housing policy makes special reference and gives emphasis to the necessity of establishing effective programs for rural housing, as follows:

- (a) a policy commitment to ensure rural people housing facilities equal to those enjoyed by urban residents;
- (b) revision of National Housing Act loan arrangements to enable rural residents to take greater advantage of funds available for housing;
- (c) widening the scope of C.M.H.C. and N.H.A. provisions to enable rural residents on low or average incomes to qualify for assistance, through the implementation of rent-to-income or similar schemes;
- (d) increase financial assistance to small villages, towns, and municipalities for technical and planning services, to ensure the most effective programs and the most efficient use of public funds;

- (e) implement a program of subsidy payments to those persons living on farms or in rural areas who would qualify for subsidized housing if they lived in a city or urban area - for example, senior citizens and low-income earners;
- (f) implement a policy of subsidization of interest charges on housing loans made to low-income groups (not rural per se);
- (g) establish special housing and community development programs for areas experiencing high rates of population decline, i.e., where wages and incomes are low, educational levels are low, and farming operations are relatively unproductive;
- (h) introduce programs which extend beyond the narrow focus of housing per se - that is, which are concerned with offsetting the adverse effects of urbanization on rural people and rural communities. Programs for education and training, improvement of public facilities and services, and for upgrading housing and environmental conditions in general will be necessary.
- (i) improve overall co-ordination and leadership through an agency such as A.R.D.A., in order to ensure that investment of social capital in one problem area is not wasted due to lack of simultaneous investment in other related areas.

TAXATION -- THE CARTER REPORT

The Issue:

Canada has one of the world's worst tax systems, in terms of the burden it imposes on working people. Other countries impose higher taxes, but they either distribute them more equitably or they provide their citizens with greater welfare benefits in return, or both.

The heaviest share of Canadian taxes falls on the average citizen, the worker whose income is less than \$7,000 a year.

The average Canadian family of four, with an income of \$5,200, must pay out at least \$1,550--or almost 30%--in various forms of taxes. About \$450 of this amount is hidden in indirect taxes, excise duties, and business taxes passed on to the public in higher prices.

In comparison, the big insurance, mining and petroleum industries are only lightly taxed. Special tax privileges granted to these companies enable them to pay \$300,000,000 less income taxes a year than if they were taxed at the same rate as a wage-earner.

Canada is also the only country in the western world that doesn't impose some kind of capital gains tax. All profits and income from stock market dealings are completely tax-free. This is why most of the tax burden in Canada falls on working people.

There is no way that wage or salary earners can avoid paying income tax; in most cases the tax deductions are made before they even receive their pay cheques. Stock market speculators, however, and those whose main income is from stock dividends can and do get away with paying little or no income tax on the literally billions of dollars they take in every year.

A former tax assessor disclosed recently that one man whom he had investigated made \$100,000 a year without having to pay a cent of income tax--simply because he made it all from speculating in land and corporation shares.

In a society which stresses the virtues of "an honest day's work for an honest day's pay", it is ironic that the tax rewards go to those who make the most money through the least work.

Canada's unfair tax system has had several other adverse effects on the economy:

- . It needlessly distorts the distribution of productive goods and services;
- . It prevents effective use of the fiscal system to maintain full employment, control inflation, and encourage Canadian ownership and control of Canadian industry.
- . It is vulnerable to political influence;
- . It entails costly duplication in federal and provincial tax administrations.

/These were the findings of the Carter Royal Commission on Taxation, after five years of exhaustive research here and abroad.

The Causes:

/Canada's tax system was devised by and for the 5% of our population that comprises the corporate elite. These are the big industrialists, financiers, and business executives whose funds and influence have dominated both the Liberal and Conservative parties since their inception.

/Naturally, federal governments alternating between these two big business parties have enacted and preserved a tax system favourable to big business and big businessmen.

/They rationalize this inequity through the ancient "free enterprise" credo, "Anything that's good for business is good for the country." The argument is that tax concessions that favour corporations and enable them to prosper act through the "multiplier effect" to create more jobs and ultimately benefit everyone.

/It hasn't worked out that way. The benefits of tax privileges are mostly passed on to stockholders in the form of higher profits, not to consumers in the form of lower prices.

/The Carter Royal Commission stated bluntly, in the first sentence of its voluminous report: "The present system does not afford fair treatment for all Canadians."

/By implication, the Carter Report indicts both Liberal and Conservative parties for having adopted a tax system giving special privileges to 5% of the population at the expense of the other 95%.

/However, the privileged 5% is made up of the most powerful groups and individuals in the country. Their attacks on the Carter Report--in briefs to the government, newspaper editorials, and Rotary Club speeches--have ensured that it will never be implemented by the two old-line parties they control. Liberal and Tory spokesmen have admitted as much.

/A vote for a Liberal or Tory candidate is therefore, in effect, a vote against a fairer tax system for Canada.

The Solutions:

/The New Democratic Party is the only political party that has fully and fervently endorsed the recommendations of the Carter Royal Commission. The Carter Report confirms what the NDP has been saying for many years--that the unfair burden of taxation in Canada must be redistributed on the basis of ability to pay.

/It is not an oversimplification to say that the Carter Report is, in essence, the official policy of the NDP on taxation.

/It is true that a couple of the Carter proposals would affect working people adversely. Since the report is based on the principle that "a dollar is a dollar and should be taxed as such, no matter what its source," it means that social security and fringe benefits should be taxable. But most people receiving these benefits would not have enough income to bring them into a taxable bracket, anyway.

/More than offsetting this aspect is the fact that, in spite of it, overall taxes for the average family would go down substantially: between 7% and 10%, on the average, for all families with incomes of less than \$10,000 a year.

/The central recommendations of the Carter Report is that taxes should be based on the ability to pay--that tax rates should be determined by what a person earns and not on how he earns it.

/By applying this principle and eliminating all tax concessions now enjoyed by a privileged class, more tax revenue could be collected without increasing tax rates. A redistribution of the tax burden, as proposed in the Carter Report, so that wealthy individuals and corporations would pay their fair share, would result in \$523,000,000 more in corporation taxes each year to the federal government.

/Other major recommendations of the Carter Report:

- . tax credits for children, and for working wives with children;
- . tax credits for university education costs;
- . a capital gains tax on income and property;
- . limits on travelling and entertainment costs to stop "expense account living";
- . abolition of inefficient and unnecessary concessions to industry;
- . taxation of families as units, with provision for averaging year-to-year income fluctuations over five years.

/The net effect of all these proposals would mean substantially lower taxes for all families with incomes below \$10,000 a year, a much fairer and broader tax base, and greater incentives for the return of control of Canadian industry and resources to Canadians.

/The response of Canadian businessmen and speculators, who prefer to have most of the tax burden shouldered by the workers, has been to oppose the Carter Report. Their pressure on the two old-line parties they control dooms the report to oblivion as long as one of these parties remains in power.

/Only the NDP is unreservedly committed to implementing the Carter Report. A vote for the NDP is a vote for a more equitable tax system.

(N.B.--See also Resolution on Taxation adopted at the last NDP Convention in Toronto, July 3-6, 1967.)

TAXATION (Addendum)

CARTER REPORT - (Facts and Figures)

/Our present tax system soaks the poor to help the rich. The Carter Report put it this way:

/"Under the present tax system, low income families pay a surprisingly high proportion of their income in taxes to all levels of government. As a group, families with the largest incomes pay only a slightly higher proportion of their income in taxes than do those with much lower incomes." (Vol. 1, p.42)

Our present tax system--

- . enables the well-to-do to escape paying their fair share through a score of tax avoidance devices;
- . provides exemptions for dependents, medical expenses, college fees, etc., which are designed to benefit the higher income groups far more than the lower;
- . enables a person with an income up to \$13,000 a year derived solely from dividends to escape paying income tax altogether;
- . gives special tax rates on stock option benefits that are lower than on regular wage and salary income.

/The Carter Report disclosed that almost \$5 billion of income in 1964 was escaping tax altogether or carrying too small a share of the burden due to tax concessions. This was one-sixth of the total

income that should be taxed:

	Income Not Taxed (Billions)	Income Undertaxed (Billions)	Total
Personal	1.5	1.2	2.7
Corporate	<u>.6</u>	<u>1.5</u>	<u>2.1</u>
Total	2.1	2.7	4.8

/As Henry Simons remarked in his classic book on Canadian taxation, "Personal Income Taxation" (p.219), "it is high time to quit this ludicrous business of dipping into large incomes with a sieve."

/Six studies commissioned by the Department of Finance and conducted by the University of Toronto Institute for Policy Analysis support Carter's conclusion that his proposals would be expansionary and good for the Canadian economy.

/These studies found that Carter was too modest in his estimates of the beneficial economic effects of his recommendations on personal savings, balance of payments, etc.

/Implementation of the Carter tax plan would result in a tax reduction of approximately \$100 a year for--

- . a family with three children and income of \$6,500;
- . a family with two children, both parents working, husband making \$5,200, wife \$2,800;
- . a family with one child, total income from \$5,500 to \$5,999.

TAXATION (Addendum)

TAXATION AND THE FARMER

/Canadian farmers--especially small farmers--suffer as much from the inequities of our present tax system as do wage-earners. They pay the same disproportionate share of taxes, while being deprived of the special exemptions and concessions enjoyed by speculators and big corporations.

/Moreover, the existing methods of determining the market value of land for estates often works hardships on many farmers, as does the incidence of property taxation.

/The proposals of the Carter Royal Commission on Taxation, taken as a package, would benefit the vast majority of Canadian farmers. Lower tax rates with a wider tax base would result in lower taxation over the span of the average farmer's working life.

/Nevertheless, there has been some concern in the farm community over the impact of some Carter Report recommendations, including the effect on farm transfers from father to son, the change to accrual accounting in pushing ahead tax payments, and the disruption of some traditional farm practices.

/The New Democratic Party, while reiterating its support of the basic principles of the Carter Report, believes that further considera-

2.2.2.

ation must be given to the impact of some of the Carter proposals on agriculture. Specifically, the NDP favours the following modifications of the report:

- /1. Increase the capital gains exemption of \$25,000 on farm lands.
- /2. Permit part of any gain in farm value to be treated as a Registered Retirement Plan, thus placing farmers on an equal footing with other taxpayers who contribute part of their savings to a tax deductible retirement plan.
- /3. Increase the basic lifetime exemption of \$5,000 on gifts and inheritances.
- /4. Ease the tax load on gifts or inheritances of farm lands by providing for longer averaging periods, and the establishment of a land bank which could be used to hold farm lands at the pleasure of the owner in a manner comparable to cash in the proposed "Income Adjustment Account".
- /5. Base the appraisal formula for agricultural land on "agricultural production" potential for father-son or comparable family transfers, provided the land remains in agricultural use for five years.
- /6. Give all farmers an option as to whether they will use accrual or cash accounting.
- /7. Review and correct any additional features of the Carter Report proposals found to be unfair to farmers.

/Having made these recommendations, it should be emphasized that, even without them, the Carter Report would ease considerably the tax burden now borne by small farmers. A study of taxation conducted for

2.2.3.

the Agricultural Economic Research Council of Canada estimated that, if the Carter plan had been used to calculate the 1966 personal income tax, the overall savings to farmers would have been about 40%, with the greatest saving to the lower income farmer.

/Even on larger farms, the lifetime gain by the Carter proposals would more than likely offset the loss due to capital gains liabilities during retirement. The \$25,000 exemption on capital gains recommended in the report will protect the great majority of farmers.

/Land values have been rising out of proportion because of the speculative activities of non-farmers. With a progressive gains tax as proposed by the Carter Report, the speculative aspect of farm real estate would be decreased and would encourage farmers to stay on the land.

/Farmers do have valid criticisms of the Carter Report, in that it fails to take sufficiently into account the differences between farming as a business and other businesses. However, farmers should not allow their reservations about certain aspects of the report to give them the appearance of being aligned with the big business groups which oppose the report as a whole and are fighting its implementation. The main task now--of farmers no less than of workers and other lower income groups--is to support the NDP's campaign for adoption of the Carter Commission's main recommendations.

TAXATION (Addendum)

CARTER TAX REPORT (Basic Recommendations)

/The central recommendation of the Carter Report is that Canada adopt a more equitable tax system.

/Carter recommends that equal incomes bear equal tax burdens.

/Because the system he proposes expands the tax base to include all income from all sources, it would be much more progressive and much more equitable than the present system.

/Opponents of the Carter plan argue that a more equitable tax system would increase consumption at the expense of investment, and thus retard economic growth.

/In fact, Carter's system would leave aggregate consumption and investment at approximately their present levels, while maintaining--and perhaps even improving--our substantial post-war rate of economic growth.

/The radical change the Carter system would effect is that disposable (after-tax) income would be distributed more fairly. This would be the chief consequence of a truly progressive income tax that extracted equal tax payments from equal incomes.

/Special tax privileges--such as complete exemption from tax on capital gains income--would be removed. So would tax concessions to the mining, oil, and insurance industries.

/It is the elimination of these special privileges, rather than any purported concern about economic growth, that prompts the strong objections to the Carter report from the business community.

/It is not surprising that the Liberal and Tory parties, both financially dependent on the big corporations, have refused to endorse the Carter report.

/Only the New Democratic Party fully endorses the Carter philosophy of "equal tax for equal income".

/A vote for the NDP is a vote for lower taxes for all Canadians earning less than \$10,000 a year.

MONETARY AND FISCAL POLICY

The Issue:

/Monetary policy consists of the measures a government takes to expand or contract the total supply of money (principally, bank credit), to influence interest rates and the inflow and outflow of money. Fiscal policy consists of those measures--taxation, depreciation allowances, transfer payments--by which governments re-distribute wealth and encourage or discourage development of certain sectors of the economy.

/Theoretically, a government can, by use of appropriate fiscal and monetary policies, bring about the full use of all available resources in the production and distribution of wealth.

/It can expand the money supply and thus increase purchasing power so that there will be a demand for all the goods the economy is capable of producing. By the use of fiscal powers, taxation and public expenditures, it can ensure that inflationary pressures do not become unmanageable, and also that the public sector of the economy, the various amenities and services provided by public authorities, are not starved in the interest of excessive profits in the private sector.

/But the Canadian Government is in a difficult position when it comes to using monetary policies to expand production. Our

dollar has been pegged by agreement with the International Monetary Fund at a fixed rate of exchange of 92.5 cents American.

/The problem has been compounded by another agreement, this time with the U.S. Government, to keep our holdings of American dollars in the Exchange Reserves fund below a ceiling of \$2.6 billion. This agreement was made because of an obsession this government and the previous Conservative government have had about the necessity of a continuing inflow of American capital in order to develop the Canadian economy, and the agreement was made in exchange for exemption from the legislation the U.S. Congress passed which limited the investment of American capital abroad.

The Causes:

/In these circumstances the government is powerless to keep the economy expanding by increasing the money supply. If it did so, there would immediately be downward pressure on the Canadian dollar and interest rates would begin to fall and stimulate an outflow of Canadian capital seeking higher rates elsewhere, and exchange reserves would melt away as the Central Bank used American dollars in the Fund to buy Canadian dollars to keep the value to 92 cents American.

/As all government policy in these circumstances must be devoted to two ends -- maintaining the pegged rate of exchange, and attracting American capital -- it has no option but to reduce the money supply and keep interest rates higher than those in the U.S. The present economic and financial crisis is due to precisely this policy, which in the end is self-defeating. Even high interest

rates will not attract capital to an economy which is on the decline, with rising unemployment and declining production.

/The exchange value of the Canadian dollar, in the final analysis, is dependent on the productivity of the Canadian economy, and if that continues to decline, as it must under this policy, then eventually the dollar will have to be devalued.

/The other problem facing the government has been the steady rise in the cost-of-living index. The Minister of Finance introduced his mini-budget as a means of curbing inflationary forces by reducing consumption demands. But later he admitted that the type of inflation we are experiencing is not that of excessive demand, but a "cost-push" type. That is to say, it is not a shortage of goods or an excessive supply of money which causes the trouble. It is the uncontrolled increase in prices in those sectors of the economy, the basic industries, which are free, by means of their commanding position, from the controls exercised by competition.

The Solutions:

So what is to be done? The NDP for over a year has been advancing a positive program to overcome these difficulties:

(1) Negotiate ourselves out of the fixed exchange rate and return to the floating exchange rate which prevailed from 1950 - 62. During that period until the last 6 months the rate fluctuated vis-a-vis the American dollar within a very narrow range of 3 cents American. In the latter part of 1961 the Canadian dollar began to

rise rapidly as compared with the American dollar. Within 3 or 4 months it rose to a premium of 10 per cent over the American dollar. This caused such dislocation in our export trade and in our economy generally that our dollar began to plunge down again. Help was sought from the I.M.F. and one of the prices was the pegged rate.

This brings us to another question. The dislocating increase in the exchange value of the Canadian dollar was the result of an enormous inflow of American capital.

Consequently, if we are to free the Canadian dollar, we must also take steps to see that inflows as well as outflows of capital will not precipitate another crisis like that of 1962.

(2) So the NDP has been advocating that a return to the floating exchange rate be accompanied by controls on the export or import of capital.

(3) Long before the Watkins Task Force suggested it, the NDP was advocating the control and direction of investment capital by a public authority, so that surplus earnings of foreign subsidiaries will not only be prevented from pouring back to the parent company but will also be controlled as regards to their re-investment in Canada.

Given these measures, the Canadian Government will be able to expand the economy to the limit of our human resources (our natural resources are at present, to all intents and purposes, unlimited).

The myth of our dependence of American capital will be exploded when the outward drain of Canadian capital via mutual funds, insurance investments, and repatriation of undistributed profits have been curbed and controlled. An expanding Canadian economy will support the exchange value of the Canadian dollar without recourse to the manipulations which have already brought Canadian expansion to a halt.

The traditional methods of controlling inflation and directing the economy by monetary and fiscal policies alone will not work in the modern world of giant corporations.

(4) In order to control this type of inflation, the NDP has advocated the imposition of price controls on basic commodities whose cost enters into all other costs, and the establishment of a prices review board to control other prices by pressure of publicity.

ECONOMIC POLICY

In approaching the question of an economic policy for a New Democratic government, it is first of all necessary to make some assumptions. The first is that there is only one sovereign power and that is the power of government. The idea of independent economic power will not stand up under examination. All economic power is exercised by leave of government. It is government which grants access to natural resources. It is government which sets the terms on which private enterprise will operate - what taxes it will pay, the health and safety regulations it must observe, its contributions to workman's compensation and unemployment insurance, and its relations with the work force. The fact that governments, federal and provincial, have often failed to exercise this sovereign power on behalf of the community does not invalidate the assumption that sovereign power does reside in government.

The second assumption is that a New Democratic government must devise economic policies to deal with the economic structure as it is, not as it might be some time in the distant future. Any idea of being able to wipe the slate clean and start again free of the problems created by private corporate enterprise must be dismissed, however reluctantly, as impractical. This is not to deny a rôle for public enterprise much larger than exists to-day. But in the main our problem is to use the sovereign power of government to control and direct the operations of the corporate entities which now dominate the economic field.

In Canada our problems are compounded by the fact that so much of our industry and so much of our resources are owned outside the country. It is not so much the fact of foreign ownership itself which creates problems for us, but the manner in which Canadian subsidiaries of foreign companies operate as branch plants of the parent company - limited to the Canadian market, purchasing components from the parent, producing the full line of goods for 20 million Canadians that the parent produces for 200 million Americans. The consequence has been higher costs and lower production in Canada.

An added frustration has been the manner in which American law is applied to the trading policies of Canadian subsidiaries. The Watkins Report suggested the establishment of a state trading agency and the passage of legislation which would oblige foreign-owned subsidiaries to sell some of their products to this agency for sale to countries with which American companies are not allowed to trade. Whether or not such a policy would be effective is a moot point. A more effective policy might be expropriation - or the threat of expropriation - of companies which are prohibited by American law from pursuing trading policies in conformity with Canadian external policy.

However, the main problem is the fragmented nature of much of Canadian industry, both domestic and foreign-owned, and the existence of too many enterprises each producing a wide range of goods for the limited Canadian market. The NDP has proposed on several occasions in the House of Commons, a policy to overcome this situation: First, the Combines Investigation Act should be revised to enable such enterprises to be grouped in such a way that specialization of production could take place. Government must directly intervene in

the process, in some cases investing in the regrouped and rationalized industry. The Watkins suggestion of a state trading organization could well fit into the picture to undertake export sales for the specialized production. Industries undertaking this rationalization would be given a period of perhaps 5 years to complete the process before being exposed to the discipline of foreign competition by the removal of tariffs.

One of the main concerns of NDP policy must be the development of secondary industry to produce a mature Canadian economy. This will entail the reversal of existing policies in which favored treatment has been given to the extractive industries exporting raw materials. The result has been a rising export of irreplaceable natural resources such as minerals and oil, and a continually rising import of manufactured goods which could well be produced by an invigorated and rationalized secondary industry. The NDP has urged the abolition of the special tax provisions which now encourage investment, often unnecessary, in the extractive industries at the expense of investment in the secondary field. The direction of the economy depends in the final analysis on the direction of investment. An agency to control major investment must be an important feature of NDP economic policy. At present, as much as 70 per cent of new capital investment comes from retained corporate earnings. The government must be in a position to direct these savings into investment channels which will develop the sort of economy we seek.

This is the field in which the Canada Development Corporation will operate. Corporations will have to seek authority to invest retained earnings in expansion of their existing operations. If the

investment control agency decides against its re-investment plans it will be given a choice either of distributing its earnings in the form of dividends or investing in the bonds of the Canada Development Corporation. With these funds and those private investors the Corporation will invest in the development of industry either by public investment, by joint public and private investment, or by loans to private industry. To encourage investment in the CDC we have proposed tax concessions for investment in the bonds of the Corporation.

One of the disturbing features of our present situation in Canada is our reliance on the import of capital. It is an article of faith with many government and business spokesmen that in order to develop the Canadian economy we must have a continuing inflow of capital from abroad, mainly from the United States. No one will deny that these imports of capital have enabled us to expand more rapidly than would have been the case without it. But it is debatable if that is the case to-day. Two features of the Canadian scene cast doubt on the assumption that we still need a large import of capital. One is the extraordinarily high levels of savings in Canada, which is one of the highest in the world. The other is the outflow of capital from Canada which has been increasing rapidly in recent years. The rapid rise of the mutual investment funds has accelerated this process as more and more of their funds find their way to investment in the United States. In part, this is due to a shortage of investment equities in Canada as many of the Canadian subsidiaries of American corporations do not offer their shares on the Canadian market. One of the consequences of this outflow of capital and the resulting dependence on capital import, has been the

need to maintain our interest rates at a higher level than those of the U.S. in order to attract capital. In order to keep them higher it has been necessary to impose restrictive economic measures. The NDP has proposed the imposition of exchange controls to stem this outflow. The earlier proposals for the rationalization of industry and the establishment of a Canada Development Corporation will have the effect of creating new fields of investment for Canadian savings.

/Another source of funds for the Canada Development Corporation is the savings now invested in life insurance policies. Life insurance premiums constitute one of the major pools of investment capital. The NDP has proposed an expansion of the Canada Pension Plan to offer options to the public over and above the basic pension. A person wishing to ensure himself of a larger retirement income will be given a choice of plans similar to those now offered by private insurance companies. A single government agency will be able to cut considerably the costs now entailed by the maintenance of scores of insurance companies, each with its heavy overhead costs.

/The financial world of Canada is a veritable jungle of institutions, some incorporated by the federal parliament and some licensed by the provinces. Loan companies, trust companies, mortgage companies, acceptance companies, and, rising high above the rest of the jungle, the chartered banks. At the time the Bank Act was being revised some of these "near banks" were in trouble and some had actually collapsed. The Finance Committee of the House of Commons spent a great deal of time and thought on possible ways to control these institutions, but without success, and in the end the near banks were left as they were

except for the system of deposit insurance which was adopted and which becomes compulsory when a provincial government declares it to be so. Nor was it possible to devise any method of controlling bank interest rates without encouraging further growth of the other and less stable lending institutions.

In the end the NDP members of the committee proposed the establishment of a government banking complex, somewhat on the lines of the Commonwealth Banking Corporation of Australia. This has become the largest financial institution of that country and plays a decisive role in the direction of investment there. This was considered more desirable politically and administratively than the nationalization of the banks into one monolithic structure. It would provide real competition for the private banks and enable the government to influence the operation of the private sector of finance.

A persistent problem facing us has been the steadily rising price level. Attempts by the Liberal government to deal with this problem of inflationary pressures by the traditional methods of raising interest rates and curtailing public expenditures has been doomed to failure from the start. Continued, it can only make matters worse by increasing unemployment, curtailing production and reducing revenues. The policy has been based on a misconception of what has been happening. It is a policy appropriate only to a situation in which there is excessive demand for goods, services and manpower beyond the economy's capacities. Obviously, this is not the case to-day. There are unused resources, human and material, and there is no shortage of goods to fill all demands. The new factor

which the government has ignored is the existence of powerful corporations in our basic industries who, by their monopolistic or semi-monopolistic position, are able to set prices without regard to costs and without fear of competition. As in many instances the products of these giant corporations are the raw materials of further manufacturing, their cost enters into the cost of other products, and increases in their prices push up the whole level of prices. The NDP has proposed selective price controls in these areas of the economy and a Prices Review Board to investigate all other prices, as the only effective means of controlling this sort of inflation.

The recent "gold crisis" has underlined the degree to which the Canadian economy has been allowed to become a mere appendage to the U.S. economy. With our dollar tied to a fixed exchange rate of 92.5 cents American, pressures on the American dollar were reflected in pressures on the Canadian dollar and our government was obliged to bend all its efforts to maintaining the pegged rate, no matter how disastrous the effect on our domestic economy. Interest rates were raised, public expenditures further curtailed, and increased taxation imposed. The net effect has been to force Canadians to help pay for the Vietnam war by adjusting our domestic policies to support the American dollar to which our dollar has become an extra-territorial attachment.

The NDP has been urging for the last two years a return to the floating exchange rate by which the Canadian dollar will be allowed to find its own level in international exchange. Without the need to tailor all its domestic policies to the maintenance of the pegged rate, the Canadian government will be free to pursue

expansionist policies to the limit of our human and material resources. In the final analysis the strength of a nation's currency depends on its productive capacity. A floating exchange rate, coupled with control of the flows of capital, will go far to freeing Canada from its dangerous dependence on the American economy and set the stage for the development of a viable, self-reliant national economy.

ECONOMIC INDEPENDENCE

The Issue:

/Foreign domination of Canadian industry and mining is so extensive that Canada is in danger of losing its economic independence completely. Already its independence has been seriously eroded.

/This was the conclusion of the Watkins Task Force, composed of eight of Canada's leading economists led by Prof. Melville Watkins of the University of Toronto. Despite the urgency of their report, it has been disowned by the federal Liberal cabinet which initiated it.

/The report disclosed that--

- . United States ownership extends from 60% to 80% of our manufacturing, petroleum, natural gas, mining and smelting industries;
- . of the 414 corporations in Canada with assets over \$25,000,000, more than half their total assets are foreign-owned;
- . \$33 billion worth of Canadian assets in mines, factories, land, machinery, stocks and bonds are foreign-owned.

/"No other country," the Watkins report observed, "seems prepared to tolerate so high a degree of foreign ownership as exists in Canada."

The result is that more and more decisions that affect our lives--where we work, what we produce, what we consume, what we learn, how fast our economy grows, which nations we recognize and trade with--are not determined by us, but by the corporate and governmental decision-makers in the United States.

Carried much further, this process will reduce our sovereignty as a nation-state to a marginal status, at best. Our citizenship, our elections, our Parliament will become all but meaningless.

Economic integration is inevitably accompanied by cultural integration. Along with American corporations come American business methods, American values, goals and tastes. As this infiltration pervades our schools, universities, mass media, professions, offices and factories, it pulls us deeper and deeper into the American system, destroying the will to be different.

Former Liberal Finance Minister Walter Gordon has referred to the difficulty he experienced in resisting the pressures of financial and business interests in the U.S. on Canadian policy.

"On occasion," he said, "this influence was reinforced by representations from the State Department and the American administration as a whole. The effect of these pressures on the leaders of all political parties in Canada is immense--and too often effective."

Canadian subsidiaries of American companies tend to operate as branch plants of the parent companies--limited to the Canadian market, purchasing components from the parent, producing the full

line of goods for 20 million Canadians that the parent produces for 200 million Americans. The consequence has been higher costs and lower production in Canada.

/Another serious defect of our "branch plant" economy has been the manner in which American law is applied to the trading policies of Canadian subsidiaries. This has led--to cite only two examples--to the refusal of American-owned flour mills in Canada to export flour to Cuba, and the refusal of American-owned drug firms in Canada to sell drugs for distribution to North Vietnamese civilians.

/It also compels U.S. subsidiaries in Canada to remit higher portions of their profits to the U.S. in the form of dividends; to purchase a larger share of their supplies and equipment from the U.S.; and to refuse to permit Canadian investors to acquire shares in these subsidiaries.

/Canada has been converted into a source of raw materials for the United States, replacing that country's own wasted, depleted and polluted resources. Today, one-third of all goods produced in Canada are exported to the U.S. These are mostly resource-based products such as nickel, iron ore, lead, zinc, pulp and paper, etc. Manufacturing in Canada is developed only to supply the limited Canadian domestic market.

/Canadian jobs, profits, and general prosperity have thus been made dependent on the state of the American economy. Canada cannot prosper in the face of a depression in the U.S. economy, cannot stabilize its prices in the face of American inflation, cannot eliminate unemployment in the face of growing unemployment in the U.S.

/It is significant that the new trade agreements between Canada and the communist nations all occur in agriculture, one of the few sectors of the Canadian economy remaining under Canadian ownership.

The Causes:

/The Liberal and Conservative parties over the years have not only permitted but have actively assisted in the conversion of this country into a branch-plant economy for the U.S. Both these parties are dominated by big business interests which long ago decided that their biggest profits could be realized by throwing Canadian industry wide open to foreign investment and control. Where other countries imposed limits and restrictions on foreign investment to protect their sovereignty, Canada under successive Liberal and Tory administrations acted as if the American absorption of its economy was not only inevitable, but desirable. The old-line parties have deliberately led us into an imperial relationship with the United States.

/They have led us into a state of dependency on the U.S., to the point where we have become a part of the U.S. military-industrial complex, and an apologist--if not a defender--of U.S. imperial expansion (military as well as economic) in Asia, Latin America, Africa and Europe. Even if an old-line party government wanted to adopt a genuinely independent foreign policy opposed in some way to American world policy, it would refrain from doing so out of fear that our branch-plant economy is vulnerable to American reprisals.

/Canada's corporate and political elites, in short, are

irreversibly committed to "continentalism"--the belief that Canada's economy cannot, and should not, be anything but a regional appendage of a North American economy dominated by U.S. multi-national corporations. Canadian business is thoroughly integrated into the continental economic structure. There is now a virtual identity of interests between the Canadian business elite and the American corporate presence in Canada.

/Since it is the business elite which finances and directs both the Liberal and Tory parties, the Americanization of our economy--and with it the erosion of our political independence--proceeds unopposed.

The Solutions:

/Time is running out for Canada to regain control of its economic destiny. Already it is too late to think in terms of "buying back" those Canadian industries now owned by foreigners. What can be done, however, is to adopt laws and policies compelling such industries to operate in a manner conducive to the best interests of Canada, rather than of foreign firms or governments, while at the same time stimulating more Canadian investment in and ownership of future economic development.

/This, in essence, is what the Watkins report has urged--strong government intervention to mobilize our capital resources, rationalize our production, and assert control over the activities of U.S. and other foreign subsidiaries in Canada.

The New Democratic Party has been advocating similar measures for years. The NDP is the only party to welcome and endorse the Watkins Report. Even the Liberals, who commissioned it, have dropped it as if it were radioactive.

Only the NDP takes a firm, unequivocal stand for steps to achieve control over the Canadian economy.

The first step would be to establish an agency, a Canadian Capital Resources Fund, to mobilize Canadian capital for development and research and to retain Canadian savings in Canada. It is a fallacy that Canada is dependent on foreign investment. The outflow from Canada of profits from subsidiaries more than offsets the inflow of investment funds from the parent firms. Canada is in fact a net exporter of funds to the U.S., not a net importer. U.S. investment in Canada comes mainly from profits earned in Canada by American branch plants. The NDP would impose exchange controls to stem the outflow of Canadian savings to the U.S. and redirect it into the development of Canadian-owned industries.

The second step would be to set up appropriate machinery to rationalize and regroup our fragmented manufacturing industry. At present we have too many branch plants producing too many varieties of grades, styles and models for a small domestic market, and therefore prevented from taking advantage of the technologies of mass production. The NDP would redesign Canada's economic structure to permit greater processing of our raw materials, more emphasis on research and exploration, and more specialization of manufacturing activities so as to gain maximum economies of scale and build up world-wide expertise in the production of select items.

The third step would be to establish an Export Board to plan and expand Canada's exports and devise policies to ensure that our exports to overseas markets would not be inhibited by the laws of other nations.

Fear has been expressed that measures such as these, designed to regain control of Canada's economy, would provoke massive reprisals by the United States. This may be so. But it should be remembered that Canada is not without economic weapons of its own. The American economy is almost entirely dependent on Canadian nickel, and is heavily dependent on Canadian iron ore, pulp and paper, and other resources. Alternative markets for these materials, if necessary, could be found overseas. We also have, as a last resort, the threat of nationalization or expropriation of U.S. subsidiaries.

However, we do not really think that the NDP's policies for Canadian economic and political independence would precipitate a crisis of this kind. Other countries have imposed comparable restrictions on American investment and ownership of their industries without provoking either reprisals or withdrawal of U.S. investment.

There is no reason why Canada cannot do the same.

"It is not a very comforting thought, but in the economic sphere when you have 60% or so of your trade with one country you are in a position of considerable economic dependence."

- Maclean's - July 1967
Lester B. Pearson
interviewed by Alexander Ross

(N.B.--See also Pages 63-75 of the 1965 "Notes for Speakers", and the Resolution on Economic Independence adopted at the last NDP Convention in Toronto, July 3-6, 1967)

FEDERAL-PROVINCIAL RELATIONS: PARTICULAR STATUS

The Issue:

In many major fields affecting Canadians in their daily lives-- education, housing, urban renewal, pollution, manpower training, economic development, regional equality, social security--federal leadership and participation are essential and the problems of federal-provincial relations are crucial.

The New Democratic Party recognized these facts and developments. The Federal Council and Conventions of the party looked for practical solutions which would guarantee a strong and effective central government and take full account of legitimate provincial rights. History has shown that in the fields mentioned nine of our provinces welcome a large federal role in most cases. There have been occasions when serious differences have arisen and such situations will no doubt occur in the future. But, on the whole, they are exceptions.

On the other hand, the people and governments of Quebec have often felt uneasy about federal intrusion in provincial fields such as education and the related area of manpower training or social welfare, urban development and so on. Every Canadian with a sense of our country's history can appreciate the reasons for Quebec's attitude. That province is more than 80% French-Canadian; it is the home and fountainhead of the French language and culture in North America. The people of the province are anxious about the survival

and enrichment of their language, culture and mode of life. And they have good reason for their anxiety; not only are they a minority in Canada but they form a tiny island in the huge English-language sea of North America.

/Fully recognizing all these factors, the New Democratic Party began a search for a policy which would enable our country to have a strong, dynamic and effective central government without threatening Canadian unity and without jeopardizing the legitimate rights of French Canadians in general and Quebec in particular. We concluded that the intelligent solution was to be flexible, sensible and perceptive enough to recognize Quebec's particular situation in the Canadian family and to be prepared to make particular arrangements in the relationship between the federal government and that province.

/This has been called a policy of "particular status" and the term has sometimes been interpreted to suggest special privilege. This is a serious error. There is no question of special privileges to any province or section of our people; there is only the issue of legitimate rights on the one hand and a strong, unhampered central government on the other.

The Causes:

/The only alternative policy, in view of Canadian reality, would be disastrous for the country. This is the policy of Trudeauism. What does this propose? It proposes that the federal government withdraw from all provincial fields in order to treat all provinces alike. In other words, because Quebec may have an objection to some

federal initiative in say, education or social security, then the federal government would withdraw entirely.

/In more concrete terms, Mr. Trudeau would hand back to the provinces such things as family allowances and other forms of social security, would withdraw from hospital insurance and medicare, would reduce to insignificance federal action in the fields of housing, economic planning and development and in the fight against regional and other inequalities in Canada.

/In short, the federal government would be weakened and immobilized; its initiatives would be seriously curtailed and its role of guiding the whole economy, of stimulating national and regional growth and of removing regional disparities would be hampered and frustrated.

/Despite his words and despite the erroneous publicity of the media, Mr. Trudeau stands for a weak, not a strong central government. He stands, whether he realizes it or not, for an immobile federal government incapable of giving the dynamic leadership which Canada so urgently needs.

/The disastrous failures in the government's manpower policies and the planless inadequacy of its assistance to higher education and to students in colleges and universities are examples of inflexible and barren Trudeau policies.

The Solutions:

/On the other hand, the field of pensions provides an illuminating example of the common sense and usefulness of NDP policy. When the federal government began to formulate a Canada Pension Plan, it found that Quebec insisted on having its own. If Mr. Trudeau had then been in power and pursued the logic of his policies, the federal government would have retreated and left the matter to the provinces. It is difficult even to imagine the result, but one thing is certain: the poorer provinces would not have had any pension plan at all because on their own they could not have afforded one.

/Fortunately, Mr. Trudeau was not in power then. The government of the day made a sensible arrangement directly in line with NDP policy. It agreed that Quebec could have its own pension plan while it introduced a federal plan applicable to the other provinces. In effect, the Liberal government gave Quebec a "particular status" in this field. We now have a Canada Pension Plan and a Quebec Pension Plan. Both plans are exactly the same as a result of intelligent negotiation, and they are both fully portable.

/The result is that all Canadians enjoy the benefits of a pension plan which would otherwise not have been available to many of them. This, we believe, is a good example of NDP policy on relations between Quebec and the federal government.

/Some people are demanding that the New Democratic Party make this policy more specific; sometimes the demand is made in sincere

good faith; sometimes merely for the purpose of trying to put us on the spot. The party has given a great deal of thought to this highly complicated problem. We have come to the conclusion that, if one is to be responsible, it is not possible or desirable to define the precise limits of the policy. Obviously, this aspect must be a matter for flexible negotiation between federal and provincial governments through a permanent federal-provincial secretariat. We live in an era of rapid change. Policies must be adapted and shaped in tune with social and economic developments.

The principles and objectives of NDP policy on the overriding problem of national unity are clear and unequivocal; a strong, dynamic central government dedicated to effective leadership and telling participation in all fields essential to the welfare of all Canadians, coupled with a sensitive recognition of the particular place and role of Quebec as the home of the French language and culture in Canada. It is an imaginative policy relevant to modern conditions.

(N.B.--See also Resolutions on Federal Provincial Relations adopted at the last NDP Convention in Toronto, July 3-6, 1967.)

FEDERAL-PROVINCIAL RELATIONS (Addendum)

/Because Canada has become an increasingly urbanized and automated society, we must have the fullest possible mobility of labour and resources across the country. Because economic and social development in Canada has been uneven, we are faced with a major problem of regional disparity in economic opportunities, in per capita income, in educational potential, in social welfare and even in the ordinary amenities of life. Canada thus suffers from shocking inequality among Canadians of the same region and among the various regions of Canada.

/These facts have required, and will increasingly require in the future, leadership from the federal government in all aspects of our people's lives,--leadership not only in evolving national objectives but in planning, financing and implementing such objectives.

/Two or three examples will suffice to illustrate the point. Everyone knows that education is within provincial jurisdiction and no one wishes to change this. Yet there is widespread acceptance of the urgent need for federal assistance in the fields of higher education and of research. Indeed, there is a strong feeling in all provinces other than Quebec that there ought to be some uniformity of curriculum, particularly in high school, so that children moving from one part of the country to another would not be at a disadvantage. And education today is not merely desirable from the spiritual point of view but is absolutely essential for the economic welfare of the

nation. A modern, automated economy requires a better educated workforce and a tremendous amount of continuing research. In short, education is no longer merely a local concern; it is a national matter of immense importance.

/Another urgent field is that of housing, urban renewal, urban transportation and air and water pollution. All of these aspects of life in our cities and towns have reached crisis proportions. Under the constitution they come under provincial jurisdiction but everyone in the field demands a more active role by the federal government not only in the provision of funds but in planning a comprehensive assault on the housing crisis and all other related problems.

/Manpower training and regional economic development are other areas in which federal participation is essential if effective progress is to be made. Once again the question of federal-provincial relations becomes a focal point of controversy and is often the reason for inaction.

/Indeed, it is important to recall a few of the salient facts in the field of social security. Old age pensions were first introduced by the federal parliament and most of the later advances were made through federal initiative. Family allowances, supplementary old age pension payments and the Canada Assistance Plan are further important examples of federal initiative. Hospital insurance was first introduced in Saskatchewan in 1947 by Tommy Douglas but its application to the other provinces twelve years later was the result of federal legislation. Similarly, medicare was first brought to

Saskatchewan by Mr. Douglas and his successor, Mr. Lloyd, in 1962, but its introduction in the other provinces waited upon federal legislation which will come into force on July 1 this year. If Liberals, Conservatives and Social Creditors in the provincial, as well as the federal, parliaments do not scuttle the law, Canadians everywhere will have the benefits of medicare as a result of federal action.

Yet social security and social welfare are properly within provincial jurisdiction, although some argue that the federal parliament also has authority in the field. In any case, the problem of federal-provincial relations is central here, too

ELECTION EXPENSES

The Issue:

/The need for reform of the existing methods of political financing in Canada has been evident for many years. Any system which permits unlimited donation of funds for election campaigns, and unlimited election expenditures--and moreover allows the whole process to be shrouded in secrecy--lends itself to serious abuse. Even if no abuses take place, public confidence in such a system is impossible. Suspicions of corruption and influence-peddling are bound to occur.

/Since the amount of money a party can raise for an election campaign is a big factor in determining the degree of its electoral success, that party--or parties--whose policies most appeal to the wealthiest individuals and organizations is given an unfair advantage over its rivals.

/Despite the urgent need for reforms in this area, the old-line parties have continued to drag their heels. Their spokesmen admit that the election laws should be changed, but when it comes to actually enacting the required legislation, they display no sense of urgency whatsoever. This is understandable. If they were to be placed on the same footing financially as the NDP, their main advantage over our party during election campaigns would be removed.

/In response to public pressure, the Liberals and Tories, agreed, almost four years ago, to set up a Parliamentary Committee on Election

Expenses. Among its terms of reference was the task of "advising on the best practicable way to set enforceable limits to expenditures in election campaigns."

/During the committee's hearings, however, the old-line parties both refused to divulge the details of their campaign financing. Only the NDP co-operated fully, disclosing, for example, that it had spent a total of about \$1 million during the 1965 federal election, of which only \$150,000 came from trade unions.

/The reticence of the Liberal and PC parties is due to the fact that many of their donors insist that their names and the size of their contributions not be publicized.

/Nevertheless, the committee was able to learn that, in the 1957 election, the Liberal party spent between \$6 and \$10 million, and that most of that vast sum came from 300 to 400 donors, whose contributions ranged up to \$75,000.

/The committee also learned that the operations of the national offices of both the Liberal and PC parties are financed by from 30 to 50 major corporations.

/The close liaison between the Liberal party and big business was revealed during the Liberal leadership campaign when the Toronto Globe and Mail reported that nearly all the candidates made use of loaned or chartered private airplanes furnished by big corporations. Some of these companies which were so helpful to Messrs. Trudeau,

Martin, Hellyer, Winters, Greene and Sharp are Westcoast Transmission, Denison Mines, Home Oil Co., Exequire Ltd., and Rondell Industries.

/It can safely be surmised that most of the large sums of money spent by these leadership candidates--one of whom passed the quarter-million mark--came from their same friendly neighbourhood corporations.

The Causes:

/The reason the old-line parties don't want to clean up the political financing mess is obvious. It's because the existing system enables them to collect huge amounts of money in secrecy from the richest individuals and organizations, and to translate that financial backing into millions of votes on Election Day. Naturally they don't want to ruin what is, from their standpoint, a very cosy arrangement. The thought of having to fight an election with a mere million dollars--as the NDP must do--gives them cold shudders.

/The Parliamentary Committee on Election Expenses presented its report in October 1966, recommending a comprehensive reform of the election laws. In the ensuing two years, however, no action was taken by the Liberal government to implement the committee's recommendations. The NDP Members of Parliament time and again pressed for action, but all they got from Prime Minister Pearson was promises. Always promises.

/The government refused even to take the first step in turning

the report over to the Privileges and Election Committee for study.

/On April 11, 1967, Mr. Pearson, replying to a question from Andrew Brewin, promised to do this, and added that "we have lots of time before the next election to deal with it."

/On November 15, 1967, he repeated his promise, having done nothing about the matter in the intervening seven months. Two weeks later, in reply to a question from David Lewis, he said that legislation effecting electoral reform would have to wait for the next session of Parliament, but he repeated his assurance that there was plenty of time to deal with it before the next federal election.

/As could have been expected, nothing was done this year, either. At the time Parliament was dissolved on April 23rd, the report on election expenses still hadn't been studied by the Privileges and Election Committee.

The Solutions:

/On February 4, 1966, Andrew Brewin of the NDP introduced a private member's bill in the Commons which called for amending the Canada Elections Act by limiting and publicizing campaign contributions, initiating an effective accounting of election expenditures and enforcing limitations, and limiting expenditures during a campaign to official agents and political parties.

/The report of the Election Expenses Committee agreed substantially with Mr. Brewin's proposals. So much so that, at its last federal convention, the NDP--with only a few minor exceptions--was able to support the committee's recommendations.

/These are as follows:

- (1) "Political parties should be legally recognized . . . and made legally responsible for their actions in raising and spending funds."
- (2) "A degree of financial equality should be established among candidates and among political parties, by the extension of certain services and subsidies to all who qualify."
- (3) "Increase public participation in politics by broadening the base of political contributions through tax concessions to donors."
- (4) "Costs of election campaigns should be reduced by shortening the campaign period, by placing limitations on expenditures in the mass media by candidates and parties, and by prohibiting the payment of poll workers on Election Day."
- (5) "Public confidence in political financing should be strengthened by requiring candidates and parties to disclose their incomes and expenditures."
- (6) "A Registry under the supervision of a registrar should be established to audit and publish the financial reports required, and to enforce the provisions of the proposed 'Elections and Political Finances Act'."

- (7) "Miscellaneous amendments to broadcasting legislation should be enacted to improve the political communications field."

/As has happened so often in the past, the NDP finds itself having to fight for the implementation of a report from a body set up by an old-line party government--a report which that government then proceeds to ignore, disown, or repudiate.

/The Liberals and Tories know what has to be done to put election expenses on an open, honest, democratic basis. But all they are prepared to do is give lip service to the Parliamentary committee's recommendations. Only the NDP is fully and sincerely committed to enacting them into legislation.

(N.B.-- See also section - Government, Parliamentary and Electoral Reform (Election Expenses) Resolutions adopted at the last NDP convention in Toronto, July 3-6, 1967.)

UNEMPLOYMENT

The Issue:

The problem of keeping its rapidly growing labour force fully employed is one of the greatest economic challenges facing Canada. With a work force expanding at an annual rate of 3.2 per cent -- faster than that of any other industrialized country -- our potential for economic growth is unequalled. Yet this potential will not be realized unless satisfactory levels of employment are achieved; and without carefully managed employment and manpower policies, there is no reason to hope that sheer good luck and a favourable economic climate will combine to produce a full employment situation.

Canada's past record in this connection has been extremely disappointing and the failure to establish satisfactory levels of employment in the post-war years is an indictment of the economic policies of successive Liberal and Tory governments.

The cost of unemployment cannot be measured merely in terms of welfare payments made to those without work but also includes the value of the production which, under better planning conditions, might have been undertaken by these people. In this sense unemployment represents a gross underutilization of one of our most valuable resources and thereby constitutes an enormous and irretrievable loss.

In recent years the Economic Council of Canada has devoted a great deal of consideration to this problem and has suggested that

a 3 per cent rate of unemployment is, under present conditions, a reasonable rate to maintain. Any persistent deviation from this will jeopardize the chances of realizing our economic potential in other areas including a strong, balanced economic growth. Contrasted to this, the Liberal government's continuing failure to contain unemployment at the prescribed level suggests either an unwillingness to accept the prime need for full employment policies or, alternatively, an inability to manage the economy in such a way as to produce low levels of unemployment. Either way, the apparent disregard for this clear 3 per cent guideline is hard to excuse.

As the table below shows, at no time during the last ten years have we been within striking distance of this goal, and the clear indication is that we are becoming further removed from it as time goes on.

	<u>Labour Force</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
1958	6,127,000	432,000	7.1
1959	6,228,000	373,000	6.0
1960	6,403,000	448,000	7.0
1961	6,518,000	469,000	7.2
1962	6,608,000	391,000	5.9
1963	6,748,000	374,000	5.5
1964	6,933,000	324,000	4.7
1965	7,141,000	280,000	3.9
1966	7,420,000	267,000	3.6
1967	7,694,000	315,000	4.1
1968 (1st quarter)	7,608	488,000	6.3

(Source: Dominion Bureau of Statistics)

Unemployment statistics climbed rapidly as 1967 closed and the first three months of 1968 has disclosed a frightening trend towards the levels of mass unemployment so familiar in the early sixties. On the basis of our current economic performance there is little hope that this pattern will be reversed during the balance of the year and predictions are that the average rate of unemployment for 1968 will be as much as 5 per cent.

First-quarter figures for 1968 show unemployment at 6.3 per cent, more than twice as high as the Economic Council's guideline and almost 20 per cent above last year's disappointing first-quarter rate. Figures below, showing average unemployment rates for the first three months of each year, clearly indicate that present rates are the highest since 1964. With almost half a million men and women out of work, the number of unemployed is at its highest point since 1963.

	<u>Number of Unemployed (first quarter)</u>	<u>Average Unemployment Rate (first quarter)</u>
1962	562,000	8.7%
1963	545,000	8.3%
1964	463,000	6.9%
1965	397,000	5.7%
1966	352,000	4.9%
1967	392,000	5.3%
1968	488,000	6.3%

(Source: Dominion Bureau of Statistics)

A further aspect of unemployment is that it is not evenly distributed throughout the country, tending to fall most heavily on the Atlantic Provinces and the eastern part of Quebec. The persistence of this problem suggests a complete failure on the part of past governments to make any inroad into these regional disparities. As the Economic Council sadly stated in its latest Annual Review:

"In other words, in spite of one of the greatest periods of expansion in Canadian history, there continued to remain unacceptably high rates of unemployment in the relatively low-productivity and low-income regions and areas of the country, particularly in the Atlantic region and Eastern Quebec."

UNEMPLOYMENT BY REGION

	<u>Canada</u>	<u>Atlantic</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Prairies</u>	<u>B. C.</u>
1961	7.2%	11.1%	9.3%	5.5%	4.6%	8.5%
1962	5.9	10.7	7.5	4.3	3.9	6.7
1963	5.5	9.5	7.5	3.8	3.7	6.3
1964	4.7	7.8	6.3	3.3	3.0	5.3
1965	3.9	7.4	5.4	2.5	2.5	4.2
1966	3.6	6.4	4.7	2.5	2.1	4.5
1967	4.1	6.7	5.3	3.1	2.3	5.1
1968 (<u>1st quarter</u>)	6.3	10.8	8.3	4.5	4.0	7.3

(Source: Dominion Bureau of Statistics)

/Unemployment in the Atlantic Provinces and Quebec stood 70% 30% respectively above national average rates, while Ontario and the Prairie Provinces experienced unemployment rates 30% and more below average. This wide disparity as between regions is a deplorable testament to our unplanned economy.

/With the need to find jobs for the half-million people presently out of work and the three-quarter million men and women who will be entering the labour force between now and 1970, there is no room for the aimless program that the Liberal government has followed in recent years. The problem has now grown to such proportions that it will yield only to a totally planned approach.

The Causes:

/Underlying the current unemployment situation is a general lack of demand which has caused a weakening in most major sectors of the economy. This is the direct result of a series of ill-timed deflationary measures imposed on an economy whose tendency to expand had not been built on a firm base. By the end of 1966, the economy was barely growing and early in 1967, the danger of lagging rates of expansion was plainly evident. Nevertheless, increases in taxation and cuts in government spending were introduced to appease those whose primitive call was for a balanced budget.

/Indeed, it would seem that full employment is very much a secondary item on the Liberals' list of priorities, a residual to be looked at only after other matters have been dealt with. In this

connection, a recent statement by the Minister of Finance (Mr. Benson) is most revealing.

"The government should take every step it can which does not undermine business confidence to maintain employment."

(emphasis added)

/Clearly for Mr. Benson, the peace of mind of the business community takes precedence over the basic economic needs of half a million Canadians.

/But the weakness of demand only partially explains the present unemployment levels. To a considerable extent the condition is a product of the mismatching of the demand for and the supply of labour, and in this sense the problem is qualitative rather than quantitative. As the emphasis in the economy shifts from agriculture to industry, and from primary to secondary industries and service trades, the type of work force required is undergoing constant change. Certain industries become obsolete and the labour dependent on them is made redundant while the development of new industries is impeded by the shortage of qualified manpower.

/It is developments such as these, precipitated by new technology, and for which adequate accommodation has not yet been made, that account for much of the hard core unemployment in particular regions and industries. Such unemployment is unresponsive to any injection of demand into the economy and can only be cured by co-ordinated measures for retraining, skill-upgrading and increasing labour mobility. To date, Liberal and Tory governments have failed to plan for the

introduction of automation and technological change. What is important now - indeed, vital for the future well-being of the Canadian economy - is that we immediately pursue the various manpower programs needed to make the process of adjustment to change in this era as painless as possible for the people involved.

The Solutions:

The NDP believes that the problem must be tackled on two fronts. In the first place, this involves the implementation of a variety of expansionary economic policies designed to lift the economy out of its present inertia. The NDP would introduce a number of job-creating and job-stimulating measures designed to create meaningful opportunities for the half-million people presently out of work as well as for the anticipated 240,000 job-seekers who will be entering the labour market for the first time this year.

These measures would be designed to increase effective demand in the economy as a whole and would encourage job-creating private investment. They would include a major expansion of social capital and other public works, expansion of social security programs, especially those which transfer income to the lower income groups, tax reductions for lower income groups and better minimum wage legislation.

These steps would be introduced as part of an overall program to ensure a planned expansion of the economy, well-rounded and firmly-based, utilizing to a maximum extent our abundant human and

natural resources. Under no circumstances would any divergence from the goal of full employment be entertained.

/Concurrent with this, measures would be introduced to step-up our attack on structural unemployment. The NDP believes that a successful manpower policy is our most important vehicle for facilitating adjustments to changes caused by technological advance. Far more needs to be done than is presently being attempted by the Liberals, including further increases in allowances for workers enrolled in retraining courses, greater efforts to stimulate manpower mobility, and an intensification of programs for collecting and disseminating labour-market information. In fact, what is required is a continuing up-to-date research program to carry out analysis and forecasting of changes in the labour market, together with a nation-wide network of retraining centres to equip men and women with higher or different skills, and to provide technical-vocational training for adolescents and pre-employment youth.

/Elements of all of these are to be found in Canada's present manpower services, but only in a few areas are they even near adequate. Such services as now exist have not been properly co-ordinated, either with each other or with other aspects of economic policy.

/Finally, in the belief that much labour displacement could be avoided if the introduction of technological change were handled properly at the plant level, the NDP would implement the recommendations of the Freedman Report, thus ensuring that the introduction of technological change would be a negotiable issue between the parties involved in collective bargaining.

REGIONAL ECONOMIC DISPARITY

The Issue

/Regional economic inequalities have been a persistent fact of Canadian life for the past forty years.

/This was the finding of the Economic Council of Canada in its second annual report. Since the late twenties, when statistics were first compiled, the overall economic growth of Canada has not achieved any reduction in the gap between the "have" and the "have-not" regions of the country.

/The most striking feature of regional economic comparisons throughout Canadian history is the substantial difference in per capita income between the highest and lowest provinces. In the most recent period for which statistics are available, 1962-4, personal income per capita was \$2,025 in Ontario, \$1,521 in Quebec, \$1,302 in Nova Scotia, \$1,167 in New Brunswick, \$1,115 in Prince Edward Island and \$1,007 in Newfoundland.

/There have also been substantial differences in employment across the country. The Atlantic Provinces in particular have clearly suffered from much heavier unemployment than the country as a whole. For example, in the 1956-60 period the average unemployment in the Atlantic Provinces was nearly 10% of the labour force as contrasted with about 4% in Ontario. Even today when unemployment is again becoming a major problem across the whole country, the rate

is 10.9% in the Atlantic Provinces, 8.4% in Quebec and 7.5% in British Columbia compared to 4.6% in Ontario and 3.8% in the Prairie provinces.

/The result of this nagging inability to bring stability into our economic life is that, regardless of a person's abilities, where he lives in Canada means a great deal to his standard of living, opportunities for employment and the amount of income he can earn.

/It also means that the skills of many Canadians are neither developed nor used to their full potential. The overall effect on the economy of such waste cannot be definitely stated, but it is certain that we are not making full use of our human and material resources. Our economy operates well below its full capacity and hundreds of millions of dollars worth of productivity are lost every year as a direct result.

/Underdeveloped regions are caught in a vicious cycle in which low income and employment, low capital accumulation and low productivity lead to lower educational attainment, inadequate health and welfare services, emigration of the skilled and the young to areas where employment opportunities are better and, in general, a standard of living well below what it is possible for all Canadians to enjoy.

/Canadians have long cherished the belief underlying Confederation that only together can the various regions of Canada establish equal opportunities for all our people. But, as the Economic Council points out, wide disparities continue to persist from region to region. Such

inequalities impose a tremendous penalty upon the overall quality of Canadian life and, more importantly, inflict terrible hardships upon individuals and families in underdeveloped areas.

The Causes

The reason for the persistence of economic disparities is that during the past forty years neither the Liberal nor Conservative governments have been able to provide the policies which would foster the economic growth of underdeveloped regions.

In many cases, such areas are overly dependent upon one major resource or industry. When there is, for example, a crop failure or a lowering of demand for exports, the region lacks the economic diversity that would enable it to absorb a blow in a particular sector. The Liberal and Conservative governments have not been able to protect such areas from the social damage that results from fluctuations in employment, income, productivity and economic growth.

This is not to say that these governments have not initiated any programs to try and bring about regional economic equality. Indeed there has been a proliferation of such programs, all of them well-intentioned but nevertheless ineffective.

We have had programs to build roads to resources, to develop transportation facilities, to retrain manpower, to give area industrial grants and incentives, to provide rural adjustment and relocation of the victims of technological change. But still the same

regional inequalities exist. These policies have lacked the overall direction and cohesiveness that alone could render them effective.

/What we have not had is leadership from our policy-makers, the federal cabinets of both Liberal and Conservative governments, that would ensure that these individual programs work in a mutually-reinforcing way to raise productivity and income.

/Piecemeal solutions have not been able to solve the problems of a complex economy. We need continuing, coordinated effort to erase the problem once and for all.

/Year after year the governments of the old-line parties have failed in their responsibility to give the kind of leadership that the Canadian economy needs. The extent of their failure is all too clear and the old parties have shown no evidence of changing their ways. The result is the economic disparity that we have in Canada today.

/As the Annual reports of both the Economic Council of Canada and the Atlantic Provinces Economic Council clearly point out, there is a vital need for a coordinated and consistent policy and program approach in the interest of regional development in Canada.

The Solutions

/To solve the problem of regional economic disparity the New Democratic Party proposes a policy of regional economic planning.

The NDP believes that where the national economy as a whole is concerned the federal government has the responsibility of determining what the people of Canada want and what the economy is capable of producing. Guided by the best evidence available, the federal government has the responsibility of establishing Canada's economic goals.

Within the framework of an overall economic plan approved by Parliament, an NDP government would also give leadership and offer initiatives in the area of regional economic planning. Since economic and geographical regions often lie in several provinces, any successful planning for the development of these regions would require the participation at both the planning and the executive stages of the federal and several provincial governments. Regional planning also involves the development of both matters normally under federal jurisdiction (such as interprovincial transportation links) and also matters under provincial jurisdiction (such as town and community planning). Therefore it is obvious that only through wholehearted cooperation between Ottawa and the provinces can such schemes become effective.

Coordination can be achieved at the level of Prime Ministers' Conferences where policy would be discussed and large-scale joint programs initiated. A Federal-Provincial Planning and Development Committee would coordinate programs, and special committees of federal and provincial civil servants would administer day to day operations.

The evidence is clear that Canada has the material and human

resources to eliminate regional disparities. It is also clear that the methods used to promote growth in the poorer regions need not retard the development of the presently faster-growing regions of Canada. Indeed economic prosperity in the now underdeveloped regions will ensure that the economy as a whole will be more viable and provide greater prosperity for all Canadians.

/Regional economic policies of the NDP will avoid the stop-gap transfer of subsidies to indefinitely sustain low-productivity industries and declining occupations. While the NDP has fought a lonely battle to protect the victims of technological and social change, we must not forget that an NDP government would emphasize positive policies as the only long-term answer.

/The NDP recognizes that close cooperation between the federal and provincial authorities in the formulation and implementation of policies is the only way in which consistent growth can be assured. In consultations with the provinces, "growth centres" would be established in underdeveloped regions. These centres would bring together the facilities and services required to make best use of the human and material resources of a particular region.

/The old-line parties have talked about regional disparity and offered a patchwork of pallid programs to combat the problem. If you seek their monument you need only look to the economic mess that Canada is in today.

/The NDP is the only party that promises to take the necessary

9.7.

step that is the only means of solving this problem--democratic economic planning.

/Forty years of well-documented failure is the Liberal and Tory legacy. Through economic planning to meet well-defined goals, economic disparities can be eliminated and a firm basis for sound economic growth in all regions of Canada can be built.

SOCIAL SECURITY
(Guaranteed Annual Income)

The Issue:

/Canada has failed to meet the basic needs of large numbers of its people.

/It is true that we have several good social programs--thanks in large measure to the incessant pressure of the New Democratic Party and its predecessor, the CCF. But there are many deficiencies and gaps in these programs.

/The Dominion Bureau of Statistics has calculated that 26.6% of Canada's non-farm population is below the "low-income" level. That is, having an annual income of less than \$2,500 for a family of two, \$3,000 for a family of three, \$3,500 for a family of four, and \$4,000 for a family of five.

/About 22% of all the families and 15% of the families of four in this group had to live on less than \$3,000 a year, while 1,380,000 non-farm people (mostly old-age pensioners) had to live on less than \$1,000 a year.

/If farm families had been included, these percentages and numbers of low income citizens would certainly be higher, since farm income tends to be lower than non-farm income.

/These D.B.S. figures were based on the 1961 census, but it is unlikely that there has been much change in the past seven years. It can therefore be concluded that some 5,000,000 Canadians today are in the low-income or poverty group. We know that over 1,000,000 of these are on public "relief", with its humiliating means testing. Apart from the stigma attached to this method, it is very costly to administer because of the staff and paper work required to examine each person's particular needs.

/It is obvious--or should be--that Canada has failed to live up to Article 25 of the Universal Declaration of Human Rights, to which this country is a signatory. Article 25 of this United Nations document states that--

/"Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

/It should be clear, from reading this section of the declaration signed by Canada, just how far short of living up to it Canada has fallen.

The Causes:

/In spite of the shocking fact that one out of every four Canadians is in a state of poverty or deprivation, many old-line party politicians

and businessmen are saying, "We have gone far enough in social welfare. Let's have no more universal programs. Let's cut back on those we have. Let's return to rigid testing of means or needs." Some of these critics accuse our poor people of "free-loading", of being "too lazy" to work.

/Unfortunately, our new prime minister has aligned himself with these reactionary anti-welfare forces. He has stated he is opposed to any more social security programs after the implementation of Medicare. "We have had enough of this free stuff," he told the press.

/Mr. Trudeau's comment was all too typical of the attitude of the old-line parties toward welfare. They have introduced the present "patchwork quilt" of social welfare reluctantly, as a result of NDP-CCF prodding. Only after unemployment insurance, old age pensions, family allowances, workmen's compensation and other programs had been popularized by the NDP-CCF did the Liberals and Conservatives agree to put them into effect. And even then, it was not out of concern for the plight of our underprivileged citizens, but mainly to win votes.

/The result is an inefficient and inadequate "mix" of programs that fail to meet the needs of many millions of our people.

The Solutions:

/The answer lies in a comprehensive program that provides basic income security for everyone, with a minimum of administrative restriction. That is why the New Democratic Party is committed to the

Guaranteed Annual Income, which would give every family and individual a basic minimum sufficient to permit a decent standard of living.

The guaranteed income is no longer a Utopian or visionary device. Many reputable economists, social workers--and even a few old party politicians--now believe that the Canadian economy can well afford to guarantee at least a minimum level of income to those who cannot earn it. Since the G.A.I. would replace many of the existing schemes, its total cost would not greatly exceed the combined costs of the plans it would absorb.

The conservatives object that the G.A.I. would destroy initiative, and that its recipients will opt to remain in idleness on a minimum income. These charges are familiar, but they have not been borne out by experience in either public or private welfare activities. The so-called "free-loaders" on such programs as unemployment insurance or relief constitute a very small proportion of the total numbers receiving such benefits. On the whole, people prefer to be independent and run their own affairs--but to do so, they must enjoy basic financial security.

The NDP does not see the guaranteed annual income as a panacea for all social ills. No standard minimum income can be expected to cope with such problems as health needs or housing, which vary so much from family to family. There must also be a network of community services, such as family counselling, family planning, educational and vocational training, and a host of others.

The needs of particular groups would also require continuing special assistance, such as educational allowances and old age pensions. Unemployment insurance would still be necessary to protect workers from comparatively short-term but drastic reductions of their living standards.

Nevertheless, the ultimate effect of the G.A.I. will be to reduce reliance on (and therefore the cost of) other income security programs, and particularly those social assistance programs that now involve a means or needs test. The G.A.I. will be the keystone of a more integrated and co-ordinated over-all social policy for eliminating poverty and increasing the well-being of all Canadians.

To ensure that such a social program is both just and adequate, the NDP will undertake a far-reaching review of all income maintenance programs. It will study their level of benefits-many of which, like family allowances, have lagged far behind increases in the cost of living--the extent to which they protect those who need help, and the degree to which they are equitably financed. It will also review them with a view to determining which gaps remain to be filled-- not only by a comparison with the programs of other countries but by an examination of the needs as they exist in Canada.

An obvious example of such gaps is the lack of a program of sickness cash benefits so that illness will not result in a loss of income for the wage and salary-earner and the self-employed person. The NDP believes such a program must be introduced to supplement the coverage of the costs of illness through the Medicare and hospital services programs.

Of course, the NDP is also committed to an immediate increase in the Old Age Security pension from the basic \$76.50 flat rate to \$125 a month.

The NDP study would reveal which of the four main proposals for implementing a guaranteed annual income would be most suitable for Canada. These are (1) guaranteed employment; (2) a negative income tax system; (3) a universal flat-rate allowance; and (4) an improved and expanded public welfare system.

One of these-or perhaps a combination of two or more--can be adapted to the needs of Canada's poor, without entailing unacceptable financial costs.

A man who has devoted much time to studying this matter, and who is more qualified than most to judge its practicality, is Reuben C. Baetz, executive director of the Canadian Welfare Council.

"It is my personal view," says Mr. Baetz, "that Canada both can and should provide, as a matter of right, sufficient income to support an adequate standard of physical and social well-being for all its people. This is based on a principle of social justice now generally accepted in all advanced countries."

In Canada, however, it is a principle accepted fully by only one political party--the NDP.

(See also Resolution - Social Security - adopted by the NDP Federal Council, November 19, 1967)

POLLUTION

The Issue:

/The affluence that we enjoy as a result of advances in our industrial civilization is being bought at a terrible price. As our population increases in both numbers and density, the problems arising from the pollution of our air, water and soil cry out for attention.

/Paradoxically, pollution is a problem brought about by our very success in utilizing our natural resources and building a highly-productive industrial system.

/Canada today is plagued by three major types of pollution. Pollution of the soil results from the use of chemical sprays and insecticides and the dumping of man-made wastes. Water pollution is caused by the use of our lakes as convenient repositories for municipal sanitary wastes and industrial effluents and from biochemical sprays and ground waters from mines and excavations. Air pollution results from the discharge of gases from motor vehicles and industrial plants. In total, pollution is causing tremendous damage to our most precious resources and to the health of the people of Canada.

/In large industrial centres such as Toronto, Montreal, Hamilton, Vancouver, Oshawa, Windsor, Sudbury, Sault Ste. Marie and Sarnia, the seeds of future disaster are being sown every day. Already some of the results are frighteningly clear.

/As a result of municipal and industrial pollution, Lake Erie is a dead body of water, called by many experts "the world's largest open sewer."

/At the time of the famous "fog-bound" Grey Cup Game of 1962, Toronto was a potential disaster area as a blanket of moisture made it impossible for impurities in the air to escape into the upper atmosphere. Fortunately, the fog lifted before the situation caused a major tragedy.

/Recently in Montreal an identical atmospheric situation occurred, and local health authorities became extremely concerned for the health of the local population. So far, Canadians have been lucky, but our luck won't hold forever. We must act soon.

/We must not repeat the American experience where the great cities are stark evidence of the unnecessary price people are paying for industrial progress. Every river system in the United States now suffers from some degree of pollution, and the populace of large industrial areas like New York and Los Angeles live under a constant threat from pollutants in the air.

/What has happened in the United States need not happen in Canada. Pollution is a problem that can and must be solved.

The Causes:

The blame for the present lack of action to combat pollution must be laid squarely at the feet of recent Conservative and Liberal federal governments.

In spite of repeated calls to action by conference of experts, the Conservatives and Liberals have attempted to evade this urgent issue by maintaining that federal and provincial areas of responsibility have not been clarified.

As the experts point out, the air does not respect provincial boundaries. A company penalized for polluting the air in one province can continue to pollute the same air space from a new location in an adjacent province. Similarly, it would do little good for a province to enforce anti-pollution laws on a river carrying industrial wastes from an upstream point in another province. And when international bodies of water are being polluted, or air pollution is carried from the United States into Canada, provincial governments are powerless to act.

In spite of widespread recognition of the dangers to community life and personal health, the federal government has not established any limits which it would be a criminal offence to surpass.

If a private individual endangers the life of a community or the health of his neighbours, he can be dealt with promptly under Sections 125 and 372 of the Criminal Code. These sections specify severe penalties for those who "endanger the lives, safety or health of the public" or "cause physical injury to any person, or cause common mischief". Irresponsible individuals, therefore, can be dealt with promptly by the law.

However, the main offenders in the area of pollution are the

Canadian Corporations, who earn millions of dollars every year by exploiting the natural resources that belong to all the people of Canada. These corporations are causing unnecessary damage to the life and health of communities and individuals. But they have been treated by the Conservatives and Liberals as if they were beyond the reach of the law. It need hardly be added that these same large corporations are the major contributors to the coffers of the old-line parties.

/Conference after conference, inter-provincial, federal-provincial, and international, has been called to discuss the subject of pollution. Invariably the federal government of Canada has been called upon to lead the fight against this destructive menace. Suggestions have been made that the federal government establish pollution abatement codes and co-ordinate the efforts of the provincial governments. More research by the federal government, more financial aid to municipalities and incentives to industry have been urged.

/And what has been the response? The Prime Minister promised that legislation to combat water and air pollution would be introduced in the House of Commons in the autumn of 1967. This promise was never kept. Mr. Sharp's last budget provided a token, a fast write-off for pollution control equipment installed by manufacturers.

/What we have had from Conservative and Liberal governments is a sporadic, fragmented approach to a problem that is persistent, pervasive and increasingly dangerous.

/Responsibility for study and action has been delegated among various departments and agencies of the federal government, with bland reassurances that a few thousand dollars spent here and there will suffice.

/It is clear that the responsibility for leadership and co-ordination of policy and, where necessary, for the punishment of offenders belongs to the federal government. It is equally clear that recent federal governments have done precious little to combat pollution of our air, water and soil.

The Solutions:

/A New Democratic Government would establish a National Anti-Pollution Control Agency, which would have power to police all aspects of pollution and establish, through research and investigation, the standards necessary for all types of pollution control.

/This agency would administer a Loan and Grant Fund to help industries combat the causes of water and air pollution at their source. The provinces would be asked to set up allied agencies by passing concurrent legislation.

/The NDP would work through these agencies to provide municipalities with the expertise and financing necessary to modernize municipal waste treatment and disposal systems.

/The NDP would also introduce legislation to require that all

motor vehicles be equipped with the means to filter the impurities from combustion fumes and to control the use of gasoline additives which are the main cause of the morbid effects of such fumes.

/The NDP believes that a positive and reasonable approach can be provided by the grants and incentives programs and that the majority of Canadians will co-operate in reclaiming resources now in danger and in establishing safeguards for the future.

/However, as a last resort, when established standards are consistently violated, amendments to the Criminal Code will make provision for severe penalties against polluters.

/The fight against pollution must be comprehensive, co-ordinated and continuing. The success of our attack on pollution will determine the quality of life the Canadian environment is capable of sustaining for this and succeeding generations.

(N.B.--See Also Resolution on Pollution adopted by the NDP Federal Council, November 19, 1967)

DRUG PRICES

The Issue:

/All inquiries in Canada over the past ten years into the quality, manufacturers' costs, and prices of prescription drugs, have clearly shown that, on the average, drug prices are higher in Canada than in any other industrialized country in the world today.

/The major responsibility for the high cost of drugs in Canada must be laid at the door of the Pharmaceutical Manufacturers Association of Canada (PMAC), an alliance of approximately 56 companies, mainly American subsidiaries, that manufactures 85% of the drugs sold by prescription in Canada today. Price competition is non-existent among these firms, with the result that Canadians pay exorbitantly high prices for drugs.

/The members of the PMAC show little sense of public responsibility. Their immense profits come out of the pockets of those who can least afford it--the poor, the chronically sick and, indeed, every Canadian who has to purchase prescription drugs.

/The many investigations into the manufacturing, distribution, and sale of drugs in Canada, have repeatedly disclosed the following facts:

- a) Although drug prices in Canada are the highest in the world, there is no relationship between the cost of manufacturing

in Canada and the ultimate selling price to Canadian consumers. In other words, the relatively high price of Canadian drugs bears no relationship to the limited size of the Canadian market.

- b) No competition exists between members of the PMAC except in the volume of advertising directed at Canadian doctors. The PMAC members each send "detail men" to doctors' offices to persuade them to prescribe the company's trade name or brand name drugs. These detail men condemn the use of generic drugs, i.e. drugs known by their chemical name, as second-rate and of poor and unsafe quality. Doctors may be vulnerable to such propaganda because they are very busy and most likely don't have the time to check drugs out thoroughly on their own. In addition, brand names are easier to remember. But doctors are often not told the price that the consumer must pay for the brand name prescription drug. The PMAC spends about \$5,000 per doctor every year on advertising.
- c) There is no difference in the quality or safety of brand name as compared with generic drugs. This is the conclusion of all the inquiries, as well as the stated opinion of Dr. R.A. Chapman, Director-General of the federal government's Food and Drug Directorate in Ottawa.
- d) The members of the PMAC make the highest percentage of profits of any manufacturing industry in Canada. In a recent

book, William Stevenson exposes some of the startling disparities between the cost to the drug manufacturer and the price paid by the consumer. He reveals that on some items the drug industry's profits run as high as 26,000 to 28,000 percent. For example, in Ottawa the Frosst company sells a drug by its generic name for \$3.85 per hundred to an institution. At the same time this firm sells a "clinically equivalent" brand name drug, i.e. one that has the same medical effect, to retail druggists for \$20.50 per hundred.

- e) Scientific research and development undertaken by PMAC members is extremely small by international comparisons. Furthermore, most of this small amount of effort in research and development is spent on "molecular manipulation". This means that a slight change is made in the product, although its medical effects remain substantially the same. This insignificant change then allows a new brand name to be applied to the drug and it can thereby be protected by patent for an additional 17 years. While $2\frac{1}{2}$ cents out of every prescription dollar is spent for research, $11\frac{1}{2}$ cents is spent on promotion and advertising.

/There is no doubt about the reasons for the high prices Canadians must pay for prescription drugs. A powerful, well-organized, moneyed group, the Pharmaceutical Manufacturers Association of Canada, enjoy monopoly control over the drug industry. Their profits are ensured by their total control over the industry and the fact that

there is no direct relationship between the manufacturers' costs and the prices the consumers pay for their drugs. PMAC members simply charge all that the traffic will bear. They spend vast sums on promotion and advertising which are paid for entirely by the consumer, and they exert continual pressure on doctors to write prescriptions for their exorbitantly over-priced brand name drugs.

The Causes:

/In Canada the high price of drugs is a national scandal. Those who suffer most are those least able to pay--the old, the chronically sick, the poor. But action to lower the price of drugs has received low priority from both the Conservative and Liberal governments of the 1960's.

/Over the years the Restrictive Practices Commission, the Ontario Government Committee on Drugs, the Royal Commission on Health Services, and the Special Committee of the House of Commons on Drug Costs and Prices have all recommended strong immediate action by the federal government. To date, little has been done.

/This year the Liberal Government accepted two recommendations from the Commons drug committee. It removed the 11% sales tax on drugs in an effort to lower the price to consumers. However, recent reports indicate that members of the PMAC raised their prices before and after the legislation went into effect. The Liberal government made no provisions in the legislation to ensure that the savings would be passed on to the consumer.

/The government also introduced amendments to the Patents and Trade Marks Act, Bill C-190, which were intended to force down the price the consumer pays for drugs. Bill C-190 would have reduced the patent protection for drug manufacturers by giving the federal government's Commissioner of Patents the right to issue licenses to permit firms to import drugs which are under patents by their competitors. It would also let importers sell imported drugs under the trademark of a foreign company, even though it was the same as a Canadian trademark, provided the Canadian and foreign firms were related. For example, the importer might be able to purchase a trademark drug in the United States much more cheaply than the American firm's Canadian subsidiary sells the same drug in Canada. Thus it was hoped that the reduced patent protection would inject some competition into the Canadian drug market and reduce the prices paid for drugs by Canadian consumers.

/The New Democratic Party supported these amendments, not in the belief that they would solve the consumer's problems in the Canadian drug market, but in the full realization that this was only a small, first step toward reducing the prices of prescription drugs in Canada.

/The Bill was given second reading--approval in principle. But a tremendous lobby was raised against the bill by the PMAC, and it was also opposed by Conservative Members of Parliament. The NDP did not want to see the bill die on the order paper and fought to have it brought before the House for third and final reading. On this issue, the NDP forced the House to sit until March 27 before adjourning for the Liberal leadership convention.

/The NDP only relented when assurances were given by the Prime Minister and all members of the Cabinet, including the leadership candidates, that the bill would be given top priority when Parliament reconvened.

/The subsequent dissolution of Parliament by the new Liberal leader for the June 25 election killed the bill to reduce drug prices. In a new session of Parliament a new bill will have to be drafted and the long battle against the PMAC lobby and its Liberal and Tory supporters will have to be fought again.

/Following dissolution, the Honourable John Turner, Minister of Consumer and Corporate Affairs, was questioned about the possibility of introducing a similar bill should a Liberal government be returned to Ottawa. The Ottawa Citizen of May 2, 1968 reported as follows:

"Asked whether there is a lobby by drug companies in Mr. Trudeau's riding of Montreal Mount Royal against the bill, Mr. Turner said a number of drug companies have offices in Mr. Trudeau's riding."

Mr. Turner commented that the government's position would have to be "reassessed".

/By its failure to give Bill C-190 third reading before recessing for the leadership convention, all the while protesting that the bill would be given top priority when Parliament reconvened and then betraying that promise by calling a snap election, Mr. Trudeau and the Liberals have shown that they have scant concern for the plight of those many

unfortunate Canadians who are forced by a powerful monopoly to pay the highest drug prices in the world.

The Solutions:

/A New Democratic Government would establish a Medicines or Drugs Commission to license drugs on the basis of their safety and effectiveness, to control advertising and promotion costs, and to approve generic drugs.

/The NDP recognizes that the lack of effective competition among members of the PMAC is responsible for high consumer prices. The NDP therefore would progressively lower patent, trademark, tariff and tax barriers to stimulate real price competition and thus bring down consumer drug prices.

/In order to lower drug costs the NDP will discourage the use of brand names for all new drugs and advocate the use of generic names instead. Brand names tend to prolong the monopoly position of a drug even after the patent on it has expired.

/Doctors will be encouraged to write prescriptions for drugs by generic rather than brand names. Druggists will be encouraged to dispense drugs on a cost-plus-professional-fee basis.

/It would be NDP policy that the federal government purchase generic drugs only.

The NDP will take the necessary steps to strengthen the small producers who make up the 15% of the industry that manufactures and sells generic drugs at low prescription prices to the consumer.

Only the New Democratic Party is publicly committed to an immediate program to reduce the consumer price of prescription drugs. The combined effect of the aforementioned NDP policies would be to cut overall drug prices by 30 to 45 per cent.

COST OF LIVING

The Issue:

/The greatest problem facing Canadian families today is the ever-rising cost of living. This was borne out by the results of a recent Gallup Poll, in which 47% of those questioned cited high living costs as the source of their biggest troubles.

/In the last three years alone, the cost of living in Canada has soared by 12%.

/Since 1965, the cost of food has gone up 12%, of clothing 13%, housing 11%, transportation 10%, health care 12%, and recreation 12%.

/In the same period, despite some unusually large wage gains in 1966-67, over-all wage increases have barely kept pace with zooming prices. Many hundreds of thousands of workers in low-paid jobs have actually seen the purchasing power of their earnings diminish.

/Those who are hardest hit by spiralling living costs are pensioners and others on fixed income. They have no way of protecting themselves from the crushing squeeze of inflation, and many who were previously self-supporting have been forced to the brink of destitution.

/The Social Planning Council of Metropolitan Toronto, back in 1964, estimated that a family of four would need an annual income of \$4,435

to afford a modest standard of living. So drastic has been the rise in living costs in Toronto in the past four years that the Planning Council's revised figure for 1968 is \$6,376. This is the minimum income now required by a family of four in Toronto to give them the bare necessities of life; it does not provide for luxuries, such as the purchase and operation of an automobile.

/Making allowances for somewhat lower costs in other parts of Canada, it is obvious that the average Canadian family of four needs at least \$5,000 a year to maintain a standard of living above mere subsistence. Yet the grim fact is that more than 5,000,000 Canadians--one out of every four--belong to families with incomes below \$4,000 a year.

/For these millions of underprivileged citizens, every additional cent added to the price of milk, bread and other basic foodstuffs, every extra cent added to rents, bus fares, drugs, clothing prices and other essentials, means a corresponding reduction in their already inadequate living standards.

/Yet prices of almost all commodities continue to rise unchecked. Successive Liberal and Conservative governments have refused to take any legislative action that would restrain excessive price increases and protect Canadian consumers.

The Causes:

/Many businessmen and old-line party politicians have attempted

to pin the blame for rising prices on increasing wage costs. Their attempts have failed, because every impartial study of the problem has proved that per-unit labour costs in Canada have not risen significantly over the past ten years.

/This fact has been underlined repeatedly by Dominion Bureau of Statistics surveys, and has been admitted editorially by the Financial Times.

/An exhaustive study of labour cost trends in industrial countries, published in the U.S. Dept. of Labour's Monthly Labour Review, showed that unit labour costs in Canada actually declined 9% in the period 1957 to 1964. In all other countries, the labour costs went up, from 5% in the United States to 33% in the Netherlands.

/John Nicholson, the former minister of labour, before his resignation made a speech in which--contrary to the foregoing figures--he estimated that labour costs per unit of production in Canada between 1957 and 1964 had risen by 3%. But he pointed out that corporate profits per unit during the same period rose by 18%.

/Nicholson admitted that union demands and settlements between 1964 and 1968 had not been excessive, but had merely represented a necessary "catching-up" process.

/If labour is not the villain, then it should be obvious that prices are being raised arbitrarily to increase company profits. Since 1960, corporation profits, both before and after taxes, have

moved steadily upward every year and are now at record high levels. Before-tax profits increased from \$3,338,000,000 in 1960 to \$5,187,000,000 in 1966, a growth of 55 percent. Profits after taxes have grown even faster, from \$1,794,000,000 in 1960 to \$2,997,000,000 in 1966, an increase of 67 percent.

/Between 1954-1964, annual corporate profits in Canada have more than doubled.

/The NDP does not begrudge any company or any stockholder a fair profit. But neither does the NDP consider profits to be sacred or unquestionable. When trade unionists wish to increase their income, they are compelled to justify their objective to their employer, to a conciliator or conciliation board, and indirectly to the press and the public. Very often they have to justify their wage demands to the government or a government-appointed arbitrator. Often, too, they are forced to go on strike and sacrifice many days' or weeks' pay. But a businessman who wishes to increase his income does not have to justify his decision to anyone. He simply marks up the price of his product.

/The counter-argument of the "free-enterprise" champions is that prices are determined by demand and supply and other market conditions, and that competition between companies prevents prices from being raised artificially high.

/The truth is that genuine competition between the monopoly corporations of today is practically unknown. Demand is induced

through mass media advertising, and prices are fixed at the highest levels the consumer can be made to pay. There is collusion between business firms to avoid price competition, while exploiting the consumer with easy credit, soft and hard sell techniques, deceptive packaging and a wide range of lures and "gimmicks".

/Evidence that price-fixing and profiteering are rampant in in Canada has been disclosed by the Restrictive Trade Practices Commission and the Combines Investigation Branch of the Department of Justice.

/In the past 20 years, more than 200 Canadian corporations have been found guilty of price-fixing, some two and three times. Yet, although the Combines Investigation Act prescribes punishment by fine or imprisonment, not one Canadian businessman has ever been jailed for these criminal offenses. And the fines levied against the offending companies, even for a third offense, have been relatively small. The average fine for price-fixing, in fact, amounts to one-tenth of one percent of the firm's annual profits! Such fines are little more than a license to steal. What company would not be willing to pay a fine of \$5,000 or \$10,000 for the freedom to extract millions of dollars in excess profits from helpless consumers?

/In most cases, the fines for a third offense are no higher than for the first time a company was caught price-fixing. For example, three rubber companies--Dominion, B.F. Goodrich and Gutta Percha--have been convicted three times for price-fixing, and fined only \$10,000 each time. The E.B. Eddy Co., another three-time

offender, was actually fined less (\$6,000) the second time, but did have its fine raised to \$20,000 when convicted on a third count.

/Earlier this year, the Batten Royal Commission into consumer prices in the three prairie provinces announced that the grocery trade in that region is making excess profits ranging from 30 to 77 percent higher than the average across Canada. The commission found that the two largest sellers, Canada Safeway and the Weston stores, had gained virtual monopoly power to the point of being able to push prices well above competitive levels. The commission estimated that the average family of four had been cheated out of \$61 in exorbitant food prices in 1966.

/Unfortunately, the Batten Commission had no powers to prosecute the prairie food profiteers, and to date no legal action has been taken against them by the federal or provincial governments.

/But price-fixing is not confined to the food industry. Among companies fined for this crime have been paper mills, sugar refineries, brewing companies, steel manufacturers, electrical contractors, bakeries, glass-makers, quilters, coal companies, and cement and gypsum firms.

/Deliberate price inflation designed solely to increase profits is now the rule rather than the exception across the whole spectrum of consumer goods and services.

/The money thus stolen from the household budgets of Canadian working people produce billions of dollars of unearned and illegal profit for the price-fixers.

The Solutions:

/Liberal and Conservative governments know that profiteering is the main cause of rising living costs. They have had many years in power in which they could have taken action to stamp out price fixing; many years in which they could have put teeth in the anti-combines laws and enacted a real consumer's bill of rights.

/They have failed to act. This is understandable, since the big price-fixing companies also happen to be the biggest financial backers of both the old-line parties.

/Alone among the major political parties, the NDP has consistently fought for more legislative protection for the consumer. Back copies of Hansard are replete with speeches by New Democrat MPs urging such reform as truth-in-packaging laws, curbs on fraudulent advertising, and more rigid testing of foods and drugs.

/For the past three years, the NDP has been clamoring for the establishment of a prices review board, which would be empowered to investigate questionable price increases, and before which manufacturers could be summoned to justify price boosts, particularly on household necessities. All appeals for such a board, however, have been rebuffed by both Liberal and Tory MPs.

/NDP pressure for a special Consumers' Affairs department finally did produce some results when the Liberal government agreed to set up a Corporate and Consumer Affairs Dept., of which John Turner was made the minister. This department, however, was only a pale imitation of the kind of agency the NDP had advocated. It is, in fact, nothing more than a glorified information bureau.

/Turner's department has no power to crack down on monopolies, profiteering and price-fixing. All it can do is issue information on any unethical marketing or sales methods brought to its attention. It is therefore powerless to do anything positive to prevent rising prices.

/In short, the new department is another example of the kind of meaningless windowdressing which the Liberals continually pass off as progressive legislation.

/Only the NDP, when forming a government, will set up a genuine Consumers' Affairs Dept., with research staff and facilities to test and evaluate all consumer products, with the power to enforce honest advertising, labelling and packaging.

/Only the NDP will set up a prices review board to halt unjust pricing practices and roll back excessive price increases.

/Only the NDP will enact and enforce laws against usury and unethical sales practices.

/Only the NDP will act decisively to provide low-cost credit for low-income families, and insist on full disclosure of credit terms.

/Only the NDP, of all the political parties, is free from financial dependence on the big corporations whose profiteering is the chief cause of skyrocketing living costs.

/A vote for the NDP is a vote for lower prices.

(See also Resolution - Consumer Affairs and Cost of Living - adopted at the last NDP Convention in Toronto, July 3-6, 1967.)

PENSIONS

The Issue:

/The Consumer Price Index for Canada is presently reaching all-time high levels in food, housing, clothing, transportation, health and personal care. It is a national disgrace that because of rising living costs the senior citizens of Canada, the people who have worked long and hard to build the prosperity we enjoy today, do not have sufficient means to attain minimum acceptable standards of living.

/One committee of a 1967 Conference on Aging reported that elderly persons in Canada must have a monthly income of approximately \$140 in order to live at a subsistence level in today's society.

/With the basic old age pension set at \$75 per month, it is obvious that most pensioners cannot hope to reach even a minimum level.

/Recently the Liberal Government introduced a widely-publicized \$30 supplement to the monthly old age pension. However, incorporated in the legislation was a provision for a means or income test to determine what portion of the supplement pensioners would be eligible to receive.

/Aside from being inadequate, the new legislation undermines the whole principle of universality in the old age security program.

It is a backward step that wipes out the tremendous advance made in 1951 when it was decided by an all-party committee that every Canadian would be treated equally when he reached the pensionable age. Under the present legislation, some will receive the old-age benefits as a right, while others will receive them only if they meet specified conditions.

The New Democratic Party contends that a means test of any kind is an invasion of an individual's privacy that may rob him of dignity and self-respect. Such intrusions are definitely not warranted in the case of Canada's old age pensioners, since the evidence is clear that the present payments are totally inadequate in the face of rising living costs.

Now the recipients of the pension supplement must report their incomes, there are reports of pensioners losing other allowances necessary to enable them to maintain their subsistence living. For example, war veterans may lose their allowances from the Department of Veterans' Affairs if they receive the old age supplement.

In particular, one group of old age pensioners--federal civil servants--have been continually misled by both the Conservative and Liberal governments. After repeated demands by the NDP for increases in the pensions of civil servants a joint committee of all parties reported to the House of Commons on May 8, 1967. They unanimously called for the Liberal government to bring down immediate increases in pension payments to retired federal employees. Despite repeated assurances that the government was considering pension increases,

retired civil servants still await relief from rising living costs.

/It is a fact well-known to all economists that the elderly, retired people who must live on fixed incomes suffer most in a society plagued by inflationary trends.

The Causes

/There are some basic principles against which the current pension situation must be judged.

/The basic aim of an old age security program must not merely be to provide a pension for bare survival. It should also provide the means to sustain the standard of living the recipient has been accustomed to in the past.

/The pension must be considered as a right and not as a charitable hand-out. And it must be universally available at age 65, for the simple reason that a person who has contributed to the Canadian economy has earned the right to enjoy a comfortable retirement.

/The pension should be given without a means test and it should be high enough to provide a modern standard of living, not simply the bare necessities. All ceilings on incomes for old age pensioners should be removed and they should be adjusted to keep up with changes in the cost of living.

/Obviously, both Liberal and Conservative parties have failed to enact the above basic conditions for the senior citizens of Canada. They have used pensions as an election gimmick, as a means to buy votes without any real consideration for the elderly person's right to a fair pension.

/The first version of the Canada Pension Plan was introduced in the House of Commons on July 18, 1963. It called for a maximum of \$100 a month on an income level of \$4,000 a year. Predictably enough, the Liberal Government succumbed to a massive attack by the insurance corporation lobby. The Liberals changed the plan by lowering the benefits from \$100 a month maximum to \$75 because according to Prime Minister Pearson himself in a letter to the provincial premiers, the original benefits "might incline some people to withdraw from private pension plans". Fortunately for the Canadian people, the government of Quebec vigorously objected to this change. A subsequent federal-provincial conference established more favorable benefits for pensioners.

/Even so, the amount of the present benefits under the Canada Pension Plan are based on a pension of 25% of income up to \$5,000. This is far too low to meet the needs of our older citizens today, and will likely prove hopelessly inadequate in the very near future. Yet the Liberal government apparently believes that such a pension plan is all the elderly people are entitled to, and that by some miracle they will be able to live in the manner to which they are accustomed.

/The present plan is also tied to the cost of living as measured

by the Consumers' Price Index. However, it may only increase benefits at a maximum rate of 2% per year, that is, by \$1.50 per month. The inadequacy of this provision has already been shown: The C.P.I. increased 4.5% in the last year alone.

/The sum total of Liberal concern for the old age pensioner may be summed up as follows: The supplementary assistance to the old age security benefits of \$30 is given only if a person qualifies after a degrading means test. And the Canada Pension Plan is tied to a cost of living adjustment that has already proven to be hopelessly out of step with changes in living costs.

The Solutions

/The New Democratic Party holds that old age pensions must be considered as a right and not as a charity. There should be no means or income test to decide whether a Canadian is entitled to a full pension.

/Canadians first received old age pensions in 1926. At that time, a small group headed by J.S. Woodsworth (later elected first leader of the CCF) held the balance of power in Parliament. They demanded and received the introduction of old age pensions for Canadians in return for their support of the Liberal government.

/Since that time the CCF and the NDP have remained in the forefront of the fight to ensure not only that our elderly citizens receive pensions but that those pensions reflect the needs and rights of the recipients.

/The NDP maintains that the ceiling should be lifted on pensions-- that an individual should get more than 25% of his income when he retires, and that pension payments should be assessed at a higher level than is the case now. The NDP would move for eventual integration of all pension plans to provide an individual with a payment of between 60% and 70% of his income in his best earning years. There are pension plans in existence which make such provisions.

/As a short-term measure to ease the suffering of the aged now, the NDP would immediately increase the old age security benefit from \$75 to \$125 a month. And the NDP would reduce the age of eligibility for the Canada Pension Plan benefits to 65 immediately, rather than wait until 1970 under the present legislation.

/The artificial and unrealistic ceiling of 2% on annual increases on Canada Pension Plan payments would be removed. The NDP would maintain the purchasing power of the pension by directly relating it to increases in the Consumer Price Index.

/In addition, the amount of income exempt from taxation would be doubled (from \$1,000 to \$2,000 for an individual and from \$2,000 to \$4,000 for a married couple) to eliminate the unfair taxes on pensions.

/Finally, the NDP would review old Age Security in Canada every two years in order to maintain a satisfactory relationship between the pension and general living standards.

/Only the New Democratic Party is committed to improve the situation of the senior citizens of Canada.

(See also Resolution - Social Security - adopted at the last federal NDP convention in Toronto, July, 1967; and Pages 98 to 105 of the Speakers' Notes for the 1965 election).

BILL C-186

/The contradiction between the Liberal party's words and its deeds is best exemplified by Bill C-186.

/This was a bill to amend the composition and procedures of the Canada Labour Relations Board. It was drafted at the request of only one labour organization, the Quebec-based Confederation of National Trade Unions, representing less than 11% of the organized workers of Canada.

/The CNTU had tried unsuccessfully to wrest bargaining rights for railway and communications workers in Quebec from a number of Canadian Labour Congress affiliates. The CLRB had turned down their applications on the grounds that the appropriate bargaining units for these employees were--and should remain--nation-wide in scope. The CNTU's effort to split off the Quebec sections of these groups was therefore blocked.

/The Labour Relations Board's reasoning was that, since the railway and television industries were national in their operations, it was reasonable and desirable that contract negotiations on behalf of their employees should also be conducted nationally. This has been a policy which railway and communications unions have consistently supported; they were naturally opposed to a piece of legislation that would permit their unions to be splintered into numerous small groups divided on a regional or linguistic basis.

/The bill was given thorough study by the Commons Committee on Labour and Employment, which received nearly a hundred briefs from unions and employers who would be affected by its passage. Only the CNTU brief supported the bill. All others denounced it vigorously.

/Bill C-186 died when Parliament was dissolved for the June 25 election. However, despite the strong protests of the CLC and its affiliates, Immigration Minister Marchand and Prime Minister Trudeau himself have both announced their intention to resurrect it and press for its enactment if the Liberals are returned to power.

/If the dispute over Bill C-186 were merely an inter-union squabble, its importance as an election issue might be open to question. However, the implications of this bill far transcend the field of labour relations. If enacted, it would have the effect within four or five years of suppressing wage levels in the less affluent areas of Canada, and thus further aggravating regional economic disparities.

/In a country plagued by depressed areas and an inequitable distribution of income, the contribution of national bargaining toward rectifying this economic imbalance is of major significance. All workers in unions which negotiate nation-wide agreements enjoy the same rates of pay, no matter whether they live in Newfoundland and New Brunswick, or Ontario and British Columbia. If national bargaining is disrupted, as would happen if Bill C-186 were put into effect, there would be an immediate return to regional wage rates in industries under federal jurisdiction. Wages in the prosperous regions of Canada would soon outstrip those in the less affluent areas.

/The result would be to put an added strain on national unity.

/And yet, the same Liberal party which threatens to enact this kind of legislation also insists that it is "concerned" about regional disparities and intends to take steps to correct them! The inconsistency between the words of Messrs. Trudeau and Marchand and their intended deeds could hardly be more glaring.

/Many of the unions opposed to the break-up of national bargaining described in great detail in their briefs to the Commons committee the adverse effects of the legislation. Among them would be the sharp reduction of seniority rights now enjoyed by workers in the railway, communications, and other federal industries. Because of the size of their bargaining units, they can now transfer to alternative jobs over a wide area if their present jobs should be eliminated. This form of job protection would of course be drastically reduced along with the size of the bargaining unit.

/Replacing national bargaining with regional negotiations would also create chaos in such industries as the railways. It would mean that strikes could occur in scattered localities that would cut coast-to-coast services.

/It is typical of the Liberal party's disregard for the welfare of working people that it seeks to enact anti-labour legislation over the objections of most unions, while at the same time refusing to implement the recommendations of one of its own Inquiry Commissions that would be beneficial to labour. This was the famous "Freedman Report", in which Mr. Justice Samuel Freedman urged that changes in

working conditions during the term of a collective agreement be made negotiable. At present such changes are made arbitrarily by the employer, often causing great dislocations and even mass layoffs among workers. Freedman would compel employers to negotiate all such proposed changes with the unions.

/His report has been completely ignored by the Liberal government. The excuse given is that no such changes in labour laws can be made until the Woods task force now investigating federal labour legislation makes its report. But, when it comes to a legislative change that would have a detrimental effect on workers, like Bill C-186, the Liberals refuse to wait for the findings of the Woods task force. This is another illustration of their basic insincerity.

/People not acquainted with industrial relations find it hard to believe that any government would knowingly try to enact such disastrous legislation as Bill C-186. However, the fact is that the Liberals did try to do so, and moreover, fully intend to try once more if they form the next government.

/Only the working people of Canada can prevent this erosion of national wage rates from taking place. They can prevent it by voting NDP--not Liberal--on June 25.

LABOUR

/Several years ago, when the Canadian Labour Congress sent a list of its basic policies to the three major political parties, only the New Democrats endorsed every one of them.

/This was to be expected. Neither the Liberals nor Conservatives have ever really accepted the existence of labour unions. The list of anti-labour laws enacted by old-line party governments, both provincially and federally, runs into many thousands of words.

/Nothing has changed in the intervening years. If anything, the Liberals and Tories have grown more hostile to organized labour. Both of them, when in office, have intervened to stop legal strikes and impose settlements on unions through compulsory arbitration. Both have refused to update antiquated labour laws to facilitate organizing, or to remove the many restrictions that now festoon unions in red tape.

/Both Liberals and Tories have refused to amend legislation that now permits employers to break a legal strike through the misuse of court injunctions.

/In recent years, the Liberal government has rejected the report of one of its own commissions of inquiry which, if implemented, would have forced employers to negotiate with unions the effects of technological and other work changes. This was the famous Freedman Report.

It was hailed as an industrial Magna Carta by Canadian unions. It would have ended the "residual rights theory" of management, and prevented employers from altering working conditions unilaterally during the life of an agreement.

/But the Liberals ignored it. Instead, they set up a "task force" to study federal labour legislation. They said no changes in the laws would be made until the task force presents its findings, some time in 1969.

/Then they went ahead, anyway, and introduced Bill C-186. (See Section 15 of Speakers' Notes.) But of course it wasn't designed to help unions. If it had been enacted, it would have broken up national bargaining units, weakened the unions that bargain on a national basis, and deprived many thousands of workers of hard-won standards and seniority rights. Only the minority status of the Liberals in Parliament, and the decision to call a June election, saved the unions from having Bill C-186 imposed on them. But if the Liberals are returned to power, Bill C-186 will be revived. Both Prime Minister Trudeau and his Quebec lieutenant, Jean Marchand, have said so.

/Both Liberals and Conservatives in recent years have displayed a readiness to further curb unions' right to strike. Leading officials of both old-line parties have referred to "a need" to substitute some form of binding arbitration for the strike in certain key industries, and in the public service.

/Nothing is more certain than that a victory for either the Liberals and Tories will be followed by more restrictive labour policies. Big business thinks unions are getting too strong. And when big businessmen snap their fingers, both Liberal and Tory politicians jump.

NDP Labour Policies

/The New Democratic Party fully and unreservedly supports the right of association.

/The NDP affirms that every wage and salary earner should have the right to join a trade union and thereby enter into a collective bargaining relationship with his employer.

/The NDP will therefore strengthen and improve existing labour legislation, both in the private and public sectors.

/At the same time, the NDP believes that trade unions and employers should be encouraged as much as possible to develop voluntary means of dealing with one another, and therefore supports voluntarism in industrial relations. It will confer with the labour movement and with organizations of employers to assist and encourage them to develop such self-governing relationships, including orderly procedures for the settlement of disputes.

The NDP is unalterably opposed to the imposition of compulsory arbitration as a means of settling industrial disputes. It recognizes that this system has failed to assure peaceful labour-management relations in every country where it has been tried.

The NDP is opposed to any changes in the Industrial Relations and Disputes Investigation Act that would provoke inter-union rivalry and lead to the fragmentation of established bargaining units. It concedes, however, that the IRDI Act is badly in need of review, and will introduce amendments to bring it up to date.

One of the amendments to the IRDI Act which an NDP government will enact will be to give effect to the recommendations of the Freedman Report. This will enable unions to negotiate with their employers the introduction of material work changes during the tenure of working agreements. Such an amendment will protect employees against the adverse effects of such changes, while allowing the collective bargaining process to work out mutually satisfactory terms by which the changes can be effected.

An NDP government will co-operate with the provinces to obtain ratification of ILO conventions that would improve standards and conditions of employment across the country.

An NDP government will improve the minimum standards established under the Canada Labour (Standards) Code. It will progressively increase the minimum wage level and thus improve the living standards of unorganized workers. It will also enforce and broaden provisions for the 40-hour week, and improve legislation covering vacations and statutory holidays.

MEDICARE

The Issue

/The New Democratic Party pioneered medicare in Saskatchewan. Across the country the NDP has argued that the provision of health services for Canadians should not be a commercial commodity available only to those who are able to pay.

/The NDP has always believed that the benefits of medical services must be made available to all who need them regardless of their income. In other words, the NDP has continually maintained that medical treatment and good health is a matter of right, not of privilege, for all Canadians.

/After three and a half years of intensive investigation, the Royal Commission on Health Services (Hall Commission) issued its report in 1964. It reaffirmed the NDP position and called for the Liberal Government to immediately implement a comprehensive, universal health plan for all Canadians.

/Both the Hall Commission and the Saskatchewan experience have exploded the inaccuracies and myths concerning government-sponsored health plans:

1. Centralization and Administration. The administrative costs of operating the Saskatchewan medicare plan have actually decreased from 5.71% in 1963 to 5.39% in 1965. The Hall

Commission showed that the private insurance carriers used 28% of every dollar for purposes other than paying benefits, i.e., for administrative costs and profits. For the prepaid doctor-sponsored plans in Canada, the average deductions for administrative costs and reserves were about 15%. The Saskatchewan plan with its computer techniques has been able to assess and pay doctors' bills more quickly than any other insurance program in Canada.

2. Cost of Services. Per capita costs in Saskatchewan were \$22.25 in 1963, \$23.84 in 1964 and \$24.42 in 1965. These costs compare very favorably with the per capita costs of Saskatchewan's major doctor-sponsored plan in 1961 when it was \$27.28. However, it is more important to note that the costs of private plans have risen much higher than the Saskatchewan plan over the last five years. As the Consumer Price Index of April, 1968 shows, the index for health and personal care was 169.4 for Saskatoon-Regina compared with 216.2 for Montreal, 202.1 for Halifax, 209.8 for Winnipeg and 206.4 for Ottawa.
3. The Demand for Services. As the Hall Commission has shown, under private health insurance plans in Canada no more than 75% of eligible persons use any medical service in any given year. The same has been true in Saskatchewan where no more than 75% of the insured population have sought medical services in any given year since the plan started.

4. The Supply of Doctors. Since medicare was implemented, the number of doctors in Saskatchewan has increased at a rate twice the annual increase during the period from 1950 to 1960. There was one doctor for every 1,032 persons in January, 1962 and one doctor for every 980 persons in June, 1964. Doctors in Saskatchewan have the highest average income in Canada.
5. Invasion of Privacy. The myth that medicare entails regulation of the individual and the sacrifice on the part of the patient of his present freedom has been laid to rest. For many years, policing of doctor's accounts has been part of the operation of the doctor-sponsored plans, public-indigent care plans, and of some commercial plans. Free selection of doctor by patient and of patient by the doctor was built into the Saskatchewan plan. The experience to date in Saskatchewan proves that medical care, as one component of social security, can be trusted to a government agency with no loss of either individual or professional independence.

The basic principle of a national medicare plan is that it makes doctor's services available as a basic human right and spreads the cost equitably. Just as we presently do with public education. Universal, comprehensive medicare does not mean, for the most part, additional expenditures for medical care. Money for medicare is already being spent on medical services like private insurance premiums and doctor's bills. This money needs simply to be transferred to the government-sponsored medicare plan.

/As the Hall Commission has shown, much of the money supposedly going for medical services is actually profits for insurance companies and payments for various inefficiencies in the medical and insurance business.

/With the implementation of a national medical health service, freedom is widened not narrowed when all Canadians have equal access to adequate medical services.

/Given the recent astronomical increases in the health and personal index of the Consumer Price Index, it is obvious that adequate health services are an immediate necessity for all Canadians.

The Causes

/The Royal Commission on Health Services stated that a national health services program should be implemented immediately. It recommended that a federal-provincial conference to initiate the necessary planning and fiscal arrangements be called within six months of the tabling of Vol. 1 of its report in June, 1964.

/In spite of these recommendations it took the Liberal government over a year to call the conference in July, 1965. After much pressure from the NDP the government finally introduced the recommended medicare legislation to become effective on July 1, 1967. However, the Hall Commission's concept of universality was re-defined by the Liberals to mean 90% of the population. Furthermore, the legislation also

included a loop-hole that allows private, inefficient insurance carriers to operate within the plan.

/Shortly thereafter the Liberal government decided that Canadians should not be given the medicare program that had been promised during the election campaign. Canadians were thus denied the health insurance that had been approved by Parliament for introduction during Centennial year. The Liberals changed the effective date of implementation to July 1, 1968.

/This one year delay in the approved start of the medicare program has allowed the insurance companies and medical associations to carry on another year of lobbying across the country. During this year they have spared no effort to misrepresent the real needs of the Canadian people and have consistently ignored the impressive record of the Saskatchewan experience.

/Then late in 1967 some Liberal ministers, especially the Minister of Finance, attempted to scuttle the medicare plan by raising unfounded and misleading doubts about the actual cost of the plan. Mr. Sharp said that the cost of medicare involved an expenditure of \$1 billion. However, he neglected to mention that the Minister of Health and Welfare had estimated current medicare costs at \$680 million of which only \$80 million dollars in the first fiscal year would be added expenditures to provide medical care for sick Canadians who otherwise could not have afforded it. The basic \$600 million was not a new expenditure since, as indicated earlier, medicare is essentially a transfer of payments from private to public plans.

/Again during the campaign for the Liberal leadership, many aspirants (especially the present Deputy Prime Minister, Mr. Hellyer) called for a "re-assessment" of the medicare plan.

/Misrepresenting the real costs of medicare and creating an air of uncertainty about the future of the plan have led to a situation in which only two provinces will enter the federal scheme when it goes into effect this year. One of them, Saskatchewan, already has a medicare plan in operation.

The Solutions

/The New Democratic Party is proud to have pioneered medicare in Saskatchewan and to have set the example for all the country to follow. The NDP has always recognized that there is only one kind of medicare that works--a comprehensive health insurance plan which ensures that every resident of Canada has access to the finest medical treatment, regardless of ability to pay.

/Only the New Democratic Party is committed to the implementation of a program of comprehensive medical care in the fullest sense of the term. It recognizes that medicare means not merely the establishment of the prepayment principle but the direct provision of health services of every kind. This includes payment of fees to hospitals, physicians, dentists, nurses, therapists, medical-social workers and other medical and paramedical personnel as well as the provision of drugs and prosthetic appliances.

/The NDP recognizes furthermore that these services must be so organized as to ensure health care of high quality regardless of the patient's means or his location in the country.

/Using the existing federal medicare legislation, the NDP would encourage the provinces to expand their medicare programs as rapidly as possible in order to make them truly comprehensive. The NDP would also provide the necessary funds and other incentives to help meet shortages in personnel and facilities.

/The New Democratic Party believes that a medicare program must be supplemented by a program of cash sickness benefits so that disabilities will not result in a loss of income for the wage and salary earner or the self-employed person.

(See also pages 87-97 of the 1965 "Notes for Speakers")

THE CCF-NDP RECORD IN SASKATCHEWAN

/The achievements of the CCF-NDP government in Saskatchewan between 1944 and 1964 provide concrete proof of the merits of democratic socialism.

/The Economy: In 1944, Saskatchewan's economy was based solely on wheat production. By 1964 the CCF-NDP had succeeded in creating a diversified economy, with non-agricultural output making up 60% of the net output value of the province. In 1964, farm and non-farm sectors had production totals of more than \$1 billion.

/Roads: From only a few hundred miles of road in 1944, the government increased the total by 1964 to 9,200 miles of graded road, 4,000 miles of dust-free road, and an additional 150,000 miles of municipal roads.

/Resources: The CCF government discovered and developed the province's rich gas, oil, and potash deposits, encouraging both public and private development on a large scale. Mineral production alone in 1964 amounted to \$280,000,000.

/Electrification: Most farms in 1944 were not electrified. By 1964 a complete electrification system had been extended to all urban and rural areas of the province.

/Health Services: In 1947, the Douglas government introduced

the first hospitalization plan in North America, at a very low cost. In 1962 this plan cost only \$24 a year for an individual, and \$48 for a family. Saskatchewan also became the first province to implement a medical care insurance plan in 1962, despite strong opposition from the medical profession. By 1966, doctors in Saskatchewan were earning more than doctors in most other provinces - today they have the highest average income for their profession across Canada.

/Social Legislation: Some highlights were: Passage of the Saskatchewan Bill of Rights to end discrimination in all forms (1949): abolition of corporal punishment in provincial prisons; provision of a low-cost government automobile insurance plan; enactment of the most progressive labour laws in North America.

/Provincial Debt: The CCF government reduced the provincial debt from \$155,000,000 in 1945 to \$18,500,000--the lowest in Canada.

/Per Capita Income: Per capita income was raised to \$1,890, the third highest in Canada and well above the national average.

/Government Insurance: The government's insurance system offered fire protection at premium rates 30% lower than in other provinces, and still managed to show profits of \$15,000,000.

URBAN DEVELOPMENT

The federal government must enter into a relevant and radically new relationship with Canada's major cities. We propose the next Parliament establish a national Urban Council based on tripartite representation, and create a separate Ministry of Urban Affairs.

In the longer run, Ottawa must be in permanent and formal contact with the emerging regional government authorities which provinces like Ontario are now beginning to set up, and which process should be accelerated.

Already, 74 per cent of Canadians live in urban areas. Forty-eight per cent live in the 19 metropolitan areas in Canada. Metro Toronto has a bigger population than 7 of our Canadian provinces. Almost 20 per cent of this country's personal income tax revenues comes out of the Toronto area, for example.

It is unrealistic and unacceptable that decisions directly affecting these people should be made, for example, at a Dominion-Provincial Conference which gives full representation to Prince Edward Island and ignores the great cities of Toronto, Montreal and Vancouver, just to mention three. If we want to build the new Canada, we might as well begin by radically changing the structure of its governments to reflect the real situation in this country.

The cities need Ottawa, if they are to flourish in a new period

of expansion and development. And Ottawa needs a modern, continuing relationship with the cities, if its role in a changing Canada is to be relevant.

/This is not to suggest that the provinces should be bypassed. But right now, we have a situation where the federal government doesn't know how to handle the provinces, the provinces don't understand the cities, and the cities can't deal with themselves. Some new structures and relationships are obviously called for.

/The major cities have very real problems, which are bound up with policies made in Ottawa without proper liaison with them.

/Housing, for example. A critical shortage in Toronto is exacerbated by high NHA rates which rule most families ineligible to buy a new home. Excessive land speculation could be curbed by a tax on capital gains thereby earned. Landlord-tenant problems could be eased if Ottawa denied NHA mortgages to apartment owners and builders who refused to abide by a code of fair treatment for tenants. (Such a sanction would get action; over half metro Toronto's apartment units are built with federal money).

/Or take taxation. The chief source of municipal revenue is still the property tax. But currently it is burdening local taxpayers without giving the cities nearly enough money. At a time when the Carter and Smith Reports are being discussed, and some radical reform of the tax system is at least possible, it is imperative the cities speak directly and formally to both senior levels of gov-

ernment about their continuing, and growing fiscal needs. No forum for such contact exists at present.

/Anyone who take the trouble to talk to the ordinary citizen of the city knows he is not unduly concerned about the fine points of governmental jurisdiction. His attitude is, we're in this together, so let's work it out together.

/A national Urban Council, with representation from all 3 levels of government, could provide a continuing, permanent forum and focus for the urban problem, the urban point of view. It should have a staff, and be prepared to undertake research in its field much as the Economic Council of Canada does in its. The Council could keep the channels of communication wide open, and act in an advisory capacity to a federal Department of Urban Affairs.

/Without going into details, a department of Urban Affairs can co-ordinate Ottawa policies affecting the major cities, and initiate new ones. This does not rule out full respect for the provincial level of government; it does permit a national role in what is certainly a national concern.

/We are fools if, in Canada, we wait smugly while the tragic problems of urban America fester in our own cities. Race conflict is not the only spark that can ignite the repressed tensions of a big city. Decay, delinquency, despair, restlessness, contempt for law and order can do so as well.

/Cities are millions of people. And millions of people cannot be taken for granted. For its own sake, and for the sake of urban Canada, the next federal government must take some radical new initiatives.

- Program proposals by Toronto area candidates

CANADA'S NATIVE POPULATION

INDIANS

The Issue:

/Our native Indian population is one of the most deprived groups of Canadian society. Life expectancy is 31 years, compared with 64 years for whites.

/47% of all Indian families in Canada have an annual income below \$1,000. (The so-called "poverty line" income is \$3,000 annually for a family with two children) and 88% of Indian families have annual incomes below this figure. Only one-half of school-age Indians attend school.

/90% of the Indian homes on Canadian reserves have no indoor toilets; almost as many have no running water; only one-half have electricity.

/The Canadian Indian is in the midst of a period of rapid migration to our large urban centres. But in the cities of Canada, Indians have great difficulty in finding employment. They lack the educational qualifications, social skills necessary to obtain employment, and the knowledge how to find employment. One result of this situation is the disproportionately large numbers of Indians appearing in the courts and found in our correctional system.

The Cause:

/A Major cause of the hardships and humiliations which face the Indian people in Canada is the Indian Act. It saps initiative; it destroys self-respect. This Act, dating from 1951 and passed without consultation with the Indian community, gives control of every facet of the Indian's life to those outside of his community. The original Act denied Indians the right to vote but the federal franchise was extended to them in 1960 and in most provinces by 1965.

/The Indian Affairs Branch of the Department of Indian Affairs and Northern Development determines the pattern of life of the treaty Indian. Band elections can be invalidated by the Minister at his discretion. Their lands are owned by the federal government which may determine what is to be done with them. Indians cannot transact business on a reserve without authorization. The federal government also controls the area of wills and testaments of deceased Indians.

/On the reserves, Indians have no control over their education system; off the reserves, Indians are never members of local school boards and other educational bodies. One result of this latter situation is a high Indian drop-out rate from white urban schools. An Indian child who is suspended or expelled from school is automatically classified as a juvenile delinquent.

/The Indian Act provides that an Indian may not bring legally-purchased alcohol onto the reserve. One can see why it can be said that one of the main reasons for the state of the Indian people in Canada is "legislated discrimination".

/Conflicts of Constitutional jurisdiction have made the Indian their victim. Indian affairs is a federal responsibility while most social services come under provincial jurisdiction. Provincial and federal governments have been unclear in meeting their respective responsibilities to the Indian people of Canada. The result has been federal-provincial conflict and the only victims have been the Indians themselves.

/Finally, the composition of the staff of the Indian Affairs Branch reflects the paternalistic attitude of the white man's federal government towards the Indian. Only 10% of the staff is Indian and none is in a position to affect any long-term policy.

The Solution:

/There must be increasing direct participation of Indians in all decisions affecting their development. The Indian Affairs Branch must increase its staff, making provision for responsible positions for Indians. Subsidized training programs to encourage native Indians to undertake careers as senior administrators should be launched

/Federal-provincial discussions, with direct Indian participation, should be directed towards establishing provincial responsibility for health, welfare, and educational services to Indians; the federal government should be primarily involved in Indian land protection and treaties.

/Any legislation infringing on Indian Treaty Rights, such as the "Migratory Birds Convention Act", should be amended to allow Indians full freedom of action on their reserves.

/All levels of government should recognize, encourage, and develop Indian cultural expression. Extensive orientation programs and assistance with housing, training, guidance and recreation should be developed for Indians moving from the reserves to the cities. The staff for such programs must be primarily Indian.

/The Indian Act must be revised to eliminate all areas which tend to deprive the Indians of their pride and initiative. More self-government should be granted to the reserves, even to the point of granting them municipal status.

(See also - pages 39-40 - Federal Program, Fourth Federal Convention July, 1967.)

/One of the reasons that the New Democratic Party held up adjournment of the House of Commons in March 1968 was the announced cutback in government medical services to Indians. Under NDP pressure the Liberal government changed its mind on March 26 and agreed that present levels of health services would be maintained. New Democrats who had repeatedly asked for such an assurance spoke of the need for flexibility in terms of government medical services for the Indians but without any reduction whatsoever in the services provided.

ESKIMOS

The Issue:

/The condition of the Canadian Eskimo is, if anything, even worse than that of the Indian. Infant mortality is 6 times the national average and life expectancy at birth under 30 (26 years). With fewer than 5% of Eskimos living in housing that meets accepted minimum standards, the incidence of T.B. remains 8 times higher than the rest of the country. 85% of school-age children receive some education, but less than 1/3 of these progress beyond Grade 4. Until last year no Eskimo had ever matriculated from High School.

The Cause:

/In part the same spirit of paternalism that permeates government dealings with Canadian Indians, but more particularly the present trends in the government's northern development policy. Over the past few years the emphasis has changed from "national" to "natural" resources with a consequent decline of interest in human development. Millions of dollars are poured into developing minerals in declining world demand while the already inadequate health services to the native population are being cut back. It is this sort of policy that will lead to another 'Eskimo Point' disaster, where for lack of only \$75,000 worth of adequate housing, 40 Eskimos had to be hospitalized with T.B. in 1962 at an annual cost of well over \$100,000 and countless human suffering. A policy of "education for mobility" is being pursued without regard to the effect this has on the older generation of Eskimos and the consequent depopulation of the northern third of this country.

The Solution:

/Re-shape the 'boomer' concept of northern development to include the interests of the native people as well as those of the big international mining corporations. Increase current investment of resources in the improvement of housing, health and education to produce a more independent Eskimo population tomorrow. Implement instead of just talk about the Carrothers Commission recommendation of an Economic Development Fund to improve Eskimo living conditions by creating employment opportunities in their own environment. Place emphasis on developing small, self-supporting cottage industries as well as on large-scale mining developments that often cause social disruption out of all proportion to the few menial jobs they create for the local population.

INTERNATIONAL AFFAIRS

The Issue:

The frustration of the world's poor people is, according to the Director-General of the External Aid Office Maurice Strong, a greater threat to world peace than the H-bomb. The underprivileged 70% of humanity produce less than 10% of the world's industrial output and are annually increasing their numbers by 2.4% as compared to 1.3% for the wealthy one-third. The gap between rich and poor nations is widening, not narrowing, and by the end of this century the underprivileged of the world will constitute more than 4/5 of its population. The issue for Canadians is to reconcile their comparative prosperity with the poverty of 2/3 of the world's people. The immediate conflicts generated by militant nationalism and revolutionary change must be seen in this light and our foreign policy re-evaluated to take account of the causes underlying continuing international unrest.

The Causes:

Failure by the wealthy western countries to appreciate that the major threat to long-term peace comes from international inequity rather than from the countries of Eastern Europe who now number among the "haves" of the world. As a result, defence expenditures continue to escalate at the expense of foreign aid programmes.

/Canada continues to spend billions of dollars on NATO and NORAD, military alliances whose necessity and efficacy are both open to question. The government recently renewed the NORAD agreement for a further 5 years, thus committing Canadians to the expenditure of millions of dollars on a system labelled obsolete less than 6 months ago by the then U.S. Secretary for Defence, Robert S. McNamara.

/Canadian foreign aid still lags behind the internationally agreed goal of 1% G.N.P. 88% of it is given bilaterally rather than through international and U.N. organizations which alone could guarantee that it comes "with no strings attached."

/The government prides itself in Canada's "peace-keeping-role" yet our "quiet diplomacy" only serves to convince the world's people that we lack an independent foreign policy and labels us as unqualified supporters of U.S. policy. Canada cannot hope to help bridge the gap between rich and poor, mediate in international disputes or act as a "neutral" member of the International Control Commission in Vietnam while annually supplying millions of dollars worth of arms to one of the belligerents and medical assistance only to South Vietnam.

The Solutions:

/The foreign policy of the NDP is founded upon the same beliefs as its domestic ones: social justice and a decent standard of living for everyone, both at home and abroad. Canada should take the lead in demonstrating independence in economic and international affairs and promote this policy abroad through its foreign aid programme.

/Canada should increase her aid to 2% of G.N.P., more than \$1 billion annually. Channelled to a greater extent through international agencies and combined with fair trading policies, such aid would not only help alleviate the tensions provoked by international inequality, but also build the purchasing power of Canada's future customers in world trade.

/Aid should be extended to countries of the Commonwealth, the Caribbean and French-speaking Africa with whom Canada has specially close contact. An NDP government would also launch an intensive diplomatic campaign in Latin America to ascertain the most effective forms of assistance in overcoming conditions of widespread poverty that are aggravated by the increasing disparity between propertied classes and the working people. Canadian membership of the OAS should not be encouraged at this time. In its present form the organization serves only to increase Latin American dependence on American investment and entrench the power of repressive "anti-Communist" regimes reliant upon United States military aid.

/In Asia the prime task is to end the isolation of China. Canada should immediately seek to establish diplomatic relations with the People's Republic of China and to secure her admission to the United Nations.

/In Southeast Asia the futility of military intervention in a situation of revolutionary change must be fully recognized. Canada should call for an immediate cessation of bombing in North Vietnam as an essential preliminary to any negotiated settlement. An eventual

solution must be based on the Geneva Agreement of 1954, including in particular the withdrawal of all foreign military forces in Vietnam. As a member of the I.C.C. set up by this agreement, Canada should cease to compromise her responsibilities by supplying arms to the United States for use in Vietnam.

The NDP recognizes that a solution to the military conflict is only a beginning. Only a programme of massive reconstruction and development aid can remove the underlying causes of unrest. An NDP government would urge and give full support to the establishment of a large scale international programme of economic development in Southeast Asia similar in nature to the United Nations-sponsored Mekong River Delta Project which all governments, as well as the National Liberation Front in South Vietnam, respect; negotiate with these governments to help train and educate their people for the mechanization of their agriculture and the industrialization of their economy; and initiate a programme under which key personnel, from both labour and management, would be granted paid leave of absence so that they could be loaned to underdeveloped countries requesting such assistance.

In the Middle East, any equitable and long-term solution must be based upon, (i) recognition of the right of Israel to exist as a state; (ii) a just solution, including a program of land acquisition; resettlement and financial assistance, to the problem of the Arab refugees; (iii) an immediate end to the arms race - an NDP government would neither sell nor supply arms to these or to any other developing countries; (iv) a massive programme of economic aid and

development co-ordinated by the U.N.; (v) adequate U.N. pressure in the Middle East until a solution, negotiated with its help, is found.

/In Europe it must be recognized that the situation has been totally transformed and that the attitudes and assumptions of the 'Cold War' have been superseded. The massive invasion threat which NATO was designed to deter no longer exists, and Canada must revise her role within it. The Air Division in Europe is obsolete and vulnerable and the Brigade Group a superfluous contribution to an out-dated strategy. The confrontation, with tactical nuclear weapons, still exists, but can no longer be met by the crumbling NATO organization. Until such time as a strengthened U.N. can provide it, both NATO and the Warsaw Pact must be replaced by a European security system guaranteed by both the U.S.A. and the U.S.S.R.

/In the meantime the major purpose of NATO should be to provide a means of negotiating further steps in the détente, such as nuclear free zones, thinning out of troop concentrations and the establishment of inspection points. It might also provide, within the framework of an alliance, the alternative to the independent acquisition of nuclear weapons by such countries as Germany and Italy, without which an effective nuclear non-proliferation treaty might be impossible.

/NORAD has also reached a point where the expense to the Canadian taxpayer far outweighs any real protection the agreement offers. The anticipated bomber threat that NORAD was designed to meet has not materialized. The agreement was renewed in May 1968, but to what have the Liberals committed us, either actually or by implication, and what will it cost?

/An NDP Government would be willing to co-operate in the surveillance of North American air space, but would vigorously oppose any sort of commitment to either, (a) an anti-ballistic missile system that would be costly, ineffective and a detraction from rather than addition to security, or (b) a new, equally ineffective and expensive anti-bomber defence designed to meet a non-existent threat.

/NORAD has already cost Canada close to a billion dollars. We should not commit ourselves to future expenditures far in excess of this simply on the basis of bad advice so willingly accepted by the Liberal government.

/An NDP Government is not prepared to conduct Canada's foreign policy on the basis of outdated concepts. We must re-assess our policy on the basis of a rapidly changing world situation. Canada must stand on her own feet and refuse to go along with policies that drain our resources to no purpose. The NDP recognizes that policies which do nothing to improve the appalling condition of three-quarters of mankind offer no lasting solutions to world problems and often provoke the very instability they should be designed to alleviate.

(See also Resolution - International Affairs - adopted 1967 NDP
-federal convention)