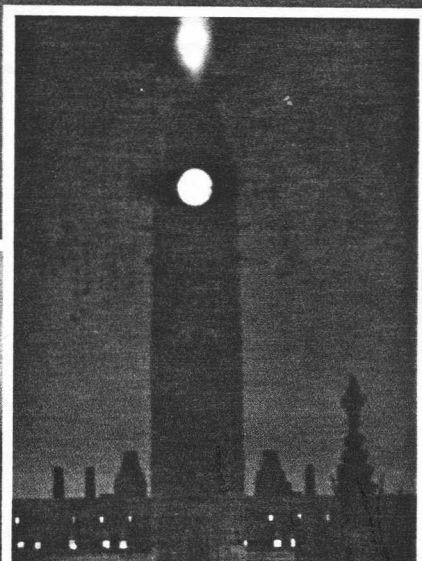
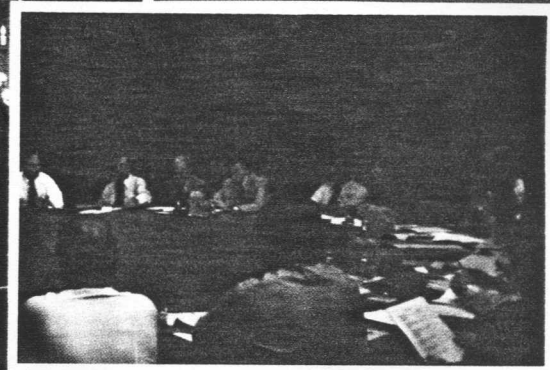


New Directions for Canada

Progressive Conservative Principles in Action



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On May 22, 1979, the people of Canada voted for change. Canadians said 'no' to Mr. Trudeau, 'no' to the notion that our problems could be shrugged off or bullied to solution, 'no' to a government grown alarmingly aloof, incompetent and costly.

On May 22, 1979, our party was chosen to lead the nation — for the first time in 16 years — because we spoke to the nation's needs. We invoked the promise of a new approach, a fresh spirit of constructive partnership, candid and direct, and determined to deal with the very real challenges confronting our economy and our Confederation. We reflected and respected this country's greatest strength, the hopes and aspirations of individual Canadians. We spoke for all we can be, for what Canada can become. And Canadians voted 'to give the future a chance'.

On December 13, 1979, after just 6 months in office, our government was defeated on its first budget. We were defeated — but we did not fail.

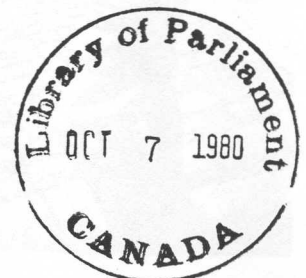
Clearly, we made some mistakes. Clearly too, we were hampered in our progress by an obstructionist opposition. And yet for all this, we kept our word and honoured the spirit of our covenant with Canadians — we began the changes that Canada called for, as this document portrays.

We undertook reforms to make Parliament itself more responsive and responsible, and all of government more accessible. We began to pare the cost of government, to curb the explosive growth in public spending that had driven up our debt and devalued our dollar. We moved quickly in a whole host of ways to liberate the initiative and spur the enterprise of all Canadians, and especially the young, the self-employed, and those engaged in small business. We produced a plan, both far-sighted and realistic, to tap the nation's energy potential. We dealt with the people and all of the provinces as equal partners working towards common goals.

A great deal was accomplished in just 6 months, and I owe a great deal to my Cabinet colleagues, and caucus members who brought enormous energy and dedication to their new tasks; and to the members of our party, without whose efforts and support, none of this would have been possible.

A great deal — as you know only too well — remains to be done. Canada is not yet the independent and creative nation that can be ours. But I believe Canadians will come to see the rightness of our resolution, come to share our vision of the future, and turn again to us to realize the dream.

**The Right Honourable
Joe Clark**
September, 1980



PRESERVING DEMOCRATIC INSTITUTIONS

"Throughout the years of the former Government, Parliament has gone downhill, the role of individual Members has been limited instead of expanded. Information which should belong to you as the citizens of this country has been withheld from you. Now we, as a national government as one of our first acts in office, have begun to change fundamentally, the powers of the people's institution, the powers of Parliament."

Prime Minister Joe Clark
November 1979

The Progressive Conservative Party values highly our parliamentary system of government as the most effective means to ensure the preservation of Canadian democratic traditions. Throughout Canada's history, our national Parliament, inherited from Britain and amended to suit the Canadian environment, has been the primary institution dedicated to achieving national consensus, pursuing common objectives, resolving difficult problems, and ensuring that the government is accountable to the people.

Although the system has its shortcomings, the PC Party has a deep-rooted commitment both to strengthen Parliament and to increase public understanding and support of it.

Our Parliament in 1979

Unfortunately, 112 years after Confederation, the Parliament of Canada was viewed as increasingly irrelevant and unable to face the challenge that modern problems present. Public cynicism had developed because of factors both within and outside of Parliament itself:

- the complexity, scope and cost of government activities had made meaningful parliamentary scrutiny more difficult and time-consuming;
- key decisions were made by Cabinet order or by regulation, thereby avoiding both the legislative process and parliamentary review;
- government secrecy reduced the availability of information (even to MPs) making assessment of new policies difficult;

- public opinion was molded more by direct appeal through the national media rather than through debate in Parliament;
- parliamentary debates and committee hearings were rigidly controlled by the government-of-the-day to avoid sensitive issues or potential embarrassment;
- the accountability of Cabinet to Parliament was reduced through continually changing ministerial responsibilities;
- other forums (referenda, federal-provincial conferences) had usurped Parliament's role in debating national issues.

Televised House of Commons proceedings revealed an arena where protagonists attempt to shout each other, where information is hidden rather than shared, where decision-making is notable by its absence, and whose relevance to the real world is not readily apparent. It is not surprising, then, that the public has come to view Parliament with some scepticism.

The intransigent attitudes of government leaders, deteriorating public support, and the complexity of current problems have seriously restricted the ability of Parliament to function. A weak Parliament has real difficulties dealing with the issues facing the nation . . . unity, uncontrolled government spending, escalating inflation and unemployment.

Change begins — Joe Clark and Maureen McTeer enter Government House for the wearing-in ceremony



One of the most pressing and urgent priorities of the new government was to reverse Parliament's sagging reputation and authority by giving it the attention, ability, and will necessary to undertake its responsibilities effectively.

Reform, Response, Responsibility

The Clark government demonstrated immediately that it was intent on **changing the attitude of the governing Party to the House of Commons**. Cabinet ministers were instructed to answer openly and truthfully questions put to them in the daily Question Period. If they didn't know the answer, they were to find out and report back quickly.

Urgent motions, presented by opposition members, were given serious consideration by the government rather than the automatic rejection that had previously made them so irrelevant.

The Prime Minister exemplified this new approach with the style and precision of his responses to all questioners. And, for the first time in our Parliamentary history, the Prime Minister appeared before a Commons Committee to answer questions on the organization and budget of his own office.

These changes in attitude on the floor of the House of Commons demonstrated that the new government was prepared to take Parliament seriously. Even at the risk of its own discomfort, the government was willing to give the Opposition the tools with which to oppose the government more effectively.

Of equal importance were actions taken to **give backbench Members of Parliament a more significant role** and more effectively use their talents:

- within the PC Caucus, committees were established to parallel the committees of Cabinet and provide them with policy and program advice;
- Members of Parliament were appointed to head task forces to examine significant national problems, reporting directly to Parliament;
- rule changes were proposed to allow MPs a forum for their concerns to be expressed directly to responsible Ministers;

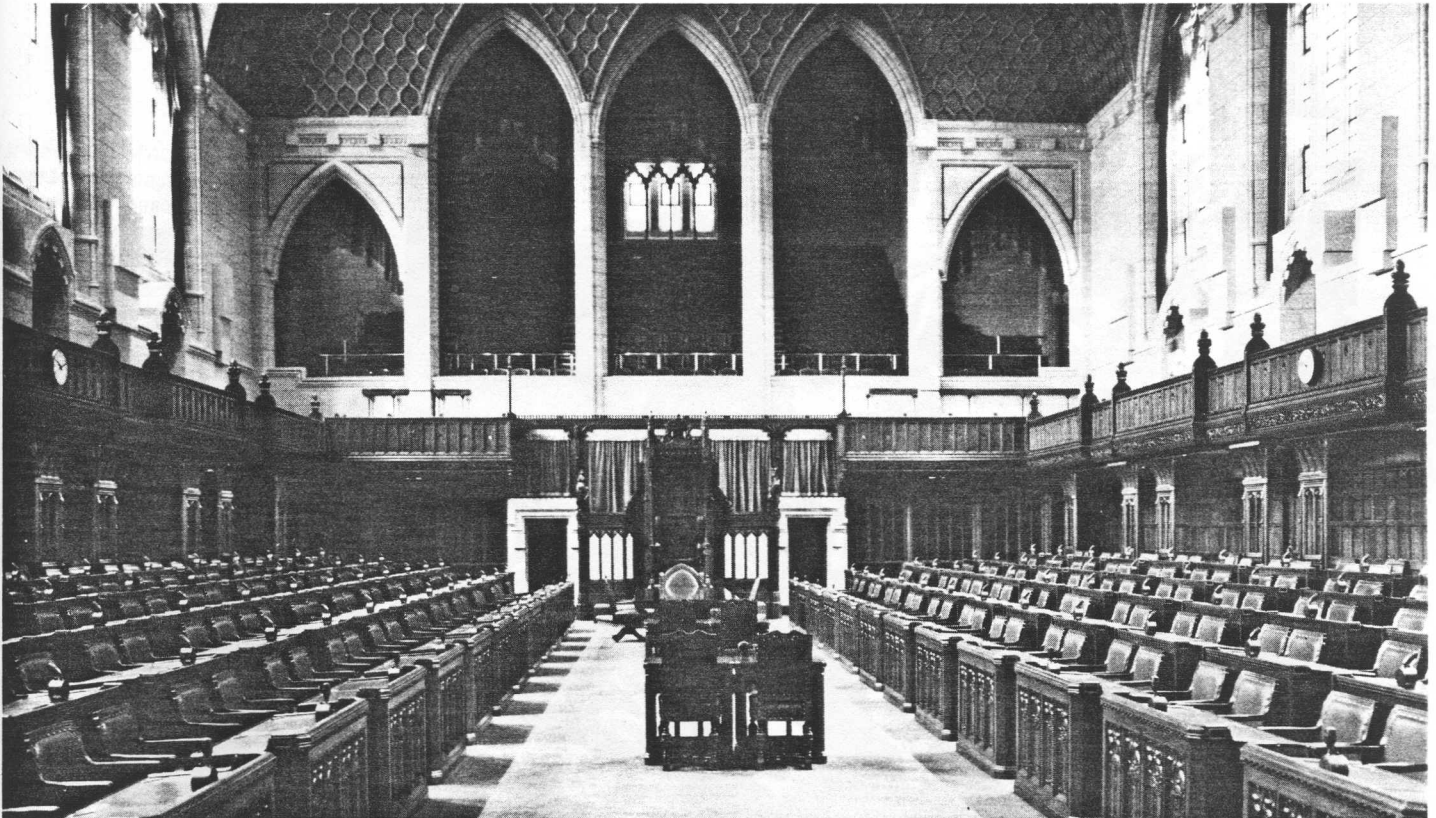
- other proposed rule changes would have given MPs more freedom in proposing, debating, and voting upon private members' bills.

These changes and proposals signalled that the new government was not going to focus all its attention on a handful of Cabinet Ministers alone. It planned to use the full resources of the House of Commons, deal with the private concerns of all MPs, and give Parliamentarians a stronger voice in the legislative process.

Significant measures were introduced to provide the public with **greater access to government information**. The most important was a FREEDOM OF INFORMATION bill that, for the first time, established in law the right of a citizen to obtain government-held information. The bill embodied two essential principles which restricted the range of information that could be withheld and eliminated the discretionary power of a Minister to refuse to release departmental information (that ultimate power was to be vested in an independent judicial tribunal).

Because of these factors, the freedom-of-information bill met with the acceptance of all parties in Parliament as well as national approval from political commentators.

By making Parliament itself more responsive and responsible, the Clark government kept its first promise with Canadians – a change in approach.



"The Clark government has dramatically advanced the cause of open administration with its new freedom of information bill. . . the Tories have given the country the best opportunity it has ever had to evaluate the work of the federal government. . . the Tories have concluded that the national interest is best served by a well-informed public."

Ottawa Citizen editorial, 26/10/79)

A genuine commitment to public access to information was not the only demonstration of the new government's concern with openness. Civil servants were instructed that it was their duty to provide factual responses to public queries as long as speculation on policy matters before cabinet was avoided. And, the Prime Minister released to the public the membership of the various cabinet committees, the first time this information had ever been made available.

The Clark government also moved to restore **more independent authority to Parliament:**

government reports were referred automatically to the relevant Parliamentary Committee, allowing them more scope to question government activities and civil servants;

- the government proposed that committees be given more staff and resources and the power to conduct independent investigations of issues or government actions;
- the government proposed that the Leader of the Opposition be given the power to select two departments every year for intensive House of Commons review of their spending estimates and policies.

These changes and proposals would have separated Parliament's ability to act from the government's ability to restrain that action, an essential step in maintaining the government's accountability to Parliament.

Shortly after taking office, the Prime Minister announced stringent **conflict-of-interest guidelines** enforceable not only on cabinet ministers but also on their families and staff. Although the guidelines did not have the force of law, adherence to them was a condition of entering Cabinet.

Minority Government

In our parliamentary system, a minority government must perform a very difficult balancing act preserving its ability to function as a government while, at the same time, ensuring it is not defeated by the combined opposition in the House of Commons. Two factors are essential if a minority government is to work at all. . . .

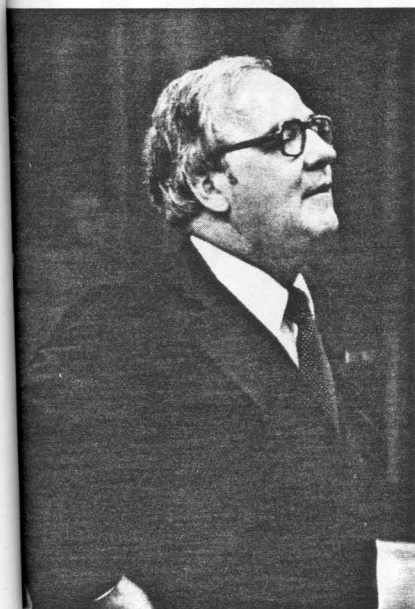
- the government party must be willing to take risks both in pursuing what it considers to be an effective program and in reaching compromises in its policies (without eliminating their effectiveness) and
- the opposition parties must be willing to allow the government to pursue a responsible course of action without opposing it on purely partisan grounds.

The Clark government was committed to some very stringent measures to deal with issues that had already reached crisis proportions. The PCs knew that these measures would meet with strong opposition but were determined to pursue a responsible course of action. As the Prime Minister stated:

"We were given a mandate to govern responsibly rather than play politics, — to act in the best interests of the nation rather than ensure our own political survival. . . ."

Prime Minister Joe Clark takes his seat in the House of Commons, and, together with his government, takes the House itself seriously.

Supply and Services Minister Roch LaSalle outlines plans to trim massive Liberal cost overruns, before a House Committee.



This attitude, more than any other, defined Conservative strategy in the minority Parliament. As well, the lessons of the 1972/74 Liberal minority government (where the NDP virtually ran the Liberals) suggested that major concessions to the opposition would be inconsistent with the strong measures needed to curb deficits, inflation, unemployment and government spending. In this, the new government was generally supported by commentators —

"When he took office, Prime Minister Clark said that he intended to run his government as if he had an absolute majority. That is still the right approach." (Montreal Gazette editorial. 21/11/79)

The lessons of the '72-'74 Liberal minority government suggested that major concessions to the opposition would be inconsistent with the strong measures needed.

Let's look at the facts of that administration:

- federal spending grew by 62%;
 - federal public service grew by 41,000 people;
 - expenditures on major capital projects rose by 70%.
-

The defeat of the government over the Crosbie Budget demonstrated that the opposition parties were not willing to permit the government to pursue responsible measures of any kind. The *Ottawa Journal* put it best:

"The government was defeated by a rag-tag coalition of opportunists who put the narrowly perceived good of their own political fortunes ahead of any sense of responsibility towards the country. Finance Minister John Crosbie had the integrity and the fortitude to choose the hard options; to do what the former Liberal government knew should be done but refused to do because it might cost some votes."

Assessment of Initiatives

There is no question that the Clark government brought a new attitude to the House of Commons. The personal attitudes of the Prime Minister, the willingness of Cabinet Ministers to share information, new legislation and proposed rule changes were all consistent with the avowed intent to restore balance to Parliamentary activities, enhance the

ability of the Opposition to function effectively, and ensure more government accountability to a powerful and independent House of Commons.

The role of Parliament is critical in the relationship between the public and the government serving it. The PC Party showed its commitment to a new balance in that relationship, one consistent with the issues of the 80's, where increasing government power must be tempered by a more effective Parliamentary voice.

"The federal government's new freedom of information bill is being hailed as exemplary.

It is, in fact, a crock.

Solicitor-General Francis Fox, the well-known document-signer, has been parading the thing like the owner of the best-in-class at a kennel show, when what he has is the runt of the litter.

In Ottawa, the fact that the concealing Liberals have come out for revelation is miracle enough. If a horse talks, don't knock it's grammar. . . .

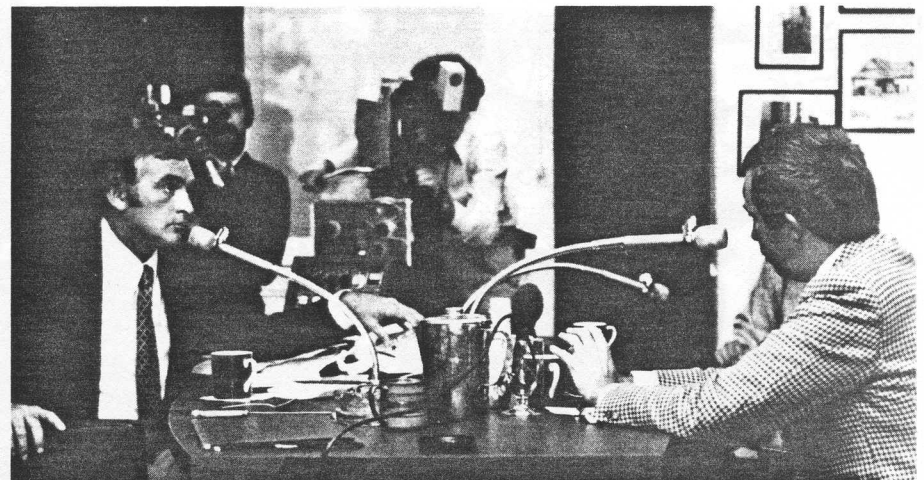
Anyone who expects this government to reveal anything much should send his head out for re-blocking and then take another look at the act."

**Walter Stewart
Ottawa Journal
August 21, 1980**



Budget Night in Ottawa always draws large crowds. December 11, 1979 was no exception.

The 1980 Campaign: Prime Minister Clark takes his case direct to the people, on a Vancouver open-line show.



INCREASING GOVERNMENT EFFICIENCY

"In our nine months in office, we did more to open up the process of government, to give people the information and the mechanisms to understand and influence government decision-making, than the previous government had done in over nine years in office."

Walter Baker
President of the Privy Council
December 1979

The Progressive Conservative Party entered the 1979 election campaign with a strong commitment to increase the effectiveness of government activities, to reduce government expenditures, and to bring government activities and costs under more responsible control.

These commitments were supported by the belief that it is not in the interests of the nation or its citizens for government to grow beyond a manageable size. A large federal bureaucracy limits initiative, restricts freedoms and, frequently, usurps activities which would be more effectively carried out at the provincial or municipal level. As well, the PC Party firmly believes that it is the right of the taxpayer to expect the most efficient and economical administration possible in order to keep the burden of taxation to a minimum.

Government Administration in the 70's
The last decade produced a virtual revolution in government in Canada. No other period of our history saw a greater growth in government activities, in spending and deficits, and in taxation to pay the increased costs. The reasons for this 'explosion' are many, including a greater public demand for services, the resolution of increasingly more complex problems, the pressing demands of minority and interest groups, less Parliamentary authority, and less responsible attitudes towards the use of public funds.

Whatever the reasons, the legacy to Canada of this overgrown, enormous bureaucracy is appalling:

- government deficits larger than the entire budget of ten years ago;
- so many crown corporations that the government had lost count of them all;
- 12,000 pages of regulations with an estimated cost to the taxpayer of \$10 billion annually;
- personal income taxes that had increased by 500% in ten years;
- a public service critically lacking in management capability;

- billions of dollars wasted in cost-overruns, extravagance, program duplications and unnecessary projects;
- administrative practices that actually encouraged wastage rather than rewarding efficiency.

So serious had the problem become that the Auditor-General reported that **"Parliament, and indeed government, has lost or is close to losing, effective control of the public purse."** That report forced the government-of-the-day into creating a Royal Commission to study government financial management and accountability.

There was universal agreement that the first priority of the new PC government was to restrain, control and cut back on government spending. Indeed, until that happened, many new proposed programs would simply have to wait.

"There is, in my opinion, widespread lack of due regard for economy and efficiency in the operations of the government, and inadequate attention to determine whether programs wasting many millions of dollars are accomplishing what Parliament intended."
(Report of the Auditor General, 1978)

Economy, Efficiency, Effectiveness
Initial Cabinet and Ministerial briefings for the new Clark government made it very clear that massive changes were required in many areas if spending and

Clair Stevens, President of the Treasury Board, helped cut the cost of government by close to half a billion dollars, in just 6 months.



The new cabinet meets to map out priorities. Shown on a break from their discussions at Meach Lake, Quebec, are: (Left to Right) Allan McKinnon, National Defence and Veterans' Affairs; Ron Atkey, Employment and Immigration; Jake Epp, Indian Affairs and Northern Development; Erik Nielsen, Public Works; Jim McGrath, Fisheries and Oceans.



the deficit were to be brought under control. Yet, within two months, the new government had developed a program to improve financial planning, eliminate wasteful spending practices, restrain government spending, improve management efficiency, and reduce the scope of government activities.

The first step towards fiscal responsibility was to improve **planning**. Traditionally, the President of the Treasury Board was the only cabinet minister pursuing government restraint. Prime Minister Clark replaced this 'one-man' responsibility with a series of cabinet committees that were required to allocate departmental budgets from fixed spending envelopes.

This system ensured that increased spending in one area automatically forced a reduction in spending in another. It also ensured that the priorities of individual departments were assessed in the context of government-wide spending. And, it forced the government to account for its spending in the same manner as the taxpayer . . . once the money is used up, there is no more.

The financial planning system was further improved with the insistence upon **five-year spending projections**. Although funds would be assigned on a yearly basis, the five-year forecasts forced departments to consider the impact of their present spending against longer-term goals and objectives. For the first time, these forecasts were identified to the public, through the Crosbie Budget,

and became the measuring stick through which the performance of the government could be assessed.

The government also moved quickly to **end wasteful spending practices**. Much of the decentralization program was cancelled or deferred; new policies eliminated the year-end spending spree when departments tried to use up all their remaining funds; cost over-runs were examined by a special Parliamentary Committee; and a review of over-classification (paying a person more than the job is worth) was undertaken.

What did the Clark government find when it took office in June '79?

- With only 2 months of the current fiscal year elapsed, 50% of the reserves were committed.
- The net debt of Canada was 6% higher than acknowledged by the previous administration.
- The assets of the government were found to be overstated by \$3.5 billion.
- The new government was presented with several capital projects where expenditure control systems had completely broken down, where there was no chain of accountability or responsibility for cost overruns and where no penalties were levied against those accepting cost overruns.

These measures were designed to save millions that was simply being wasted, and remind civil servants that they were, in fact, spending the taxpayer's hard-earned money. The Prime Minister and Cabinet also took part in these restraint efforts by, among other things, severely restricting their use of government aircraft.

Cabinet Use of Government Jetstars

June-November 1978 —
431 trips 274,107 miles
June-November 1979 —
162 trips 123,644 miles

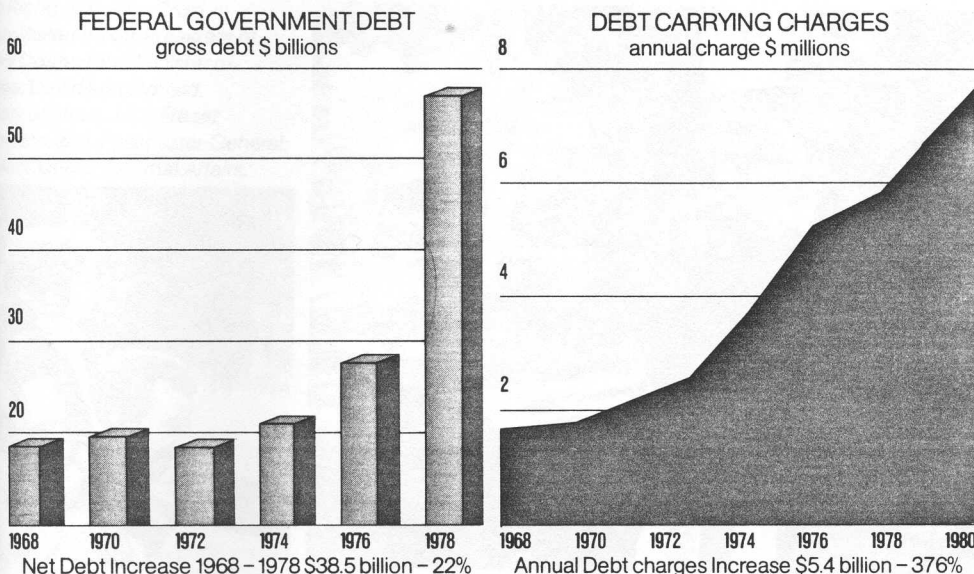
Two interesting individual examples for the same period:

Otto Lang, Minister of Transport,
30 Jetstar trips
Don Mazankowski, Minister of Transport,
3 Jetstar trips

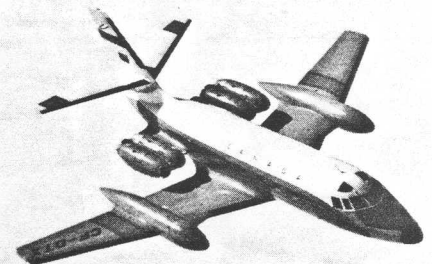
Moves to **restrain government spending** by cutting back on budgets and personnel were more difficult, but a start was made. Shortly after assuming power, the President of the Treasury Board (and other Ministers) announced:

- a 2% across-the-board staff and budget cut;

What did the Clark Government find when it took office?



Use of the government's Jetstars by the Cabinet was sharply curtailed by the PC Government. Responsibility became more important than style.



a four-month freeze on discretionary spending;

a 25% reduction in government advertising budgets;

elimination of some non-essential programs (such as the National Commission on Inflation);

strict controls over the use of casual and term employees;

a three-year program to reduce the federal civil service by 60,000 employees.

At the same time, steps were also being taken to **improve management effectiveness and program efficiency**. Project managers were now required to assume personal responsibility for the projects they supervised, forcing them to institute and monitor more stringent cost control measures. Many program evaluations and reviews were initiated:

• York Scarborough MP, Paul McCrossan was appointed to review the unemployment insurance program;

• the Foreign Investment Review Agency was examined in two separate studies, both by the department and through a special Parliamentary Committee;

• a team of management consultants investigated Statistics Canada;

• the Armed Forces unification program was reviewed;

• all government advertising and research was studied by an agency outside of the government;

- the control and co-ordination of government property acquisitions was reviewed.

One of the most innovative management techniques developed by the new government was the appointment of a private company to manage all government advertising and research. Working outside of the bureaucracy but reporting to a Cabinet Committee, this agency alone cut \$17 million from an overall budget of \$60 million in just nine months.

Perhaps the most significant measures were those designed to **reduce the scope of government activities**. These measures served both to assist in balancing the budget and lessen the burden of unnecessary government intervention in the lives of Canadians:

- a sector-by-sector review of government regulations was started;
- federal and provincial ministers began to identify areas of overlapping programs and administration;
- sunset legislation, a means of eliminating/evaluating government programs, was drafted;
- a Crown Corporations Act was tabled in the House of Commons;
- the sale of eight large crown corporations, back to the private sector, was announced.

Although these initiatives had no immediate impact on the budgetary deficit, over the long term they would have brought about a significant reduction both in overall spending and in the range of government activities.

Assessment of Initiatives

The Auditor General of Canada is an independent watchdog over government finances and spending. Ever critical of government practices, he perhaps summed up the Clark government record best. . . .

"The Conservative Government seems to be on the right track to restraint."

(Winnipeg, 29/8/79)

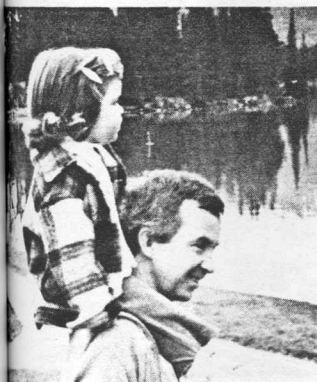
In its short time in office, the PC government instituted immediate and long-range measures to deal with inflated government spending, to increase efficiency, and to bring about a reduction in the deficit. Because of these measures, the Crosbie budget was able to project that the deficit would have been reduced by 50% within a four-year term in office.

"The Prime Minister and his economic advisory dwarfs are harping away on how you can't reduce a \$14 billion budget deficit just by cutting government expenditures.

It is difficult to say exactly why not, but quite frankly, the way they're hinting they are going to cut the deficit — by getting rid of indexing of income tax to the rate of inflation — goes against the grain of everything that is honest and fair."

Dian Cohen
June 9, 1980

route to the first full meeting of the federal cabinet in Western Canada: (left to right) are: John Crosbie, Finance; Walter Baker, President of the Privy Council and Minister of Revenue; David MacDonald, Secretary of State; John Fraser, Environment and Postmaster-General; and Vera MacDonal, External Affairs.



ACHIEVING CANADA'S POTENTIAL

"No-one who travels this land, who knows its scale and grandeur, no-one who has dealt with the people — seen their skills, sensed their willingness to work — can fail to be impressed with our country's good fortune, and unparalleled potential.

Mr. Trudeau, for reasons I don't understand, suggests that this is a time when Canadians must lower their expectations. He is dead wrong, and he sells Canada short. This is a time to raise our expectations, because only if our expectations are high will we go out and set to work and build and grow.

We have every reason to be confident about our future."

**Joe Clark
April, 1979**

One key Progressive Conservative principle is the commitment to an economic system based upon individual enterprise, private ownership and competition. In this system, government intervention is restricted to supporting increased productivity, rewarding excellence and initiative and preventing the exploitation of weaker economic units by the stronger ones.

Finance Minister John Crosbie was committed to reversing the economic legacy passed on to him by his predecessor, former Liberal Finance Minister Jean Chretien.



Sustained, stable economic development and increased national wealth are the keys to personal well-being and the achievement of national goals including playing a meaningful role as a member of the international community.

Canada Has Enormous Potential But . . .

The future potential of this country has been recognized many times in the past. "The twentieth century belongs to Canada" said Prime Minister Laurier at the turn of the century; Canada is the 'breadbasket of the world', 'a treasure-house of natural resources', 'the sleeping giant of the north'. All these visions share the feeling that we have it all . . . there is nothing stopping us from becoming one of the greatest nations in the world.

With the free world's largest land mass, more potential oil reserves than Saudi Arabia, natural resources that are the envy of the world, food production triple what we consume, and a highly educated and technologically advanced work force,

Canada's potential is obvious. Yet, the nation's problems seem little different from those of less favoured countries:

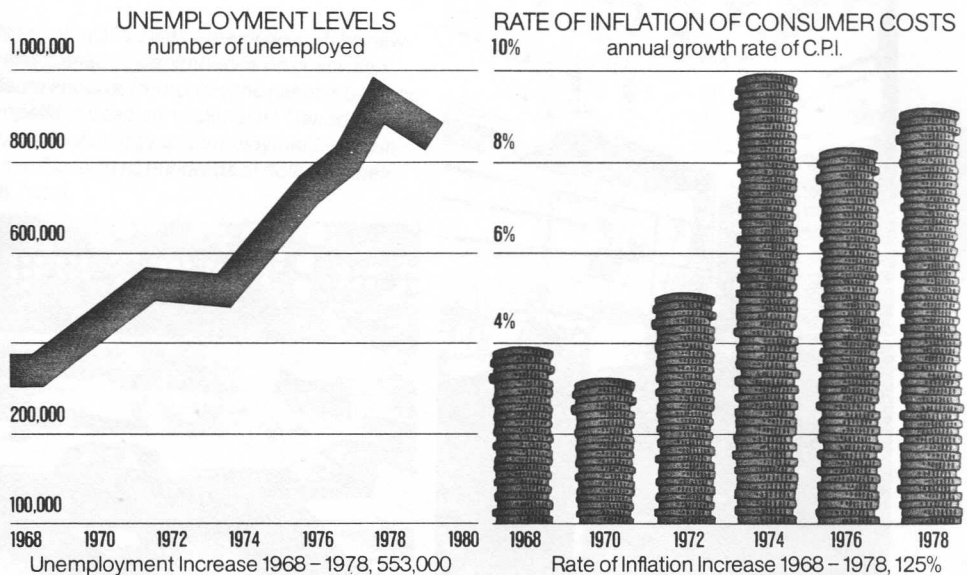
- a 10% inflation rate we accept as a way of life;
- unemployment approaching 1 million;
- huge trade deficits and massive borrowing abroad;
- a costly and damaging dependence on foreign oil supplies;
- increasing poverty in disadvantaged regions;
- a large bankruptcy rate in small businesses.

If Canada is ever to realize its oft-heralded potential, the federal government must undertake deliberate, strong and even unpopular measures to stimulate growth and productivity and resolve some of our economic difficulties. This was the challenge that faced the new government when it took power in June 1979.

Initiative, Incentive, Independence

"We have to put in place a series of economic policies that provide reward and incentive for individual initiatives. . . . we need a government that provides a framework within which people can plan and work confidently so that we can build upon the potential of this country."
(Right Honourable Joe Clark, December 18, 1979.)

The record tells the story.



In September 1979, Industry, Trade and Commerce Minister Robert de Cotret outlined the government's six-point strategy for economic development. The strategy was designed to create an economic partnership among business, labour and government; increase reliance on private enterprise; spur innovation, productivity and investment; build upon provincial and regional strengths; improve the economic infrastructure; and encourage human resource development.

Developing Canada's Energy Potential

"Of all the initiatives that we introduced in our short term in office, none was more important for the future security and growth of Canada than our actions to put in place the first comprehensive national energy program in the history of this country."

(The Right Honourable Joe Clark, Winnipeg, December 21, 1979)

The basic goal of the Clark Government's energy strategy was to achieve energy self-sufficiency within the decade. Meeting this objective would eliminate Canada's dependence upon unreliable and expensive foreign oil resources, improve our trade deficit, make Canada more competitive in the international marketplace, stimulate the economy with more investment and job opportunities and, in the long term, save the citizens of Canada hundreds of dollars in their individual energy costs.

The Conservative energy program had ten distinct but related components based upon more realistic oil and gas pricing, increased government taxation, energy conservation and substitution, production incentives, a Canadian energy bank to finance new developments, increased Canadian participation and the restructuring of Petro Canada. The impact of short-term increases in energy costs on low-income groups, farmers, fishermen and public transit systems would be cushioned through a refundable tax credit.

Some of the measures contained in this program would have resulted in immediate cost increases . . . an 18¢-per-gallon excise tax on gasoline was contained in the Crosbie Budget of December 11, 1979. However, gas and oil prices must rise in Canada as they have risen everywhere else in the world. The new government recognized this fact and its pricing policy became an integral part of the overall energy self-sufficiency program.

"For some nations energy is a problem. For Canada, energy is an opportunity."

(The Right Honourable Joe Clark, December 21/79)

The Progressive Conservative Government's Energy Program:

Aim: Self-Sufficiency

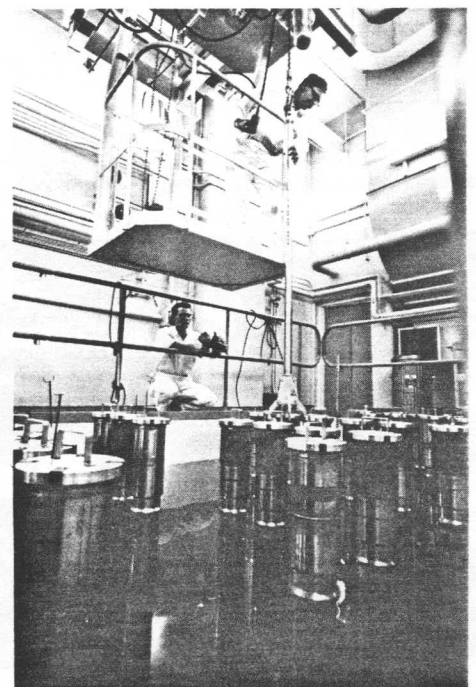
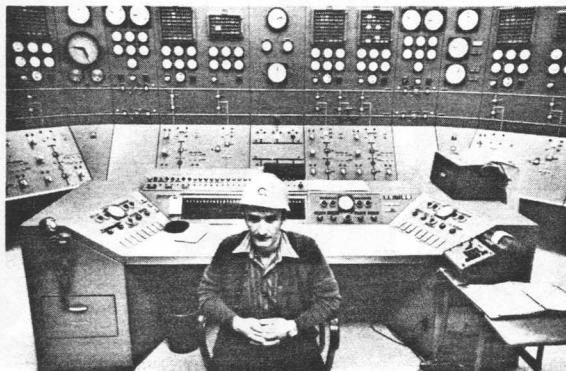
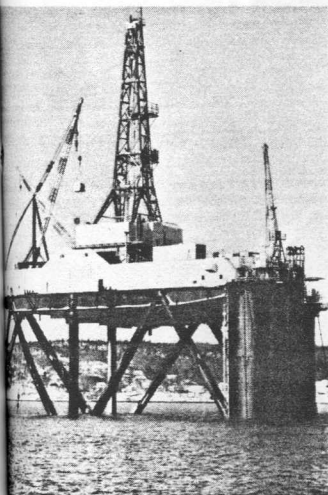
There are 3 essential elements to that policy:

1. **Conservation.**
2. **Substitution:** cheaper and more plentiful fuels (e.g. gas) would help reduce our oil use.
3. **Canadian Ownership:** positive measures needed to increase the proportion of Canadian ownership in the energy industry.

How do we accomplish that?

1. **Move toward a more realistic price:**
Studies have proven that higher prices are closely related to lower consumption.
"Why put oil prices up then? Simply because the present price bears no relation to what oil is worth in the world and encourages waste of a non-renewable resource by underpricing it."
Don McGillvray, Montreal Gazette November 12, 1979
2. **Rebate on gas prices:** To encourage the further substitution of gas, the PC government proposed a 20% rebate, payable to distributors.
(The price of gas is set now at 85% the price of oil.)

Energy self-sufficiency by 1990 was a major goal of the new government: to end Canada's dependence on costly and uncertain petroleum imports, to improve the nation's balance of trade and competitive position, to stimulate Canadian investment, industry, technology and employment – and in the long run to save Canadians hundreds of dollars in their individual energy costs.



3. *Canadian Energy Bank*: A joint federal-provincial project to promote new Canadian-owned energy ventures. The federal government would contribute to this Bank a substantial portion of new oil-related revenues.
4. *Self-Sufficiency Tax*: To ensure the federal government can support new energy initiatives, and to ensure the oil companies do not benefit from windfall profits, a tax would be imposed on all revenues greater than what producers would get under the existing price formula.
5. *Aid for specific groups*: Programs would be developed to help Canadians adjust to higher prices — particularly older Canadians, or those on lower-incomes, or those in regions where substitution is not a possibility.
6. *Encouragement for conservation*: A program to help individuals retrofit oil-burning furnaces; an industrial energy conservation program in Atlantic Canada; arrangements under which CHIP (Canadian Home Insulation Program) would be transferred to the provinces, together with increased federal funding.

"We have in our grasp a future in which Canadian industry enjoys permanent cost advantages over American competitors; Canadian security is guaranteed by increasing reliance upon Canadian sources of oil, gas, electricity, coal and other forms of energy; and Canadian citizens have an enlarged opportunity to invest in energy development."
(The Right Honourable Joe Clark, November 12, 1979)

Increasing gas and oil prices in spite of Parliamentary opposition and public concern clearly demonstrated the new government's commitment to facing the challenge of, and resolving, Canada's energy dependence.

"Our choices were clear. We could either have a soft policy that would have increased our reliance upon foreign sources of supply, or we could have a tough policy that faced difficult decisions now with an eye to making Canada self-sufficient in the future."
(The Right Honourable Joe Clark, January 5, 1980)

Low Prices = High Consumption

- Canadian consumers enjoyed the lowest petroleum prices of any major industrialized country: Can. \$1.05 a gallon; U.S. \$1.42; U.K. \$2.59; W.Ger. \$3.17.
- Canadian demand for gasoline grew by 4.3% between January and September 1979. During the same period, U.S. gasoline consumption fell by nearly 4%.

Low prices discourage both conservation and new production.

Canadian Dependence on Foreign Oil

The energy policy of the Liberals and N.D.P. would see Canadian gross imports of foreign oil increase from 480,000 barrels in '79 to over 900,000 in '85.

In 1979 alone the federal government paid almost \$2 billion in oil import compensation to offset the cost of expensive foreign oil.

In 1985 these compensation payments are projected to increase to over \$5 billion per year.

This amount of money (\$5 billion) paid out in one year to foreign governments, is enough to build an entire oil sands plant in Alberta, capable of producing 120,000 barrels of oil a day for over 20 years.

Ray Hnatyshyn (Energy, Mines and Resources) and John Crosbie (Finance) listen intently as discussion at the 1979 First Ministers' Conference concentrates on oil pricing.



Canada has more oil reserves than Saudi Arabia but has yet to achieve energy self-sufficiency.



Since the Feb. 18 election they have been edging away from their electoral stance. No doubt they will eventually arrive at something very much like the Tory position of last year. But Canada will have lost an entire year of progress towards the goal of self-sufficiency."

Financial Times
July 28, 1980

Developing Canada's Economic Potential

Measures to reduce federal spending and bring the deficit under control and achieve energy self-sufficiency were essential steps in the long-term development of the economy. However, **short term measures** were also needed to spur growth, co-ordinate economic planning, reduce labour unrest, increase employment and trade opportunities and reduce the cost of doing business.

Immediate stimulus to the economy was provided by the mortgage deductibility program. The mortgage interest and property tax credits would have stimulated the sagging construction industry, made it easier for all Canadians to own their own homes, and provided consumers with more money to invest or spend on consumer goods.

Measures to **stimulate Canadian investment** in Canadian-owned businesses were also proposed in the Budget: small businesses were given tax relief; the lending capacity of the Federal Business Development Bank was increased by \$400 million; more development capital was made available at low interest rates; and gas exports were increased as a measure to alleviate the cash-flow problems of small western producers, increase funds for new exploration and development and improve our balance of payments problems.

Significant steps were taken to **improve economic co-ordination and planning** in the country:

- a National Economic Development Conference in Winnipeg in January bringing together business, labour and government;

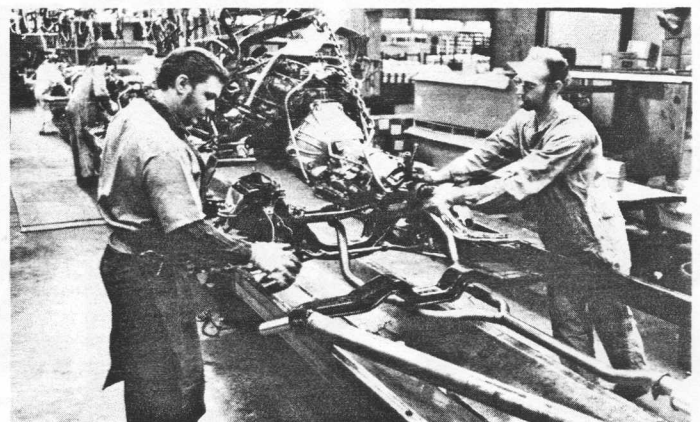
- detailed federal/provincial discussions over joint strategies;
- careful analysis of industrial sector studies;
- ongoing consultations with business leaders and economic analysts;
- direct intervention to resolve difficult labour situations

New employment and trade opportunities were pursued vigorously. A Minister of State for International Trade (Michael Wilson) was given the responsibility for actively pursuing trade opportunities everywhere in the world, supporting the initiatives of Canadian companies and overseeing the expansion of our foreign trade.

- A Pacific Trade Conference was organized for Vancouver to bring together our Pacific Rim trading partners.
- Trade missions were undertaken or planned to Egypt, Latin America and the Pacific.
- A marketing division was created in the Department of Agriculture to pursue international trade opportunities.



At the Tokyo Summit meeting in June, 1979, Prime Minister Joe Clark met with other world leaders, (shown here with President Jimmy Carter and Prime Minister Margaret Thatcher), to review trade opportunities and co-ordinate approaches on economic problems of global dimensions.



- More marketing specialists were assigned to Canadian embassies and consulates overseas.

New employment incentives were outlined by the Minister of Employment and Immigration, Ron Atkey. They included a tax credit program for small business, a private employment incentives program to subsidize new hiring, a youth employment secretariat to co-ordinate youth employment programs, improvements to the vocational training program, the restoration of funds to women's outreach programs, and the extension of income tax deductions to small business owners and farmers who employed their spouses.

To reduce the cost of doing business in Canada, the government undertook a review of its regulations with a view to eliminating many and streamlining the regulatory process; a Bill to exempt 70,000 businesses from reporting requirements was introduced in Parliament; and a committee was established to examine present conflicting requirements and regulations affecting the agriculture sector of the economy.

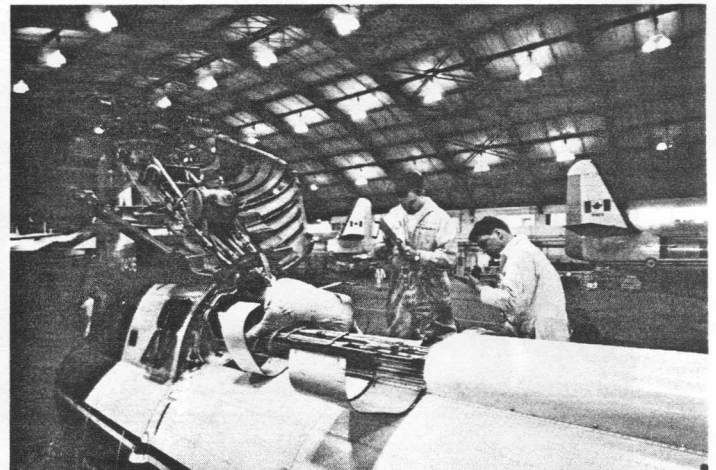
Budget Initiatives

- To shelter lower and middle income families from higher energy prices a refundable tax credit of \$40 per adult and \$15 per child in 1980. These amounts would have been doubled in 1981. The credit would be reduced by 5% of the amount by which family income exceeds \$21,380.
- Taxpayers who employ their spouses in unincorporated businesses, including farms, would have been allowed to claim salaries paid to the spouses as business expenses. The value of this tax break would have been \$160 million in the 1980-81 fiscal year.
- Employment tax credits would have been provided to employers to create 105,000 jobs for young people and 15,000 jobs for native people, the handicapped, the disabled and female re-entrants to the labour force by March 31, 1981. The credits were for \$80 a week for full-time jobs in the private sector and would last for periods varying from 13 weeks to one year.
- Negotiation of affirmative action contracts with firms in the private sector to stimulate employment of native people, women, the handicapped and the disabled.
- \$70 million for the establishment of 14,000 jobs under a National Youth Service Program to carry out projects of lasting value in community service and environmental protection and enhancement. The projects would be designed in co-operation with volunteer groups at the national and local level.
- \$50 million in special funds for labour intensive projects in Quebec and the Atlantic provinces such as small craft harbours.
- Training for 120,000 young people and many more adults under expanded training programs. The total budget would be \$806 million including \$196 million which would otherwise be paid in unemployment insurance benefits.
- A doubling of the budget to \$20 million for the critical skills training program for high-demand trades.
- Provision of \$50 million for the LEAP program — half of which would have been targeted to native communities.

New footwear is a tradition for finance ministers delivering a budget. John Crosbie donned mukluks for the night of December 11, 1979.



The budget doubled the funds available for training in high-technology skills.



- The obligation to withhold a tax of 25% when the holder of bonds does not submit a social insurance number would have been withdrawn.
- A temporary Small Business Development Bank that would have effectively cut in half interest rates for small businesses.
- Capital gains tax deferral plans to encourage Canadians to invest in the common stock of Canadian corporations.
- A deferral of tax on up to \$100,000 in taxable capital gains for farmers from the sale of their farm by transferring the gains to an RRSP.
- An increase in the tax exemption for volunteer firemen from \$300 to \$500.
- Optical scanners and power lifts added to the list of medical expenses eligible for deduction.

Spurring Technological Development

Investment in innovation is not just something it would be nice to do; it is absolutely essential. Unless we innovate, our trade problems would grow more severe, unemployment will get worse, and prices will continue to rise.
 (Joe Clark, March 7, 1978)

Technological innovation is a key to future industrial strength. New ideas and products increase manufacturing employment at home, and can be sold abroad, further increasing employment and reduc-

ing trade deficits. Although the private sector and individual initiatives produce these innovations, they can be assisted through government investment incentives and research/development funding. The Clark government commitment to technological development was expressed through:

- a full review of current R & D policies and programs;
- increased research funds for Canadian universities;
- increased medical research funding;
- a commitment to buy Canadian technology for government needs;
- strong government support for the communications industry;
- increased support for the aerospace industry.

Strengthening Regional Economies

"The only way a nation as diverse as ours can be strong is to build upon the capacity of the regions and to use regional strengths to build a stronger nation."
 (Right Honourable Joe Clark, St. John's, January 7, 1980.)

The new government completely changed the approach to resolving the problem of regional disparities. Where the emphasis had been upon transfer payments and regional development grants, the new approach focussed upon building on potential sources of real

economic strength. Over time, this approach would reduce dramatically the dependence of the poorer regions upon the federal purse and make them full contributing partners in the national economy.

PC Budget Offered Assistance To Atlantic Canada

1. Tax incentives for investment in Gaspé and Atlantic Canada:

- accelerated capital cost allowances and/or tax credits to be granted on a selective project-by-project basis.

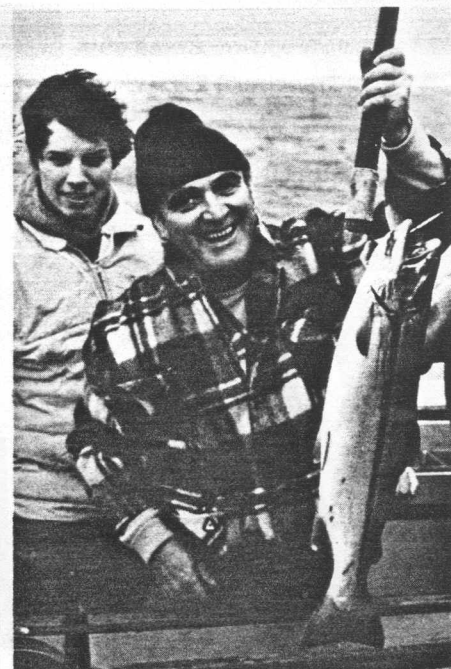
2. Tax incentives for fishing vessels in Atlantic Canada.

3. Energy:

- grants to compensate for the additional costs of electricity generation resulting from price increases in excess of \$2 per barrel per year;
- support for conversion to coal or to a coal-oil mixture in the generation of electricity;
- a program, in co-operation with the provinces, of rapid conversion to natural gas of oil-fired facilities, especially those owned by the governments and the large private industrial firms.

4. Funds to initiate new measures or to supplement existing programs aimed at stimulating employment and economic development in Atlantic Canada.

New funding provisions for Research and Development – the design and manufacture of Canadian high-technology for the markets of the world – were part of the P.C. budget. Michael Wilson, Canada's first Minister of State for International Trade, looks over the shape of things to come.



In **Atlantic Canada**, the Fishery and newly-discovered off-shore resources were to be the key to economic recovery. To increase productivity and employment in the fishing industry and to take better advantage of the new 200-mile economic zone:

- a major fisheries policy review was undertaken, bringing together all facets of the industry;
- new guidelines developed for freezer trawler licences;
- cod quota increased by 10,000 metric tons in the Gulf;
- private financing of fishing vessels was encouraged through changes to capital cost allowances on leased vessels;
- an Atlantic salmon recovery strategy was developed;
- changes were made to the tax structure to encourage the construction of fishing vessels;
- a Marine Research Institute was announced for St. John's.

To ensure rapid and controlled development of **off-shore mineral resources**, the Prime Minister told Atlantic Premiers that the federal government would not contest provincial control over them. This would allow the provinces, especially Newfoundland, to develop these resources in a manner consistent with their own economic and social requirements.

Other initiatives having a beneficial impact on the economy of Atlantic

Canada included a commitment to the development of a Canadian deep-sea fleet, tax contracts for industrial development projects, aid to the Donkin Mine and the Cape Breton steel industry, funding for Fundy Bay experimental tidal power projects, and a developmental study of the port of Halifax.

The **agricultural industry** in Ontario and Quebec was strengthened with major advances being made towards a new dairy policy. This included raising the level of support prices for butter and skim milk, stricter control over dairy imports, and an increase in cheese production for export. New milk processing and storage facilities were slated for Quebec and new export markets found for industrial milk production (evaporated milk to Mexico).

Regions in Quebec were also identified for **selective tax contracts for industrial relocation**. Economic incentive programs were expanded to include the whole Montreal area and much of western Quebec. Agriculture production was stimulated throughout Canada by a new horticultural policy, a proposed meat import law, and regulation changes allowing the use of non-Canadian labour for summer harvest requirements.

In the West, considerable progress was made by the Minister of Transport, Don Mazankowski, to improve the **grain-handling system** and ensure that Canada's export commitments were met:

- the appointment of a national Grain Transportation Co-ordinator, Dr. Hugh Horner;
- almost 10,000 new/renovated hopper and box cars added to the railway fleet;
- 175 additional locomotives added to the grain handling system;
- a development agreement for more facilities in Prince Rupert;
- expanded use of Churchill and more grain through eastern ports;
- a task force on prairie line abandonment with all abandonment frozen pending review and public hearings.

CLEARING UP THE GRAIN BOTTLENECK

The Clark government's appointment of a Grain Transportation Co-ordinator was an imaginative step in trying to clear up the bottleneck that had built up in the West under the previous administration.

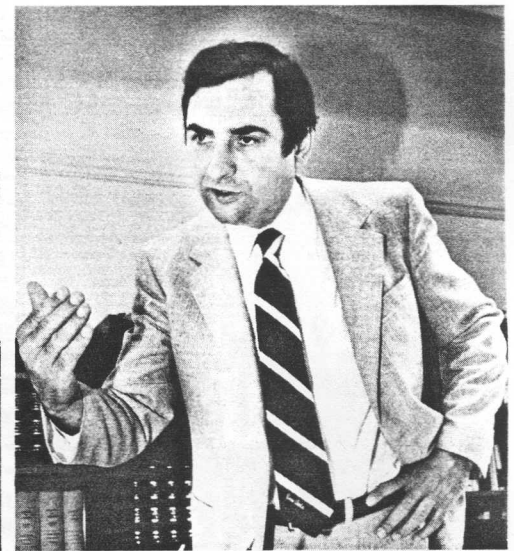
When he announced the appointment, Don Mazankowski committed the government to increasing grain exports by 20% in one crop-year — despite much skepticism from the media and other sources about the ability to reach that target.

The goal was reached in July 1980 — the official end of the crop-year.

From sea to sea: Jim McGrath, Minister of Fisheries and Oceans, proposed important tax changes to stimulate modernization of Canada's fleet, on the west coast (left), in his native Atlantic region.



Minister of Transport, Don Mazankowski, promised to increase grain exports by 20% in one crop year — and he delivered.



DRAMATIC INITIATIVES IN AIR TRANSPORTATION

The implementation of controlled deregulation and the introduction of more competition in the air travel industry.

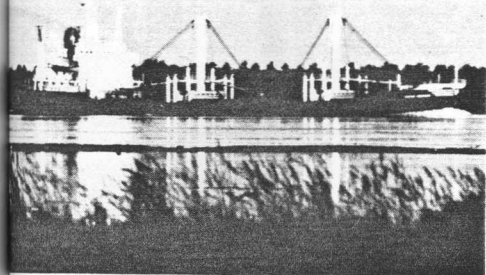
The relaxation of domestic and international charter air travel regulations to provide better service to the public and increased competition for the airlines.

The implementation of recommendations of the Chouinard Commission on bilingual air traffic control in the province of Quebec.

The establishment of a full inquiry into air safety as a result of a number of incidents which had aroused public concern.

Improvements to the transportation infrastructure were designed to help regions and improve economic potential. Regional air carrier policy was being developed; VIA Rail services were extended into northern Ontario; a regional office of the Canadian Transport Commission established in western Canada; navigational aids and systems were examined; airport facilities were upgraded; and changes proposed to the operation of the St. Lawrence Seaway Authority.

Transportation initiatives were undertaken to improve public service and public safety, and to free the flow of trade and forces of competition.



BUDGET PRAISED BY ECONOMIC LEADERS

The Clark government moved quickly on a number of broad fronts to restore confidence, support initiative and realize Canada's economic potential. The general economic strategy was supported by a wide range of policy changes in energy, transportation, fisheries, small business, R & D, regional development, and industrial and investment incentives.

The Crosbie Budget, the first Conservative Budget in over sixteen years, reflected the concern over deficits, unemployment, inflation and the general economic situation. Although opposition MPs condemned the Budget, and defeated the Clark government because of it, economic leaders were quick to support it.

The day after the Budget, the Toronto Stock Exchange registered the strongest daily gain in almost four years, rising 32.80 points. Editorials and commentators registered their support:

- "... tough budget but it pretty clearly demonstrated the government's concern" (Canadian Manufacturers' Association)
- "... pleased with measures to promote investment in Canadian firms..." (Canadian Organization of Small Businesses)
- "... a responsible budget which the times demanded" (Ottawa Journal editorial)
- "... Medicine is tough but Dr. Crosbie's prescription is right" (W.A. Wilson, Ottawa Journal)
- "... careful sustained policy of fiscal restraint that aims at bringing about gradual improvement..." (Ronald Anderson, Globe and Mail)

"No anti-inflationary policy has been developed or announced. The government has claimed recently that "we brought down the Bank Rate" — hoping the public would not understand that the reduction has been wholly because of falling interest rates in the U.S."

**Financial Times
July 28, 1980**

The Globe and Mail
REPORT ON BUSINESS

MAN OF THE YEAR: John Crosbie

Ottawa extends its ship subsidy of 20 per cent

Year's hike on exchanges rises 80.7%

Minister puts being right ahead of being a winner

Special Issues for Investors

The Toronto Stock Exchange, a reliable barometer of business confidence in the economy, registered the strongest daily gain in 4 years, following the introduction of the P.C. budget.



SUPPORTING INDIVIDUAL INITIATIVE

"If we are to secure our future in this new decade we must look again to the individual citizen as our instrument of action, and our instrument of accomplishment."

The Right Honourable Joe Clark
January 21, 1980

Fundamental to the philosophy of the Progressive Conservative Party is a belief in the importance of the individual citizen. Individual initiative and creativity have always been essential ingredients in nation-building, in creating wealth and achieving excellence.

In order to maintain the focus on the individual, the PC Party believes that it is essential that government at all levels be kept as close to the citizen as possible, that government programs, policies and administrative practices allow for meaningful citizen participation, and that government provide incentives to encourage individual responsibility.

The Individual In Canadian Society

The rapid growth and expansion of government, at all levels, in the last decade has threatened the role of the individual citizen. As the country becomes more intensely urban in character and as problems become increasingly complex, so has the tendency increased to rely more and more on government to resolve problems, provide leadership and accept responsibility.

Government has reacted eagerly to the increasing demands upon it. Larger bureaucracies and more expensive programs are measures of the demands and issues to which government attempts to respond. A relationship has developed between an 'all-powerful' government and an 'uninvolved' public which has produced:

- inflexible bureaucracies adhering rigidly to rules and procedures;
- policy, planning and programming components in governments that view themselves as the sole source of expertise;
- a complexity of laws and regulations restricting creativity, producing costly delays and ignoring new ideas;
- a focus on big issues, problems and responses where personal initiatives and energy disappears.

When the Progressive Conservative Party came to power, one of its objectives was to restructure the strained relationship between government and the individual by paying attention to individual contributions to personal well-being and the resolution of national problems.

People Can Do It Better

Reliance on and support of **individual initiative** was reflected in the new

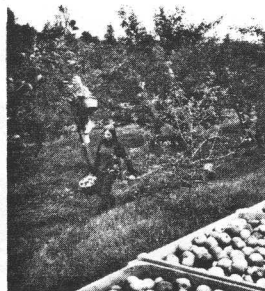
government's approach to economic, social and cultural policies as well as internal planning and evaluation activities. Parliament itself was a direct beneficiary of this new approach. Individual MPs were appointed to head Task Forces, provide special advice, and act as Ministerial representatives in key policy areas:

- Bob Holmes (Kent) — special Native Land Claims negotiator;
- Doug Neil (Moose Jaw) — Prairie Rail Line abandonment advisor;
- Jack Murta (Lisgar) — Task Force on grain transport issues;
- Paul McCrossan (York-Scarborough) — special advisor on the unemployment insurance program;
- Bob Wenman (Fraser Valley West) — Parliamentary Committee on the voluntary sector in Canada.

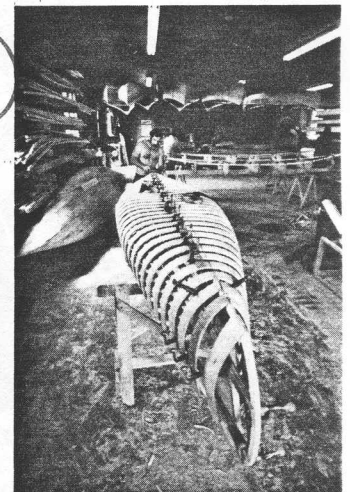
In **social policy**, the change in focus was dramatic. The new government proposed that increasing reliance should be placed upon the voluntary sector both reducing government responsibility and increasing the flexibility and success of strategies designed to address social and cultural issues. The most spectacular example of this change in focus occurred with the Indochinese refugee program (the boat people).

Traditionally, refugees coming to Canada were the exclusive responsibility

Don Mazankowski announces the appointment of Doug Neil, M.P. (Moose Jaw), to conduct a task force into rail line abandonment.



Our greatest strength — individual enterprise.



of the government. In July, 1979, External Affairs Minister MacDonal and Immigration Minister Atkey announced a plan whereby the government would sponsor one refugee for each refugee sponsored privately. This would not only match government action to the public commitment but also allow twice the number of refugees to enter the country. The public response was overwhelming and the program was the most successful in the history of Canada.

Indian Affairs policy received a dramatic change in direction when the Minister of Indian Affairs, Jake Epp, announced that initiatives for resolving native economic and social problems would move to local band councils and local governments on reserves. The government would provide support, expertise and funds but the plans and programs would be developed by the local bands and would reflect their own needs and circumstances.

The Minister of Health and Welfare, David Crombie, proposed that the government would consider changes to the Canada Pension Plan to recognize the contributions made by housewives who remained at home to care for children rather than entering the labour force.

In the area of **economic policies**, special incentives were proposed to support and encourage small businesses and farmers, the backbone of the Canadian economy. In fact, the thrust of many economic programs focussed on individual and private initiatives:

- allowing tax deductions for wages to spouses;
- reducing the tax on sales of farms upon retirement;
- amending the RRSP program to permit individuals to invest in Canadian businesses;
- developing employment programs through the private sector rather than through government make-work;
- assisting individual Canadians to own and maintain their homes through the mortgage tax credit program.

Canada's **foreign affairs policies** were also to reflect this change in emphasis. Foreign aid spending was to be channelled into projects that boost the economy of the recipient countries. Agricultural aid overseas was to focus on assisting developing countries to develop their own national food strategies.

This commitment to individual initiative was also demonstrated in the government's practice of **consulting concerned citizens and interest groups** before undertaking major new policies:

- foreign affairs policy review was to include, for the first time, participation by citizens' groups;
- a new fisheries policy was to be drafted with the assistance of a committee representing the entire industry;

- native peoples' groups were given the right to become full participants in future constitutional reform talks;
- commodity groups and farmers' organizations were more fully consulted on changes to agricultural policy;
- special Parliamentary committees and task forces were mandated to hold nation-wide hearings before reporting.

Steps were taken to increase the autonomy and responsibility of the Yukon Territorial Council. . . . a significant move towards provincial status. And the emphasis on deregulation was designed not only to reduce the cost of government but also to give the system more flexibility.

Private Versus Government Initiative

Much of the philosophical thrust of the Clark government's activities was designed to move away from government-dominated programs and policies towards a system in which the private sector and individual Canadians were encouraged to build a personal stake in the country.

The decision to give Canadians direct ownership shares in Petro Canada was part of that thrust. As a crown corporation, Petro Canada belonged to (and accounted to) the government and not to the people of Canada as individual citizens. The changes proposed to Petro Canada would have given all Canadians a personal stake in the company and allowed them direct participation and involvement in energy-related endeavors.

Indian women, staging a march from Montreal to Parliament Hill to protest discrimination under the Indian Act, find a sympathetic ear when they talked to Indian Affairs Minister Jake Epp. Previous administrations had all but ignored their pleas.



In response to the crisis of the Cambodian Boat people, Immigration Minister Ron Atkey (shown here) and External Affairs Minister Flora MacDonal designed a program that relied directly on the initiative and generosity of individual Canadians.



ENHANCING INDIVIDUAL FREEDOMS

"We can make changes in our institutions which restore the sense of Canada as a place where individuals can go out and find their own future, as a place to grow for individual Canadians. We can establish in this country a standard where men and women work together as equals in our society."

**Prime Minister Joe Clark
November 1979**

The Progressive Conservative Party believes that a nation exists to protect and serve its citizens. The role of government is to create an environment in which people are both free and secure to pursue their own goals with as few restrictions as possible. The Progressive Conservative Party believes that equal opportunity for all is an absolutely essential condition for this individual freedom.

To this end, an effective government must use its power to assist citizens and groups who, for social, economic or cultural reasons, are less able to help themselves. It must also prevent the exploitation of individuals and groups by the stronger elements in society. The government must pursue these objectives in the national context as well as conducting its own activities according to the same principles.

Infringements on Individual Freedoms

On the surface, Canada is one of the most democratic nations in the world. Relative prosperity, a Bill of Rights, a Human Rights Act and democratic political institutions assure the majority of Canadians the financial security and political stability necessary to pursue their own ambitions and goals.

For a large minority, however, this same economic freedom and flexibility does not exist. For a number of reasons, our system and institutions provide them with fewer opportunities or put barriers in their way or restrict their ability to achieve minimum economic standards:

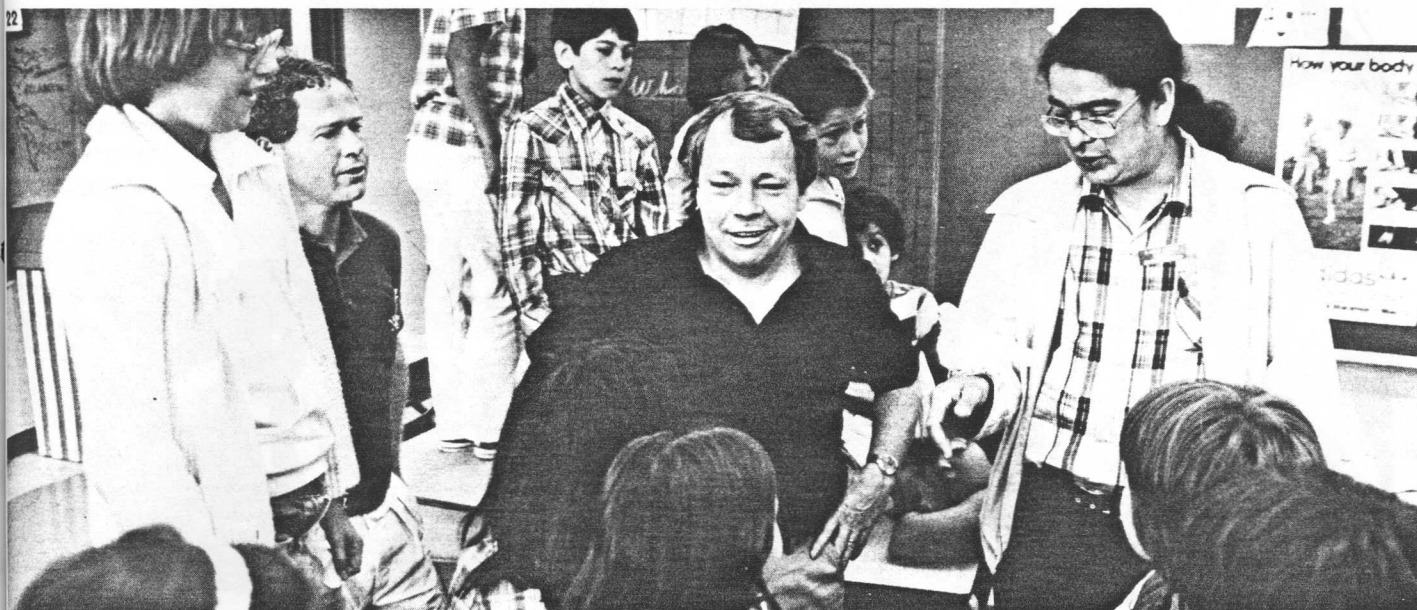
- senior citizens in increasing numbers are falling below the poverty line;
- many Canadians are forced to live in inadequate housing;

- women still receive less pay than men, hold most of the low-paying jobs and few of the higher-paying jobs;
- native people are restricted in their ability to pursue their objectives and are locked-in to a dependency relationship with the government;
- social stereotyping acts as a barrier to economic opportunities;
- inflation is eroding the economic security of low-income groups;
- social programs face serious administrative and policy problems;
- jurisdictional overlaps, overcrowding and outmoded practices impede the fair application of the judicial system.

All-encompassing government and individual freedom cannot exist together. Problems with government accountability, secrecy, and bureaucratic complexities have decreased the ability of the individual to understand or cope with government demands and programs that often conflict with individual rights.

Although these problems do not concern the majority of Canadians, those most effected are increasingly concerned. The Conservative government was convinced that it could begin to redress these imbalances both by undertaking new policy initiatives and by changing internal administrative practices.

Health and Welfare Minister David Crombie personally investigates pollution-related health problems on the St. Regis Indian Reserve.



Dismantling the Barriers

Our commitment is based upon three fundamental principles. First, to support equality and independence in society. Second, to develop laws, policies, and programs to increase personal and social security. Third, to achieve equal recognition and rewards in the workplace." (Pt. Hon. Joe Clark, January 28, 1980.)

From the public perception, the most apparent barrier to freedom is the operation of government itself. The more government intrudes and regulates, the more a citizen's ability to function as he pleases is restricted. The more distant government becomes, the less able a citizen is to influence it or change its practices.

Freedom-of-information legislation, increased consultation, reviews of regulations and paperburden, more Parliamentary control and changes in ministerial attitudes were all designed to open up the process and make government more accessible to the public. A more informed public and more institutional controls over government activities would work a new relationship between government and the people.

Individual ministers demonstrated a strong commitment to meet directly with concerned groups to work out immediate solutions to difficult problems:

- Health and Welfare Minister Crombie went alone to the St. Regis Indian Reserve to resolve a pollution and health problem;
- Immigration Minister Atkey met with concerned groups to deal with racial discrimination allegations against his officials;
- Postmaster-General Fraser met labour and management to discuss necessary changes to the operation of the Post Office;
- Multicultural Minister Paproski met the multicultural press to resolve problems relating to government advertising;
- Labour Minister Alexander met with labour groups to resolve strike problems without resorting to legislation.

A New Brunswick Indian Chief expressed the spirit of the new attitude best after meeting with Prime Minister Clark, the first such meeting his federation had ever had with a Prime Minister. . . . **"Ten years ago, we couldn't get a meeting with an Indian Agent; today, we are meeting with the Prime Minister."**

The review of the use of social insurance numbers, the reduction in paperburden on small businesses, the review of regulations, and the review of overlapping in Justice and Consumer Affairs Departments were all parts of the **program to eliminate unnecessary or restrictive government practices.**

The new initiatives in foreign affairs showed a **commitment to the cause of human rights** around the world. External Affairs Minister MacDonald attained international recognition in her efforts to promote human rights. Before the United Nations, she called for the creation of an Under-Secretary General for Human Rights to give strength and action to that body's commitments. That was followed up with a commitment to allowing the UN to investigate any complaints about human rights violations in Canada.

Major initiatives were undertaken with respect to **improving the equality of women** within government and outside of it:

- the role of women in the Armed Forces was greatly expanded;
- the budgets of the Status of Women Co-Ordinator and Advisory Council were expanded, despite government restraint;

With management and labour were involved in discussions with Postmaster-General John Fraser, seen here touring the main Ottawa Post Office. During the PC administration, there was no disruption to postal service, a welcome change for everyone.



External Affairs Minister Flora MacDonald attained international recognition in her efforts to promote human rights. During a visit to Cameroon, she met with Paul-Emile Cardinal Leger.



- funds were restored to Women's Outreach programs, and new women's employment strategies planned;
- contributions of women to farms and small businesses was recognized, and the tax system changed to reflect it;
- a committee was established to develop guidelines to eliminate sex stereotyping in the electronic media;
- all Cabinet documents were reviewed for the implications of new policies on women;
- affirmative action programs within government were evaluated to improve the government's performance in this area;
- voluntary agreements were negotiated with corporations dealing with the government respecting their affirmative action;
- Criminal Code changes were proposed to enhance the protection of women and to eliminate discriminatory practices;
- spouses' allowances were extended in the event of the death of a spouse receiving Canada Pension Plan benefits.

These actions demonstrated the attitude within the new government to improve the opportunity of women to compete and achieve as equals. In these actions, the government recognized that equality would be achieved only through voluntary recognition and support of that principle.

Changes to the policy and practises of the Department of Indian Affairs were equally significant. Native participation in constitutional talks was both symbolic and practical recognition of their place in Canadian society.

- Band councils were to be given greater control over their own economic and social development.
- A land claims negotiator was appointed to actively pursue agreements in the various parts of the country.
- Native groups were involved in discussions to amend the Indian Act to remove clauses discriminating against women.
- A new five-year program was initiated to provide aid to native women.
- The native health care system was maintained until a new more comprehensive program could be developed.

The largest portion of government resources is invested in social programs, both in direct federal initiatives and in federal transfer payments to the provinces. The new government planned to bring order to this area through the creation of a Minister of State for Social Programs. As well, **funding for all social programs** was to be contained within one 'spending envelope' to ensure expend-

iture control and a clearer allocation of priorities. Assessment and evaluation of existing social programs was also begun:

- Emmett Hall headed a Commission to examine the national health care program and ensure its national accessibility;
- The unemployment insurance program was to be reviewed and completely overhauled;
- A Committee of Parliament investigated the social needs of handicapped and disabled Canadians;
- The Throne Speech promised a full review of pension programs, portability and the financial situation of senior citizens;
- An extensive survey of rehabilitation workshops was undertaken to assess skill development programs and economic opportunities.

The rapidly escalating costs of housing, because of market and interest factors, was having a serious effect on the ability of low and middle-income groups to obtain adequate accommodations. To meet this problem:

- the mortgage tax credit program was to reduce the monthly cost of mortgages;
- the property tax credit was to reduce the burden of property taxes, a factor affecting the ability to maintain a house;
- shelter allowances for low-income and senior citizen renters were discussed with provincial ministers;

The PC Government led through example in its struggle to make women equal partners in Canada. Defence Minister Allan McKinnon, for example, expanded the role of women in the Armed Forces.



The PC mortgage interest and property tax program was designed to make home-owning more than just a dream for more Canadians than ever before.



Benefits of Mortgage Tax Credit Program

	Mortgage Interest Credit	Homeowner Property Tax Credit	Total
1979	312.50	62.50	375.00
1980	625.00	125.00	750.00
1981	937.50	187.50	1,125.00
1982	1,250.00	250.00	1,500.00

Aim: — to ease the burden of buying and meeting the costs of a home;
 — to stimulate the important, largely Canadian-owned housing industry;
 — to create jobs in that industry.

the structure and operation of the Canada Mortgage and Housing Corporation were reviewed;

the terms of the Assisted Home Ownership Program which were forcing people out of their homes, were reviewed.

Cultural policies provide ethnic groups, artists, writers, and individuals involved in building Canadian culture and maintaining cultural diversity with necessary resources and support. A complete **review of cultural policies** was undertaken by an Advisory Committee appointed to provide Secretary of State David MacDonald with the basis for a **Blue Paper** representing the attitudes and recommendations of cultural groups across the country.

A new publishing policy was announced to encourage and support the Canadian book-publishing industry. Provincial and federal ministers met to develop ways to encourage and diversify private and corporate funding for the Arts. The Canadian Consultative Council on Multiculturalism was restructured and many of its members appointed on the advice of community leaders and ethnic organizations across the country.

To increase the flexibility of Canada's legal system, to ensure accessibility and to correct some obvious discriminatory practices, Justice Minister Flynn

reviewed with the provinces areas where federal laws conflicted or overlapped with provincial jurisdictions. Divorce and child-custody procedures and laws respecting young offenders were re-evaluated. And, because of concerns of various groups, the new gun control legislation was referred to a Parliamentary Committee for review.

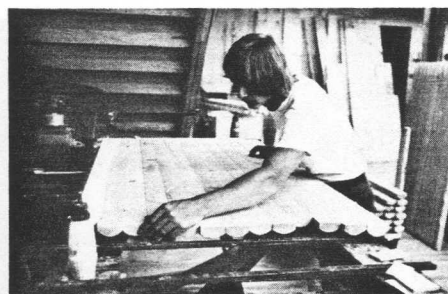
A Good Beginning

Given economic problems and government deficits restricting the ability of the new government to undertake new initiatives, an impressive start was made to both increase individual opportunities and eliminate institutional barriers. Clear policy directions were articulated, major policy evaluations undertaken, control and co-ordination improved, and government activities brought into line with stated objectives.

Major interest groups such as the Native Council of Canada, the Publishers Council, and women's advisory groups expressed renewed faith in government attitudes. And, although Cabinet Ministers could not meet with every interest group or resolve every problem, their concern with and commitment to a more open and less discriminatory social environment were amply demonstrated.

Secretary of State David MacDonald took a personal interest in establishing a new publishing policy to encourage and support the Canadian book-publishing industry.

government developed several programs to encourage construction and address the problem of the rapidly escalating costs of housing, particularly for low and middle-income groups.



CONSULTING WITH CANADIANS

“... we had started an entirely different approach to uniting the nation — the approach of building a sense of Canada on the things that we accomplished together as a nation.

In fact, that is the traditional way this nation has been built. Ours is an active history — building railways, building seaways, building pipelines, building farms and towns and families and history. Our literature, our film and our art, they are developing dramatically, but we remain a nation whose people are better known for what we do than for what we say.

And we have done a great deal as Canadians acting together — we have a proud history in war, and a constructive record in international development. We have invented new technologies, created new wealth, populated half a continent in the face of winter and wilderness and incredible hardship.

Our challenge now is to make the nation become a family to our own people.”

The Right Honourable
Joe Clark
High River, Alberta.
June 1980

The Progressive Conservative Party believes that the strength of a nation lies in the ability of its citizens to achieve consensus on both the resolution of its problems and its goals for the future. National unity and achievements can come only if Canadians in all parts of the country see and feel that they are being treated fairly and have a voice in shaping the nation.

The role of government, especially the federal government, is critical in the development of this national consensus. By its actions, the government can support consensus, pursue compromise solutions to problems and foster a co-operative atmosphere among all parts of the country, creating the environment essential to our future well-being.

The PC Party feels strongly that national leadership does not involve telling people what to do so much as assisting the nation to articulate its objectives and then following that consensus.

National Tension and Mistrust

The last ten years of Canadian history brought a marked increase in national tensions that threaten the unity of the country itself. Tensions between French and English, between the various regions, between business and labour, between federal and provincial levels of government decreased the willingness of Canadians to co-operate with each other.

Although real problems form the basis of some of these tensions (economic disparities, cultural diversities), the activities and attitudes of the federal government tended to aggravate rather than reduce them, becoming just another combatant in the ‘civil war’ of words. Its role as arbitrator and referee all but disappeared as it fought to protect itself and its own institutional interests.

The federal government also took the attitude that it is the only real government that matters, that other governments and interests are always subservient to its own. . . .

“We have been told repeatedly that the attitude of politicians and civil servants in Ottawa towards their provincial counterparts is that of a superior dealing with an inferior. . . . we cannot help but regard this as a significant cause of conflict between governments”
(Report of the Task Force on National Unity)

Seeking consensus through co-operation, Prime Minister Clark convenes a Federal Provincial Conference.



"I don't know if I say these things because I believe them or because I just like bugging people."

Linda Griffiths, as Pierre, in her one-person play *Maggie and Pierre*

This sense of superiority has made itself felt both to provincial governments and other legitimate interests in a number of ways:

- federal invasion into provincial jurisdiction through grant structures and federal programs;
- the lack of provincial or regional representation in major federal agencies having significant policy impact;
- threats of federal unilateral action in areas where provincial governments feel they should be adequately consulted;
- the development of major policies and legislation without meaningful provincial or interest group consultation;
- federal government failures to meet commitments made to provinces and interest groups where consultation occurs.

The growth of provincial power, increased regional interests, continued economic disparities and jurisdictional

confusions have exposed real weaknesses in the constitutional structure of the country. Where constitutional change requires virtual unanimity on both objective and procedure, the environment has never been more hostile. Deep-rooted antagonisms and personal confrontations seriously threaten meaningful discussions.

The Clark government viewed the deterioration in federal-provincial relations, the lack of faith in federal institutions, and declining national purpose with real concern. It was determined to bring new leadership and attitudes to the federal arena and to develop effective mechanisms to reconcile regional and national interests.

"We must face the fact that the federal government is not as able as it should be to manage the national economy, to help overcome regional disparities, and to conduct major national policies. There has grown up a serious fiscal imbalance, not only among the provinces but between the provincial and federal levels of government. There are many reasons for this, most of them originating ten years ago or more. The uneven distribution of resource revenues among the provinces is

only the most recent and the most dramatic. The Economic Council of Canada recently reminded us that "even if there were no changes in federal-provincial constitutional arrangements, and even without increases in oil and gas, the federal-provincial fiscal balance and machinery in Canada would urgently require re-examination"

We are prepared as a national government either to launch a new study along the lines of the Rowell-Sirois Commission or to enter with the provinces on a joint examination of the problem."

The Right Honourable Joe Clark, December 1979

Achieving a National Consensus

"This nation cannot be ordered together. This nation must be brought together, and the starting step must be to establish a basis of mutual trust, of goals that emerge from the community of Canada rather than being imposed . . ."

(The Right Honourable Joe Clark in the House of Commons.)

From the outset, the new government attempted to act upon the principles established at the Kingston Conference in September, 1977. These principles included:

the PC Party believes that national leadership does not involve telling people what to do so much as assisting the nation to articulate its objectives and then following that consensus.



- changing attitudes to develop necessary political co-operation between federal and provincial governments;
- controlling federal activities to resolve overlapping jurisdictions and authorities;
- ensuring provincial and regional participation in federal regulatory authorities and policy decisions;
- consulting more effectively in the areas of economic and fiscal policy.

The Prime Minister moved quickly to signal the **change in attitude of the federal government**. A directive to Cabinet advised his ministers not to institute policies affecting a province without first consulting that province. He repeated his intention to resolve off-shore mineral rights jurisdiction and promised more open and consultative attitudes in approaching national issues. Critical issues were dealt with in a number of federal-provincial conferences:

- an energy pricing conference in Ottawa in November;
- personal visits by the Prime Minister to the premiers to discuss federal proposals on an individual basis;
- Attorneys-General convened to deal with criminal code amendments and co-ordination in child custody procedures;

- social development Ministers met in September to examine the medicare issue;
- cultural ministers met to discuss funding for the arts;
- Communications Ministers met to discuss sharing of jurisdiction and authority.

The continuing committee of Ministers on the Constitution met in Halifax in late October to make recommendations which would have been considered at another First Ministers' Conference scheduled for December.

The new Cabinet Ministers spent the summer and fall travelling extensively throughout Canada meeting with their provincial counterparts to form the basis of **on-going federal-provincial dialogue and consensus**. Economic development, energy pricing, native affairs, northern development, consumer affairs, justice, and Crosbie's proposed Budget were all the subjects of meetings between the relevant federal and provincial ministers.

In a few areas, real progress was achieved. The Prime Minister announced that the federal government would not contest provincial authority over off-shore mineral developments. . . . giving them similar development control and flexibility as existed with respect to underground resources. As promised, the federal government withdrew from the lotteries game, honoring a commitment that had been made when the Lottery was first established to fund the Olympic Games in 1976.

The federal approach to the national unity debate underwent a dramatic shift. Plans for a federal referendum to compete with the one proposed for Quebec were dropped. The government concentrated instead on showing its attitudinal change. . . . cooling down the emotional atmosphere that had characterized federal-provincial relations in general, and Ottawa-Quebec relations in particular, for so many years.

"Ninety per cent of the problems we have don't depend on what is in the constitution but on the disposition of the people running the ship. It is more important to see that federalism works than to see it change."

Professor Paul Fox, University of Toronto



"This is not a country that governments need to build. The Canadian people are building Canada. What government must do is bring the builders together — create the sense of a common Canadian community. . . ."

That unity cannot be forced. You do not legislate people together. But it can be encouraged by emphasizing common interests, by establishing national goals, by acting to unite Canadians, not divide them."

**The Right Honourable Joe Clark
May 1980**

To develop a more co-operative course economic strategy, a National Economic Development Conference was planned for early January 1980. This conference, with an agenda to be approved by the First Ministers, was the first of its kind, bringing together federal and provincial governments, business and labour groups to

define our goals for the decade ahead, assess some of the obstacles that stand in the way of achieving those goals, and identify how, as governments, we could work with the other economic partners, to overcome those problems and achieve the great potential of Canada."

(The Right Honourable Joe Clark)

Social, cultural and administrative policies also reflected the move towards more **co-operative partnership**. Appointments to federal boards and agencies were made in close consultation with provincial and regional interests. Major policy changes involved advisory committees composed of affected groups. Areas of government activity of real provincial or private concern were reviewed and evaluated (metrication program, operations of FIRA and Statistics Canada).

Although serious **constitutional talks** were halted because of the early election, the new government had already begun work on some areas of provincial concern. The task force examining deregulation was also looking at areas of impact on provincial jurisdiction. Federal-provincial revenue sharing was being examined. Great strides had been made towards an energy pricing agreement amongst the provinces. And, Senator Arthur Tremblay was appointed by the Prime Minister to undertake a complete review of the federal position with respect to constitutional reform and provide new proposals as one basis for ongoing federal-provincial discussions.

Federal Rather Than Central

The activities of the new government were designed to shift the emphasis in Ottawa from its centralizing stance towards one more truly federal. The difference is substantial. The centralist government, viewing all other interests as subsidiary to its own, was to be replaced with a federal government, viewing itself as representative of the diversity and

strength of all components of the nation. The authority of this new federalism would be derived as much from constitutional authority as from the commitment of provinces, regions, interests and individuals to a shared set of goals and a national purpose. The government's emphasis on consensus, agreement and discussion was a major contributor towards easing national tensions, developing more co-operation and a renewed sense of trust in the federal government.

"Since Charles Joseph Clark became Prime Minister a little over four months ago, he has moved slowly in imposing his views on Canada. . . . has concentrated on agreement, co-operation, trust and consensus as methods of government."
(New York Times, October 1979)

"The government has devoted what energy and drive it could muster to revision and patriation of the B.N.A. Act. But the whole effort has been called in question by unrealistic deadlines and the government's own confrontation stance in talks with the provinces."

Financial Times
July 28, 1980



BUILDING A BETTER FUTURE

“We started a range of major changes in this country, not simply in particular policies but in the attitude our government takes to the people of Canada and the nation’s future.”

The Right Honourable Joe Clark

In the seven months in office, the Clark government made an impressive beginning, putting new ideas, new energy and new principles to work to build a better future for Canada:

Parliamentary Reform: Institutional changes were proposed, and new attitudes demonstrated, to make Parliament more effective in overseeing government activities and representing national concerns.

Efficient Administration: Financial accountability was improved, and steps were taken to eliminate waste, halt government growth, and reshape the role of government.

Fiscal Responsibility: A start was made to reduce the federal deficit both with immediate cost-cutting measures and with long-term planning.

Economic Planning: A new development strategy was put in place to create more jobs, increase investment and productivity, and encourage private initiative.

Energy Self-Sufficiency: A comprehensive energy strategy was developed to ensure Canada’s energy needs would be met entirely from domestic sources by the 1990s, at prices significantly lower than prices paid by other countries.

Individual Freedom: Freedom-of-information policies, deregulation, support to the voluntary sector, new social policies, and a commitment to equality of opportunity were all part of an effort to make individual Canadians count for more.

Federal/Provincial Co-Operation: A more co-operative approach to other levels of government was initiated, open and frank negotiations undertaken, and progress towards consensus achieved.

In a fundamental way, the Progressive Conservatives began the process of adjusting the balance between the role of the government and the role of the citizen. Less authority and more openness in government, a greater sharing of responsibility, and a focus on consensus and co-operation would have narrowed the growing gulf between government and the people it serves and put individual enterprise and initiative to work for the nation.

The election of February 1980 brought to a halt much of the thrust of the Clark government. Once again the Liberal government appears committed to expanding government activities; the drive towards energy self-sufficiency has all but disappeared; the federal deficit is rising; and, the co-operative spirit is quickly vanishing. The difficult decisions are, once again, being put off and, in the long run, Canada will only suffer because of it.

The task for the Progressive Conservative Party for the next few years will be to fight vigorously to maintain the principles and initiatives that we undertook when we came to power. We must hold the present government accountable before Parliament for its activities and spending, ensure that it faces Canada’s problems responsibly, and that it builds towards a national consensus on the future of this country.

“There awaits the people of this country an economic future, a social future, a freedom to find their own way and live their own lives that is unparalleled anywhere in the world. But it will only be realized if we as a people, and if we as a government, have the courage to face facts and the courage to make the hard decisions.”

The Right Honourable Joe Clark



THE CLARK CABINET

JOE CLARK

PRIME MINISTER

JACQUES FLYNN

Government Leader in the Senate
Minister of Justice

MARTIAL ASSELIN

Minister of State for the Canadian
International Development Agency

WALTER BAKER

President of the Privy Council
Minister of National Revenue

FLORA MACDONALD

Secretary of State for External Affairs

JAMES MCGRATH

Minister of Fisheries and Oceans

ERIK NIELSEN

Minister of Public Works

ALLAN LAWRENCE

Solicitor-General
Minister of Consumer and Corporate
Affairs

JOHN CROSBIE

Minister of Finance

DAVID MACDONALD

Secretary of State
Minister of Communications

LINCOLN ALEXANDER

Minister of Labour

ROCH LASALLE

Minister of Supply and Services

DON MAZANKOWSKI

Minister of Transport
Minister for the Canadian Wheat Board

ELMER MACKAY

Minister of Regional Economic
Expansion
Minister for the CMHC

JAKE EPP

Minister of Indian Affairs and Northern
Development

JOHN FRASER

Minister of Environment
Postmaster-General

WILLIAM JARVIS

Minister of State for Federal-Provincial
Relations

ALLAN MCKINNON

Minister of National Defence
Minister of Veterans Affairs

SINCLAIR STEVENS

President of the Treasury Board

JOHN WISE

Minister of Agriculture

RON ATKEY

Minister of Employment and Immigration

RAY HNATYSHYN

Minister of Energy, Mines and Resources

DAVID CROMBIE

Minister of National Health and Welfare

ROBERT DE COTRET

Minister of Industry, Trade and
Commerce
Minister of State for Economic
Development

HEWARD GRAFFTEY

Minister of State for Science and
Technology

PERRIN BEATTY

Minister of State (Treasury Board)

ROBERT HOWIE

Minister of State (Transport)

STEVE PAPROSKI

Minister of State for Multiculturalism
Minister of State for Fitness and Amateur
Sport

RON HUNTINGTON

Minister of State for Small Business and
Industry

MICHAEL WILSON

Minister of State for International Trade

Front row - left to right: John Crosbie, Erik Nielsen, Flora MacDonald, Martial Asselin, Joe Clark, Governor General Ed Schreyer, Jacques Flynn, Walter Baker, James McGrath, Allan Lawrence, David MacDonald.

Back row - left to right: Ron Huntington, Ron Atkey, Jake Epp, John Fraser, John Wise, Heward Grafftey, Robert Howie, Roch LaSalle, Lincoln Alexander, Don Mazankowski, Steve Paproski, William Jarvis, Allan McKinnon, Elmer Mackay, Perrin Beatty, Sinclair Stevens, Robert De Cotret, David Crombie, Ray Hnatyshyn, Michael Wilson.



“This is our chance, our chance to plan, to grow, to build, not just for the years ahead but very far into the Canadian future. That is the kind of challenge . . . large like this land itself, . . . that we can master. It is our kind of task. We have the skills; we can summon the will as a people. This is the chance, perhaps the last best chance this century, to tap our potential, to keep faith with the Canadian future—the chance to realize the independent and creative Canada that can be ours. Canada can do it. You have said we can. You and I know we can. Let us get on with the job.”

**Prime Minister Joe Clark
December 1979**

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