

# CREATING OPPORTUNITY

*The Liberal Plan for Canada*

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*The Liberal Plan for Canada*





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## A Message from the Hon. Jean Chrétien

THE KEY TO OUR SUCCESS AS A NATION HAS BEEN OUR ABILITY TO FACE CHANGE, adapt to it, and prevail. That will be the key to our future.

That is why, immediately upon my election as leader of the Liberal Party some three years ago, I set in motion a process to develop a new agenda and a new plan for a new government.

To govern in the 1990s the Liberal Party had to adapt to the immense changes in Canada and the world since it left office in 1984. I asked members of my caucus to consult with Canadians and prepare discussion papers on a wide range of issues. We sponsored round-table discussions across Canada on subjects such as the economy, the environment, trade, and foreign policy.

In November 1991, I convened the Aylmer Conference, which brought together experts from Canada, the United States, Europe, and Japan. I set out as the purpose of that conference to challenge conventional wisdom, to suggest new policies and fresh approaches, and to find new balances to prepare for the future. That conference, like the Kingston Conference before it in 1960, marked a turning point for the Liberal Party.

In February 1992, a National Liberal Party Convention, bringing together thousands of Liberals from across Canada, passed a series of resolutions setting out objectives for a new Liberal government.

Throughout 1992 and the first half of 1993, our Platform Committee, co-chaired by Paul Martin and Chaviva Hošek, built on the work of 1990 and 1991 and travelled across Canada, meeting and listening to thousands of Canadians. I am proud that we took time to reflect, time to consult, and time to listen to Canadians.

The result is a Liberal plan for Canada firmly anchored in the principle that governing is about people, and that government must be judged by its effectiveness in promoting human dignity, justice, fairness, and opportunity. This is our approach, and this election is about presenting that choice to Canadians.

A handwritten signature in black ink, reading "Jean Chrétien". The signature is fluid and cursive, with the first name "Jean" and last name "Chrétien" clearly distinguishable.

September 1993



# Contents

Introduction: Seizing Our Opportunities, 9

## **Part One: Balanced Policies for Jobs and Growth**

### Chapter 1: An Economic Framework, 14

Fiscal and Monetary Policy, 16  
Coordinating Federal and Provincial Economic Policies, 21  
A Trade Policy That Works for Canada, 23

### Chapter 2: Investing in People, 28

Education for Tomorrow, 30  
Apprenticeship Programs, 33  
Canadian Youth Service Corps, 34  
Improving Literacy Skills, 36  
Workplace Training, 36  
Child Care, 38

### Chapter 3: An Innovative Economy, 42

Small and Medium-sized Businesses, 44  
The Manufacturing Sector, 54  
Natural Resources, 55  
Community and Regional Development, 58  
Building Canada's Infrastructure, 60

### Chapter 4: Sustainable Development, 62

Keeping Canada's Promises, 64  
The Greening of Industry, 66  
Building on Public Awareness, 68  
International Leadership, 70



## **Part Two: The Fabric of Canadian Life**

### **Chapter 5: Strengthening Our Society, 72**

Canada's Health Care System, 77  
Women and Health, 81  
Preventive Care for Healthy Babies, 82  
Aboriginal Head Start, 82  
Safe Homes, Safe Streets, 84  
Equality in Diversity, 86  
Immigration and Refugees, 87  
Enhancing Canadian Cultural Identity, 88

### **Chapter 6: Governing with Integrity, 90**

Parliamentary Reform, 92  
Appointments and Elections, 92  
Lobbying Reform, 94

### **Chapter 7: Aboriginal Peoples, 96**

Renewing the Partnership, 98  
Community Development, 100  
Housing and Infrastructure, 100  
Education and Training, 101  
Health and Healing, 101  
Aboriginal Justice Issues, 102  
A Secure Land and Resource Base, 103

### **Chapter 8: An Independent Foreign Policy, 104**

New Directions in Canada-U.S. Relations, 106  
Peacekeeping and Foreign Aid, 106  
Multilateral Forums, 108  
Open Process for Foreign Policy-making, 109

### **Appendix A: Costing, 110**

### **Appendix B: Platform Papers, 112**

# I n t r o d u c t i o n



# Seizing Our Opportunities

+ CANADA IS A COUNTRY THAT HAS BEEN CREATED AND SUSTAINED AGAINST great odds by the will of its people. Generations of Canadians have dreamed of building together an independent country that is economically strong, socially just, proud of its diversity, and characterized by integrity, compassion, and competence.

For far too many Canadians, after nine years of Conservative government, this dream has turned into a nightmare. Our economy is in disarray. We are now entering our third year of double-digit unemployment, and it is expected to remain above 10 percent until 1995. Over a million Canadian children live in poverty. Many of our national institutions have been shaken. Our cultural and social fabric has been weakened. For an overwhelming number of Canadians, hope for tomorrow has turned to fear of the future. Whose job will go next? For the first time in decades, Canadians are seriously concerned that children will be less well off than their parents.

For Canadians, the next election is about one simple question: what kind of country do we want for ourselves and our children?

We want a country whose people live in hope, not fear. We want a country where all of us see ourselves as contributors and participants, not liabilities and dependants. We want a country whose adults can find good jobs and whose children can realize their potential.

We want a country that recognizes the value of community. In an age of globalization, we want to belong to a national community that feels distinctively ours. We want to support our local communities as the source of our social stability and economic strength.

We want a country whose economy encourages entrepreneurs, creates wealth, and distributes it fairly. We want that economy to be innovative and export-oriented.

We want a country that is leading-edge in its technologies, and that profits from that leading edge to export those technologies around the world.

We want a country whose governments are efficient, innovative, and cooperative not only with each other but with business, labour, the learning sector, environmentalists, and volunteer groups.

We want, in short, to see ourselves as winners, as a country that solves problems, a country that works, and in doing so serves as a model for other countries around the world.

How is the Liberal approach different from the last nine years of Conservative government, and how do we get from here to there?

To begin with, unlike the Conservatives, we understand that the high quality of life we enjoy in Canada results from the amalgam of economic, environmental, social, and foreign policies. All of these are elements in the equation for the "good life" of Canadians and, as such, they are inextricably linked together. We understand that government cannot focus on one element without regard to, or while remaining indifferent to, the impact on the other elements.

It is this approach to public policy and governing that most distinguishes the Liberal Party from the current government. Without a doubt, one of the greatest failings of the Conservative government has been the tendency to focus obsessively on one problem, such as the deficit or inflation, without understanding or caring about the consequences of their policies in other areas such as lost jobs, increased poverty, and dependence on social assistance. Social costs are real. They are measured in human suffering and hard dollars. Gains in one place have been wiped out by resulting losses in another. The net effect has been needless hardship, pain, and worry for countless numbers of Canadians.

The Liberal agenda, therefore, is premised on an integrated and coherent approach to economic policy, social policy, environmental policy, and foreign policy. Liberals understand that these policies are and must be linked. The quality of our social and physical environments determines our well-being. A declining economy has negative effects on health and human development. Without economic growth, social programs become overburdened. Without good social policy, we lose some of our competitive advantage. Without ensuring the long-term quality of our environment, we threaten the basis of our livelihood.

A second distinguishing feature in our approach is that Liberals, unlike Conservatives, fundamentally believe that government can be a force for good

in society. Economic growth is not a matter for market forces alone. Jobs, health care, a safe and sustainable environment, equality for women and men, care for the very young and the aged, and the alleviation of poverty are societal issues that cannot be addressed simply by having each individual aggressively pursue immediate, narrow self-interest.

We are also profoundly optimistic about the future of Canada. We do not believe that the only solution to our economic problems is another five years of cutbacks, job losses, and diminished expectations. We believe we have to take immediate measures to make our economy grow and to create jobs. We believe that Canada has both the human and the natural resources to solve its problems. We see enormous opportunities for Canada both at home and internationally to create a strong economy and a vibrant, creative society.

We believe that if Canada is to work as a country, Canadians have to see themselves as belonging not to a society composed of isolated individuals or of competing interest groups, but to a society of reciprocal obligation, in which each of us is responsible for the well-being of the other. Canadians know this intuitively. We take pride in a health care system that is for all of us, not just for me.

In such a society we recognize that we are competing as a team against our international competitors. Such a society recognizes the foolishness of competition between governments, or between business and labour, or between business and environmentalists. Such a society sets national goals and then asks how all of us, working together, can achieve them.

A society of reciprocal obligation is a society that can try new things and take risks, because those risks are shared by all of us. Such a society encourages its citizens to experiment and to innovate. Experimentation and innovation are crucial because it is only through trial and error that individuals, companies, governments, and societies can ever improve. Economic growth can only come through innovation, be it technological or institutional.

As a government we also intend to innovate, to look at old problems with fresh eyes. We will not automatically accept the usual remedies for such seemingly intractable problems as stubbornly high unemployment rates or ever-increasing health care costs. We intend to introduce a number of measures that will challenge the conventional thinking on these and other issues.

In doing so we are mindful of the serious financial constraints facing us as a government. We know that we cannot spend our way out of the crisis we face. Our challenge, as always, is to do more with what we have. We believe we can do this in three ways.

First, by stressing the notion of partnership with all sectors of society, we think we can reorganize our total national resources, public and private, not only to be more efficient but to take advantage of strategic economic and social opportunities that can only be realized when all of us are working together. An example of this approach is our proposal for an apprenticeship program.



Second, we wish to focus our efforts on leverage points. By concentrating some of our resources on early childhood, for example, we can achieve a significant multiplier effect in later savings in the health and social service sectors as those children reach adulthood.

Third, if we want to have a country that works, we have to measure whether specific government programs actually deliver results over time. Whether it is in health care or regional development, we think it is important to measure the long-term outcomes and consequences of our policies and programs. That is why we have placed so much emphasis on evaluation, innovation, and finding best practices.

If, as a Liberal government, we focus on our assets and opportunities, if we work to find creative solutions to old problems, if we approach our task with a sense of hope and shared adventure, we will restore Canadians' faith in themselves and their government. A country that solves its own problems, that competes successfully with others, not only becomes more powerful and independent, it becomes a model and inspiration for others around the world.

In short, what Canadians want is a country to be proud of, a country to believe in. What follows is a framework for the measures a Liberal government will take to restore that pride and that belief.

*Part One, "Balanced Policies for Jobs and Growth," covers fiscal, trade, economic, human resources, and environmental policies. Part Two, "The Fabric of Canadian Life," deals with Liberal policies on social matters; questions of political reform; the needs of Aboriginal people; and foreign policy.*

*For a summary of the costing of proposals in this plan, see Appendix A. Available platform papers for readers who want more information on Liberal policies are listed in Appendix B.*

# PART ONE

## Balanced Policies for Jobs and Growth

Our balanced approach to economic policy will deal with the five major, interrelated problems facing the Canadian economy today: lack of growth, high unemployment, high long-term real interest rates, too high levels of foreign indebtedness, and excessive government debt and deficits.



# An Economic Framework

A STRONG ECONOMY IS THE ESSENCE OF A STRONG SOCIETY. A LIBERAL government will put jobs and economic growth at the forefront of its objectives.

The role of government in economic policy is twofold: to establish the overall framework, which includes monetary and fiscal policy, federal-provincial fiscal relations, and trade policy; and to work in partnership with provincial governments, business, labour, and non-governmental institutions to achieve national economic objectives.

Today, after nine years of Conservative government, Canadians are facing hardship: 1.6 million unemployed, millions more on welfare, a million children living below the poverty line, record numbers of bankruptcies and plant closings. We are confronted with a large fiscal deficit, a huge current account deficit, and an enormous tax burden at a time when real personal incomes are declining. Governments have little room to find new revenues from the tax side; indeed, the long-term objective of all governments must be to reduce the tax burden. Today's large budget deficits impose severe constraints as well.

Our overriding preoccupation is to offer a government that will help in solving problems and in creating opportunities for Canadians. While we recognize that the legacy of the Conservatives will take a long time to overcome, we will work to create jobs as quickly as possible through an immediate federal,

provincial, and municipal infrastructure program, and a housing renovation program.

Liberals believe that economic policies must not merely attack an individual problem in isolation from its costs in other areas. The Conservatives' single-minded fight against inflation resulted in a deep recession, three years without growth, declining incomes, skyrocketing unemployment, a crisis in international payments, and the highest combined set of government deficits in our history. Liberals realize that the deficit, employment, economic growth, inflation, and taxation are all interrelated. Our balanced approach to economic policy will deal with the five major problems facing the Canadian economy today: lack of growth, high unemployment, high long-term real interest rates, too high levels of foreign indebtedness, and excessive government debt and deficits.

**The basic elements of our approach include fiscal responsibility and fairness, deficit reduction, and a balanced and stable monetary policy.**

Our plan is straightforward. We begin with our commitment to building a strong and healthy economy as the framework for jobs and growth. The basic elements of our approach include fiscal responsibility and fairness, deficit reduction, and a balanced and stable monetary policy.

Better coordination of federal and provincial tax and economic policies must be achieved in the interest of all Canadians. Our priority in the upcoming renegotiation of federal-provincial fiscal arrangements will be to ensure the maximum degree of financial predictability and stability for each level of government.

We will work with the provinces to redesign the current social assistance programs, so sorely tested in recent years, to help people on social assistance who are able to work, to move from dependence to full participation in the economic and social life of this country.

Of no less importance is our commitment to a trade policy that works for Canada. Canadians are entitled to trade rules that are fair, that secure access to new markets, and that do not undermine Canadian commitments to labour and environmental standards.

#### FISCAL AND MONETARY POLICY

A Liberal government will adopt a two-track fiscal policy, matching a drive for jobs and growth with a comprehensive approach to controlling debt and deficits. The two tracks run parallel: fiscal discipline will support economic growth, while growth and jobs will enhance government revenues.

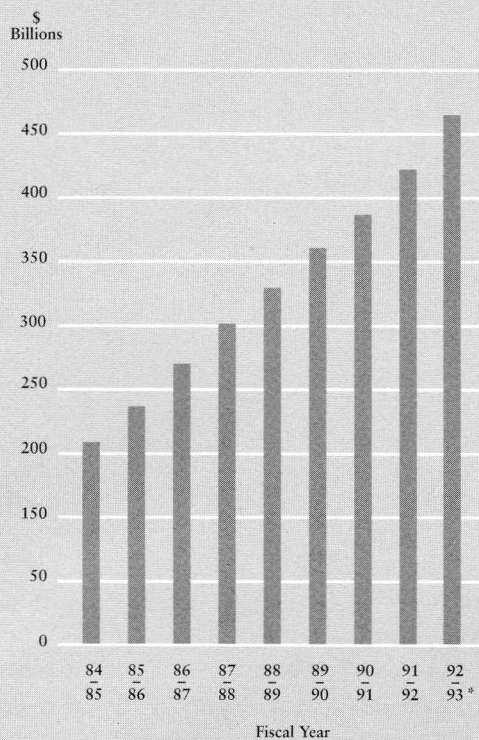
**Track One:** A Liberal government will adopt a series of measures to put Canadians back to work and foster economic growth. We will take short-term measures such as renewing Canada's infrastructure and renovating our housing stock. We will also take longer-term measures to create jobs and growth by focusing on small and medium-sized businesses, setting the stage for an innovative economy, investing in people through training and apprenticeship

## PERSPECTIVES

*"Deficit reduction is not an end in itself. Its rationale is to improve productivity, real wages, and living standards of our children and their children. If the measures to cut deficits actually diminish GDP, raise unemployment, and reduce future oriented activities of government, business, and households, they do not achieve the goals that are their raison d'être: rather they retard them."*

Nobel Prize Winner JAMES TOBIN,  
"Thinking Straight About Fiscal  
Stimulus and Deficit Reduction,"  
*Challenge Magazine*,  
March-April 1993.

The Federal Debt at a Glance 1984 - 93



\* Estimated  
Source: Department of Finance

## Introducing the GST

|   | Last full year<br>of FST*<br>1989-90 | First full year<br>of GST<br>1991-92 |
|---|--------------------------------------|--------------------------------------|
| People needed<br>to collect   | 1,500                                | 6,000                                |
| Administration costs<br>(not including start-up costs)                          | \$86 million                         | \$337.2 million                      |
| Net revenue per dollar<br>collected (minus rebates,<br>credits, administration) | 95 cents                             | 50 cents                             |

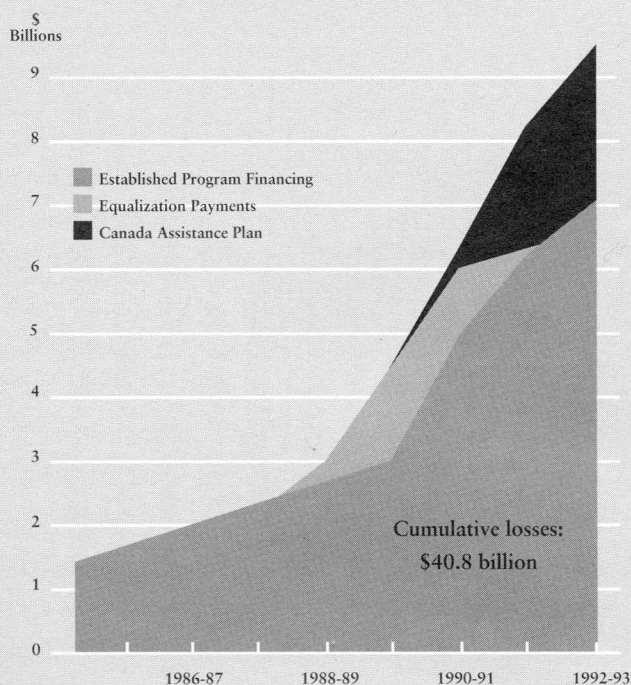
\* Also known as Manufacturers' Sales Tax

More than \$40 million was spent advertising the GST. Staff was hired to answer 2.6 million calls during the first year, 3 million the next year, and 2.5 million in 1992-93, for a total of 8.1 million counted to date.

Source: Public Accounts Committee, 1993



### Provinces' Revenue Losses Arising from Federal Reductions to Major Transfers



### IMPORTANCE OF THE PACIFIC RIM

More than ever before, Canada's future prosperity is tied to Asia Pacific. By the turn of the century, the "four tigers" of Korea, Hong Kong, Singapore, and Taiwan are likely to achieve European levels of industrialization with higher economic growth rates than any of the OECD countries. The region enjoys average annual GNP growth rates of 7 percent; already 11 of the fastest-growing economies of the world are Asian.

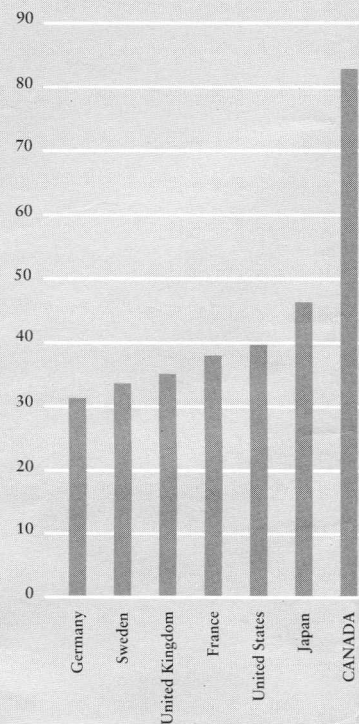
The area generates over 25 percent of the world's gross national product. It is home to 60 percent of the world's population, and is already the source of 21 percent of the world's trade. By the year 2000, Asia Pacific will contain over 70 percent of the world's population, produce over 40 percent of the world's goods, and consume over 40 percent of the world's production.

Source: External Affairs, 1992

### EXPORT MARKET DIVERSIFICATION

Canada's export trade is the least diversified of any industrialized nation: 82 percent of Canada's exports are sold to our top three trading partners (primarily to the U.S.). For Germany, the most diversified of industrial economies, the top three national markets represent only 31 percent of total export value.

% of export market value dominated by top three destination countries



Source: World Competitiveness Report 1991



programs, encouraging research and development, and fostering trade initiatives. For more on these measures, see chapters 2 and 3.

**Track Two:** A Liberal government will reduce the deficit. We will implement new programs only if they can be funded within existing expenditures. We will exercise unwavering discipline in controlling federal spending and will reorder current spending priorities to make sure that maximum return is obtained on each investment.

A number of government programs and tax expenditures – some of which have been identified by the Auditor General – are inefficient, poorly managed, or driven for purely political reasons. Just as we are proposing new measures to grow the economy, we will examine such programs with the objective of reducing waste and inefficiency and promoting economic growth.

Expenditure reductions will be achieved by cancelling unnecessary programs, streamlining processes, and eliminating duplication. This effort will take place in partnership with provincial governments.

Nine years of Conservative government have seen Canada's debt almost triple, from \$168 billion in 1983-84 to \$458 billion today. Despite repeated promises to reduce the deficit, the government has turned in deficits in the \$30-billion range every year: the latest was \$35.5 billion. The result is that 33 cents out of every tax dollar goes to paying interest on our mushrooming debt, with not enough left over to spend on the programs Canadians need.

The Conservative approach to the deficit has been simple: first, to embark on monetary policies designed to shrink the economy with the inevitable result that the deficit would increase; second, to set unrealistic deficit reduction targets; third, to fail to meet them; and fourth, after nine years of failure, to blame the previous Liberal government for its inability to deal with the deficit. Now

**Expenditure reductions will be achieved by cancelling unnecessary programs, streamlining processes, and eliminating duplication, in partnership with provincial governments.**

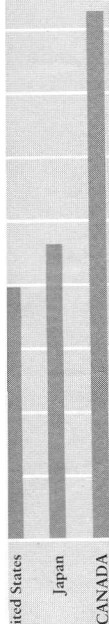
## AGENDA FOR ACTION

### Lifting the Burden

*A workable plan for reducing the deficit*

Deficit reduction is a major priority for Liberals but, unlike the Conservatives, we will not make promises we cannot keep by vowing to eliminate the deficit overnight. The immediate goal of a Liberal government will be to reduce the deficit as a percentage of GDP from its present level of 5.2 percent to 3 percent. This is the standard set by the Maastricht Treaty.

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ss Report 1991

**Our goal must be to reduce the deficit in a manner that is compatible with putting Canadians back to work.**

the Conservatives have set another unrealistic target by promising to eliminate the deficit in the next five years. Setting unrealistic targets and failing to meet them has undermined international confidence in the ability of the government of Canada to manage its economic affairs.

The Liberal approach is to set realistic targets and to implement the policies necessary to meet them. This philosophy will do more than any other single measure to restore international confidence in Canada. A Liberal government recognizes the need for economic policies that earn the trust and confidence of international markets.

Our goal must be to reduce the deficit in a manner that is compatible with putting Canadians back to work. Unless Canadians get back to work, the cost of lost production, unemployment, and welfare will inevitably increase the deficit, as it has in the course of the Conservative mandate.

After nine years of Conservative budgets, the federal government's deficit is 5.2 percent of the gross domestic product. This is too high. It is considerably higher than the 3 percent target subscribed to by the member states of the European Community in the Maastricht Treaty.

Any responsible government must have as a goal the elimination of the deficit. That is our goal. Given the current state of the economy, a realistic interim target for a Liberal government is to seek to reduce the federal deficit to 3 percent of gross domestic product by the end of its third year in office. To achieve this target, cutting expenditures alone, as the Conservatives are proposing, will not be sufficient. Faster economic growth and reduction of unemployment is a prerequisite for sustained deficit reduction.

To achieve such economic growth and job creation, a Liberal government will introduce a series of measures described in this plan. Each of them will be financed by corresponding expenditure cuts. A Liberal government will:

- cancel the \$5.8-billion purchase of the EH-101 helicopters;
- reduce national defence spending;
- reduce the \$4.1-billion consulting and professional services budget of the federal government by 15 percent;
- reduce grants to business; and
- reduce the size and budget of Cabinet ministers' offices and the Prime Minister's Office.

The Liberal two-track policy of economic growth and fiscal responsibility will make possible a monetary policy that produces lower real interest rates and keeps inflation low, so we can be competitive with our major trading partners. Real interest rates in the United States are lower than comparable Canadian rates. Bringing Canadian rates into line will enhance the competitiveness of our businesses and make more accessible the capital needed for growth.

## COORDINATING FEDERAL AND PROVINCIAL ECONOMIC POLICIES

One of Canada's basic values is that Canadians are entitled to a minimum level of public services, regardless of the region or province in which they live. Liberals begin with the basic premise that the role of governments is to provide these services, not to compete with one another.

Creating jobs and economic growth in the 1990s requires a renewal of fiscal federalism, including unprecedented cooperation among federal and provincial governments. Canadian governments must coordinate their policies and eliminate duplication in areas ranging from transfer payments and income support to taxation and trade barriers.

Current agreements on federal-provincial fiscal arrangements are expiring over the next few years and will have to be renegotiated. This will be a priority of a Liberal government. In recent times, provincial governments have raised concerns about their difficulties in fiscal planning because of the unilateral decisions of the Conservative government to transfer responsibilities for programs and cut financial transfer payments to the provinces. Predictability of financial arrangements is vital to fiscal responsibility. For this reason, one major objective of our negotiations will be to achieve the maximum degree of predictability and stability for each level of government.

Liberals believe that people experiencing economic difficulty must have income support available to them through social assistance. The Canada Assistance Plan (CAP) was created in 1966 by a Liberal government to enable the federal and provincial governments to share equally in the cost of such assistance to people in need.

Much has changed in the structure of the Canadian economy, in our education systems, and in family structures since then. It is our goal to help people on social assistance who are able to work, to move from dependence to full participation in the economic and social life of Canada. The current passive support programs, which offer income to people in need but no plan for achieving self-sufficiency, are not enough.

New Brunswick and British Columbia, together with the federal government, have established pilot programs of active income support, to offer people on social assistance the opportunity for employment-related counselling, training or education, and work experience. All three are necessary components of a plan to enable participants to find long-term employment. The results of these pilots are very encouraging. Program participants are extremely positive about their experience so far and have real hope for the first time in their lives because they are participating in work and education.

Canadians want to earn their own livings. Some are prevented from doing so by the limitations in current programs that create disincentives to full economic participation. Active income support methods are the way of the future. It is time for the federal government and the provinces together to redesign

**Liberals begin with the basic premise that the role of governments is to provide public services, not to compete with one another.**

**It is our goal to help people on social assistance who are able to work, to move from dependence to full participation in the economic and social life of Canada. Active income support methods are the way of the future.**

**Fairness, simplicity, and harmonization should be key objectives of tax policies.**

social assistance to meet the needs of the 1990s and beyond. A Liberal government will work with all the provinces to use established funding mechanisms such as CAP in more innovative ways in order to move from passive to active support of people in need.

The federal and provincial governments share common problems of too much government debt, too much foreign-owned debt, and too high borrowing requirements domestically and internationally. All three levels of government put the burden of these problems on the same taxpayer, who is subject to taxes on income, capital, and consumption. To this list governments add other charges in the form of licences, permits, user fees, and additional payroll deductions. A Liberal government will work closely with provincial governments to achieve the maximum possible coordination of tax policies.

Altogether, much greater coordination is required in the entire budgetary process between federal and provincial governments. Achieving this goal may mean a re-examination of the tradition of budget secrecy, leading to wider and more relevant consultation.

Fairness, simplicity, and harmonization should be key objectives of tax policies. But instead of introducing fairness and simplicity into the tax system, the Conservative government not only imposed the greatest tax increases in our history, but compounded unfairness and complexity by introducing the GST. In addition to the difficulties that it has caused to federal-provincial fiscal relations, the GST has undermined public confidence in the fairness of the tax system.

The GST has lengthened and deepened the recession. It is costly for small business to administer and very expensive for the government to collect. And the GST has fallen far short of its promised revenue potential, partly because it has stimulated the underground cash economy, where no tax can be collected.

**A Liberal government will replace the GST with a system that generates equivalent revenues, is fairer to consumers and to small business, minimizes disruption to small business, and promotes federal-provincial fiscal cooperation and harmonization.**

In the first session of a new Parliament, a Liberal government will give the all-party Finance Committee of the House of Commons a 12-month mandate to consult fully with Canadians and provincial governments and to report on ways to achieve tax fairness, simplicity, and harmonization. In particular the committee will be mandated to report on all options for alternatives to the current GST. A Liberal government will replace the GST with a system that generates equivalent revenues, is fairer to consumers and to small business, minimizes disruption to small business, and promotes federal-provincial fiscal cooperation and harmonization.

Interprovincial trade within Canada is hampered by as many as 500 trade barriers, according to the Canadian Manufacturers' Association. These range from preferential procurement to non-harmonization of environmental regulations. The CMA has estimated that savings from the elimination of these barriers could be as high as \$6 billion (just under 1 percent of GDP). A Liberal government will be committed to the elimination of interprovincial trade barriers within Canada and will address the issue urgently.



Finally, a Liberal government will work closely with provincial governments to reduce duplication and improve service delivery in all areas where governments are involved. This means identifying which level of government can best deliver what services. An example of an area where substantial savings can be realized is in grants to business. Over 700 federal and provincial programs currently deliver such grants, an overgrowth of bureaucracy that cannot possibly be justified. Canadians expect and deserve wiser use of their tax dollars.

#### A TRADE POLICY THAT WORKS FOR CANADA

A balanced fiscal and monetary policy combined with economic policy coordination between governments will improve our ability to develop an innovative economy capable of constantly adapting to global change. In order to secure the benefits of successful adaptation, Canadian businesses and entrepreneurs need secure access to foreign markets.

Trade policy and trade relations are crucially important to the achievement of Canada's economic and social goals. Canada's exports account for about 40 percent of the total output of the private sector. One in five Canadian jobs is directly dependent on exports. In 1992, Canada's exports amounted to \$157.5 billion. Of perhaps even greater significance is that each \$1 billion of new exports translates roughly into 15,000 jobs.

#### *Establishing the Rules*

Free, fair, and open trade is essential to the future of our country. The multilateral trading system under GATT (the General Agreement on Tariffs and Trade) has served Canada well. It has provided middle trading powers like Canada with the opportunities to improve access to worldwide markets. A successful Uruguay Round of GATT talks would give Canadian firms the opportunity to invest, create jobs, and develop technologies and products, and, most important, to trade. A Liberal government will continue to support GATT as the cornerstone of Canada's trade policy. We will focus our efforts on ending the current GATT deadlock and building the new World Trade Organization, currently under discussion in Geneva.

The United States is our largest trading partner. The challenge is to manage this trading relationship in a way that best serves Canada's interests.

In 1988, Liberals opposed the Canada-United States Free Trade Agreement (FTA) because it was flawed; Canada did not get secure access to the United States market. These flaws have been confirmed by the ongoing disputes and harassment over trade in steel, pork, softwood lumber, and other products since the FTA went into effect.

One of the major problems in these disputes has been the lack of clear and agreed-upon definitions of subsidies and dumping. Without agreement on these

**The multilateral trading system under GATT (the General Agreement on Tariffs and Trade) has served Canada well. A Liberal government will continue to support GATT as the cornerstone of Canada's trade policy.**

**The Canada-United States Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) are flawed. A Liberal government will renegotiate them.**

terms, the partners use their own definitions to initiate disputes. Only with a mutually acceptable set of trade rules can Canada expect to enjoy anything resembling a "level playing field." In addition, the mechanism for resolving disputes under the FTA is often lengthy and costly, draining away resources from businesses that should be focusing on research and development, marketing, and retooling.

The North American Free Trade Agreement (NAFTA) gave the government an opportunity to correct major flaws in the Free Trade Agreement. Instead of achieving this, the NAFTA would almost completely scrap the working group on subsidies and anti-dumping. Instead of correcting the energy giveaway in the Free Trade Agreement, the Conservatives allowed Mexico to get protection for its energy resources that Canada does not have. And the lack of trade rules was not addressed.

Labour and environmental standards have now been addressed in NAFTA side agreements, whose legal texts have not yet been published. It is not clear whether the standards in these agreements are adequate, and support for them in the U.S. Congress is far from certain.

Liberals have always maintained that labour and environmental standards should be dealt with as part of a larger package of issues. A Liberal government will review the side agreements to ensure that they are in Canada's best interests. A Liberal government will renegotiate both the FTA and NAFTA to obtain:

- a subsidies code;
- an anti-dumping code;
- a more effective dispute resolution mechanism; and
- the same energy protection as Mexico.

Abrogating trade agreements should be only a last resort if satisfactory changes cannot be negotiated.

Future trading arrangements will be shaped not only by economic considerations but also by social concerns. We must reinforce existing mechanisms such as the Sectoral Advisory Group on International Trade to make recommendations on the relationship between trade and the environment and on the impact of trade agreements on the social fabric of Canada.

During the debate on the FTA, Liberals warned that certain labour-intensive sectors of the Canadian economy – such as furniture manufacturing and textiles – would face significant restructuring as a result of the agreement. Governments must assist individuals and firms to deal with the restructuring that is occurring as a result of trade liberalization. Such assistance is critical to building acceptance of structural reforms in the Canadian economy.

The Liberal Party does not see trade policy as a substitute for domestic policies. Monetary, fiscal, investment, training, education, and research and

**Governments must assist individuals and firms to deal with the restructuring that is occurring as a result of trade liberalization.**

development policies go hand-in-hand with a nation's trade policy. That is why a Liberal government will be committed to initiatives such as improving literacy skills and working with provincial governments and the private sector to establish a strong apprenticeship and training tradition in Canada.

### *Securing New Markets*

If a Western Hemisphere free trade bloc evolves, Canada must play an active and independent role in defining that bloc instead of merely reacting to Washington's hub-and-spoke approach to trade in this hemisphere. Canada should be working with other countries to minimize dominance by the strongest partner. A Liberal government will work to build common Western Hemisphere institutions to provide political, demographic, and economic counterweights to the United States.

While we must seize opportunities for trade in the Americas, a Liberal government will not turn its back on the rest of the world. Expanding trade and investment with the Pacific Rim is crucial to our economic future. Asia has the fastest-growing economies in the world today, and Canada should take advantage of its growing markets for Canadian exports including food, telecommunications software, environmental and other technology, housing components, and complete homes.

The Canada-Japan Forum 2000 made 18 recommendations in a November 1992 report to develop a stronger and more effective bilateral partnership between the two nations. A Liberal government would implement many of the Canada-Japan Forum's recommendations in order to strengthen our trading relationship with the Pacific Rim.

**A Liberal government will work to build common Western Hemisphere institutions to provide political, demographic, and economic counterweights to the United States.**

## AGENDA FOR ACTION

### **New Horizons**

*A world of possibilities awaits Canadian exporters*

Canada is a trading nation. Our jobs and future prosperity depend on our ability to sell our products abroad. A Liberal government will go beyond trade dependence on the United States to pursue a more open and liberalized GATT and to strengthen our trading relationships with the countries of the Western Hemisphere, Eastern Europe, and the Pacific Rim. Free and open trade must be fair trade, with the same rules applied equally to all sides.

With the end of the Cold War, countries of Eastern Europe and the states of the former Soviet Union are looking to establish trade and investment links with Western nations. Canada, with its expertise in energy, telecommunications, agribusiness, and resource development, is well positioned to take advantage of the opportunities in these emerging markets.

The World Bank and the European Bank for Reconstruction and Development have resources ready to invest in goods and services for these countries that Canadian companies have the expertise and capacity to supply. They need the active support of the Canadian government so that Canadian businesses get their share of the financing available for those projects.





In the economy of the 1990s, it is the information and knowledge-based industries that are providing the foundation for jobs and economic growth. Canadians must have the skills, opportunities, and knowledge to meet the demands of the new job market.

# Investing in People

SOUND FISCAL AND MONETARY POLICY, INCREASED FEDERAL-PROVINCIAL cooperation and coordination, and an outward-looking trade policy can provide a solid foundation for economic growth and prosperity. But Canadians must also have the skills, opportunities, and knowledge to meet the demands of the job market.

In the economy of the 1990s, it is the information and knowledge-based industries with their new products, new services, new markets for both old and new products, and new processes for existing businesses that are providing the foundation for jobs and economic growth. For Canada as a whole, comparative advantage now hinges not just on our natural resources or our location, but on our technological prowess – on the sophistication of our infrastructure, our ability to innovate, and, most important, the education and skill levels of our population.

The challenge for a Liberal government in the 1990s is to recognize these new realities and to work in partnership with business, labour, and all levels of government to ensure that Canadians can participate fully in the benefits of this economy. We must help Canadians prepare so they can have good jobs with good incomes.

Jobs and growth depend upon making the necessary investments in ourselves and our children. Consequently, we will better prepare for the transition from school to the workplace; provide a constructive outlet for the skills and

talents of younger Canadians, the innocent victims of Canada's prolonged recession; enhance the opportunity for job training and improve literacy and numeracy skills of Canadian workers; and improve access to employment for women and single parents by making quality child care more available.

#### EDUCATION FOR TOMORROW

**Canadians should actively support the efforts of their provincial governments to meet the difficult challenge of equipping our children for the future. The federal government, however, can and should support and facilitate the national effort to prepare Canadians to compete in the world.**

Canada's future depends on giving our children the opportunity to be productive human beings. Canadian children are not only competing with the children at the next desk; they are competing with children in other countries, whose education systems are giving them a better start in life. We are failing our children, even though we spend much more as a percentage of GDP on our school systems than almost every other country in the world. We must make better use of the \$44 billion we spend on education each year.

In our federal system, education is in provincial jurisdiction. The Liberal Party believes that Canadians in every province should actively support the efforts of their provincial governments to meet the difficult challenge of equipping our children for the future. The federal government, however, can and should support and facilitate the national effort to equip Canadians to compete in the world.

The federal government is responsible for unemployment insurance, pays half the cost of postsecondary education, and pays a substantial portion of social assistance. Therefore it has a direct interest in ensuring that our young people have the best possible opportunity to gain the skills and knowledge needed to lead productive and self-sufficient lives.

An agenda and an approach for dealing with the education challenges facing all Canadians must be developed. This requires the participation of the private sector and cooperation between governments in coordinating activities within their own jurisdictions. Liberals believe that the recently announced Canadian Forum on Learning, established by a consortium of businesses and education groups, would be an appropriate group to develop such an agenda and approach.

As business, labour, and community groups of various kinds become more involved in working with governments to improve the effectiveness of education in Canada, they should have access to the most recent information about successful teaching methods. Across this country and around the world, new and innovative educational techniques are being developed and used. A Liberal government will gather information on these developments and disseminate it to all those responsible for the education of our children.

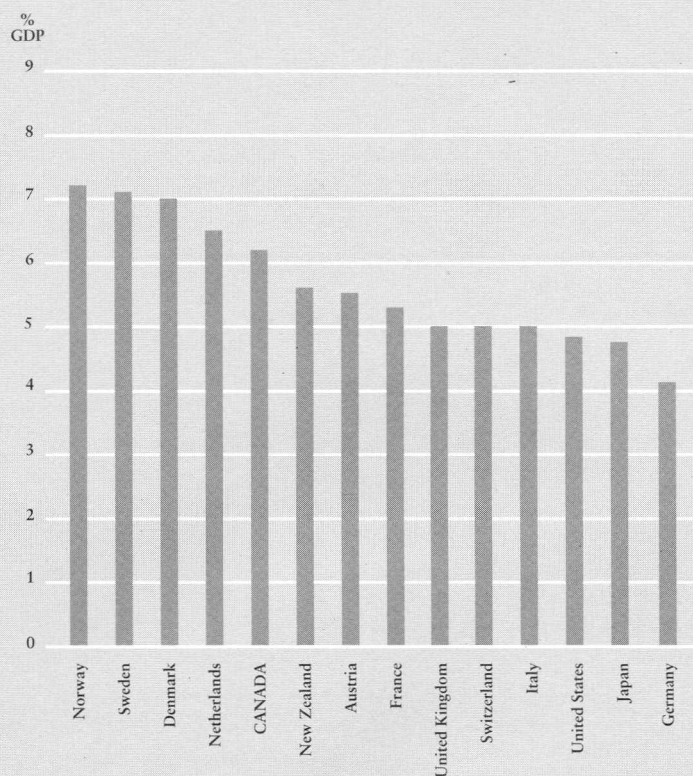
A Liberal government, in collaboration with provincial governments, will introduce a voluntary National Achievement Test in math, science, and tech-



## QUALITY OF EDUCATION

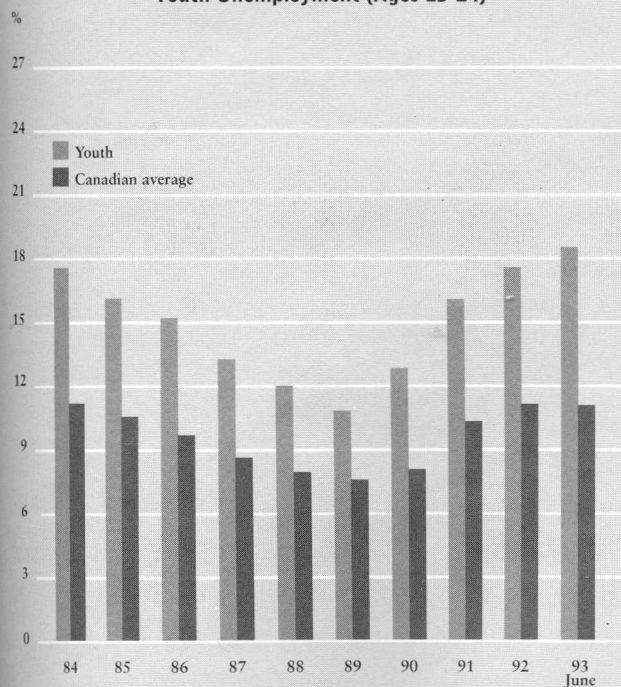
Canada spends more than \$44 billion a year on our schools, colleges, and universities, and devotes 6.2 percent of our GDP to education, ranking fifth among OECD countries. Despite these high expenditures there is growing concern among Canadians that our educational system is mediocre and off-target.

## What Countries Spend on Education



Source: Economic Council of Canada,  
*A Lot to Learn: Education and Training in Canada, 1992*

## Youth Unemployment (Ages 15-24)



Source: Statistics Canada, 1993

## Demand for Child Care

| Age     | Children with mothers in the paid labour force, 1991 | Full-time child care centre spaces, 1991 |
|---------|--|--|
| Under 3 | 686,401  | 56,134                                   |
| 3-5     | 690,457  | 162,845                                  |
| 6-12    | 1,776,873  | 73,359                                   |

Source: Childcare Resource and Resource Unit,  
University of Toronto

### Apprenticeship Training

| Country       | Private-sector employer expenditures on training and education as a proportion of GDP (%) | Apprentices as a proportion of employment (1987) (%) |
|---------------|---|--|
| CANADA        | 0.25  | 1.1  |
| France        | 0.48  | 1.0  |
| Germany       | 1.96  | 7.1  |
| Great Britain | 2.17  | 1.4  |
| Japan         | 1.4   | —  |
| United States | 0.66  | 0.3  |

Data are 1987 for Canada, United States, and the United Kingdom; 1985 for France; 1984 for Japan and 1982 for Germany

Source: Simpson and Stanbrook; Canadian Labour Market and Productivity Centre (1990)

### ILLITERACY AND NUMERACY

How is illiteracy costing businesses money?  
Percentage of employers reporting problems caused by functionally illiterate employees:

- Training **33%**
- Acquisition of new skills **32%**
- Introduction to new technology **27%**
- Major reorganization **13%**

Source: Conference Board of Canada

### TRAINING AND EDUCATION

Over the next decade, most jobs will require 12 years of education and training; almost half will require 17 years. Since about two-thirds of the work force of two decades from now is in the present work force, an enormous portion of the present work force will require retraining and educational upgrading as well.

#### Rising Educational and Training Requirements

| Years of education / training | Current jobs (1986) (%) | New jobs (1986-2000) (%) |
|-------------------------------|-------------------------|--------------------------|
| Less than 12 years            | 45.3                    | 32.9                     |
| 12 years                      | 10.3                    | 2.9                      |
| 13 -16 years                  | 22.0                    | 15.5                     |
| 17 or more years              | 22.4                    | 48.8                     |

Source: Employment and Immigration Canada, 1988

### PERSPECTIVES

*"If the current trends continue, we will add to the labour force in the next ten years at least another million young people who will have less than full functional literacy and/or numeracy. Improvement on our past record must be a priority."*

ECONOMIC COUNCIL  
OF CANADA,  
*A Lot to Learn: Education  
and Training in Canada, 1991*



nology so that students and their parents will be able to compare their work in this area and track the progress of our educational systems in meeting the goal of higher achievement for our students in math and science.

#### APPRENTICESHIP PROGRAMS

Canada has no systematic way of bringing young people into the working world. The Economic Council of Canada reported in 1992, "Canada has one of the worst records of school-to-work transition. Those leaving school find jobs by trial and error, often wasting their own and society's resources in the process."

Part of the problem is a serious mismatch between the jobs that are available in today's economy and the skills of the people who want to fill them. While many thousands of positions are vacant at any given time, about 400,000 young people remain unemployed. A significant number of young people never complete high school, and about 60 percent of Canadians enter the work force with no vocational or postsecondary education.

In Germany, through cooperation between business, labour, and federal and state governments, a national apprenticeship program graduates 600,000 apprentices every year. About 125,000 Canadians enter apprenticeship training each year, but only 24,000 graduate.

The lack of a strong apprenticeship tradition in Canada has created difficulties in forging strong school-to-work linkages. Few teenage Canadians regard

#### AGENDA FOR ACTION

##### Classroom to Workplace

*Apprenticeship helps young people make the transition*

In Canada today 400,000 young Canadians cannot get work, yet many thousands of jobs are going unfilled because people with the right training and qualifications cannot be found. A Liberal government will work to end this tragic economic mismatch through a Canadian Apprenticeship Program, in partnership with the provinces, the private sector, and labour. The focus will be on giving young people the skills needed in growing economic sectors, with business and labour setting the standards.

**A Liberal government will work with provincial governments, business, and labour to ensure the establishment of common standards of training certification in occupations for which no apprenticeship programs currently exist.**

**A Liberal government will work to counter social biases that limit the participation of women and minorities in apprenticeship, and will enhance opportunities for persons with disabilities.**

apprenticeship as a valid career option. Apprenticeship programs, which should be filling this void, are increasingly fragmented and irrelevant to economic reality. For example, more than half of Canadian apprentices train in the construction trades, while high-tech services, with some of the best new prospects for well-paid jobs, engage just 0.3 percent of apprentices.

A Liberal government, working with business, labour, and provincial governments, will provide funding to establish apprenticeship programs for the new economy. The initial emphasis will be on *new* apprenticeship initiatives in growth areas with the greatest demand, such as information technology, telecommunications and broadcasting technology, computer services, environmental services, and medical/biotechnology. Later, the full apprenticeship program will operate in a broad range of businesses and industries.

A Liberal government will follow the example of the European Community and will work with provincial governments, business, and labour to ensure the establishment of common standards of training certification in occupations for which no apprenticeship programs currently exist. These standards will be set by business and labour.

Industry-driven apprenticeship programs will see the creation of courses established by employers, and greater integration of training programs tailored to companies' specific needs. Funding for off-the-job training will be allocated through private as well as public institutions, thus taking advantage of greater degrees of flexibility and creativity.

The focus will be on competence, not length of study. In designating new occupations for apprenticeship, priority will be given to those with accelerated study programs, requiring shorter periods of direct training. A Liberal government will also work to counter social biases that limit the participation of women and minorities in apprenticeship, and will enhance opportunities for persons with disabilities.

#### CANADIAN YOUTH SERVICE CORPS

For the past several years, the labour market has been failing young Canadians, giving them no place to put their energy, dynamism, and education to use. We cannot afford to lose a generation. Young people must have opportunities to use and improve their skills while contributing to their communities and their country.

A Liberal government will work in partnership with young people, the private sector, and community groups to create the Canadian Youth Service Corps. The corps will give our young people a renewed sense of hope through the opportunity to engage in social and environmental services in their own communities and across the country.



The Canadian Youth Service Corps will offer Canadians under 25 a wide range of experiences that support personal growth, education and career development, community involvement, intergenerational cooperation, and practical environmental awareness.

High school dropouts and university graduates alike will gain a greater appreciation of the importance of lifelong learning and skills development. Participation in the corps will help young Canadians define their interests and values through concrete projects that give them an ongoing sense of accomplishment. Working in their own communities or other communities across Canada, they will develop a deeper appreciation of Canada's diversity.

A Liberal government will provide the necessary funds and administrative support to launch pilot projects in communities across Canada within the first year of the Liberal mandate. Additional funds will be invested in this program each year as more communities and projects become involved.

By the third year of the mandate, a Liberal government will invest \$100 million a year in the Canadian Youth Service Corps, with the objective of 10,000 participants a year. Anticipated private and public-sector support will further increase the resources available at the community level, thereby allowing the expansion of this program and the opportunities in which to serve. Community and business participation in Canadian Youth Service Corps projects will benefit the local community, our shared environment, and our greatest national resource – our young people.

**Participation in the Canadian Youth Service Corps will help young Canadians define their interests and values through concrete projects that give them an ongoing sense of accomplishment.**

## AGENDA FOR ACTION

### Experience Through Service

*Canadian Youth Service Corps benefits young people and their communities*

No group faces bleaker economic prospects than Canadians under 25. A Liberal government will help return hope to young Canadians by creating the Canadian Youth Service Corps, which will involve 10,000 young people a year. The corps will teach young people work skills and provide them with valuable experience by engaging them in social and environmental programs that will improve the quality of life in communities across Canada. At an annual cost of \$10,000 per person, this venture will be less costly than unemployment insurance and welfare and will give young people the tools to build better lives for themselves and for our society.

## IMPROVING LITERACY SKILLS

**Inadequate literacy skills can have serious economic effects, hindering Canada's ability to train and re-deploy its work force to compete internationally.**

Illiteracy results in a deplorable loss of potential, both for the individual and for the national economy as a whole. Inadequate literacy skills can have serious economic effects, hindering Canada's ability to train and re-deploy its work force to compete internationally. They can have severe social consequences as well, marginalizing large numbers of Canadians who find themselves unable to participate fully in society.

In 1988, the National Literacy Program was set up with a \$110-million, five-year federal government commitment. As a result of its December 2, 1992, Economic Statement, the Conservative regime cut funding for this important program by 20 percent. This cut will curtail the program's five-year effort to secure commitments from various social partners to take responsibility for dealing with Canada's literacy challenge, and will reduce the federal government to playing only a facilitation role. A Liberal government will continue the mandate of the National Literacy Program and restore the funds cut by the Conservative government.

It is important for Canadians to know how the level of Canadian literacy compares with those of our major international competitors. Work is under way in the National Literacy Secretariat and Statistics Canada to collect comparative literacy data on Canada and other countries. To date, the United States, Mexico, France, and Germany have expressed interest in participating in such a study. A Liberal government will support regular five-year national and international surveys to determine progress on the literacy front.

## WORKPLACE TRAINING

**The vast majority of Canadian workers expect to be learning new skills throughout their working lives and see training as a vehicle of career advancement.**

People who are in the work force and have jobs also want to improve their skills. They want to be able to earn higher wages and achieve economic stability for themselves and their families. They want greater job security and a chance at a more prosperous future. Workers know they will change jobs several times in their lives and that most jobs require higher levels of literacy, mathematics, and technical training than in the past.

The trend towards ever-higher skills requirements will continue. The vast majority of Canadian workers expect to be learning new skills throughout their working lives and see training as a vehicle of career advancement. Most are confident in their ability to master the skills they will need if they are given a chance to do so.

Unfortunately, there are too few training opportunities in the private sector. Canadian private industry spends half of what U.S. industry spends on training as a percentage of GDP, one-third of what Australian industry spends, one-fifth

of what Japanese industry spends. Only one-quarter to one-third of Canadian firms, mostly the larger ones, provide formal training. Only one in five firms has a specific training budget, and only one in six has a formal training plan. The highest-skilled employees have the greatest chance of receiving training. This means Canadian workers are being deprived of needed opportunities to develop greater skills, and Canadian industry is thus prevented from improving its productivity and its capacity to respond quickly to technical and technological change and opportunity.

The private sector, business and labour together, must work towards raising the level of training in the workplace. Under a Liberal government, the private sector will be encouraged to provide more training for its workers. The differences between small and large enterprises with respect to training must be recognized. Small business generally has specific training needs and styles; small firms do not do as much formal training as large enterprises and may not keep very detailed records on the training that they do. In order to increase the amount and quality of training done by business in Canada, the federal government must work with different sizes of businesses in the ways that are most suitable to each. In all firms, training opportunities for a broader group of employees, not only highly trained professionals and management, should be maximized.

Tax-based incentives are frequently proposed as the best means to encourage training. But the Canadian Labour Market Productivity Centre and the Canadian Labour Force Development Board, each of which has equal representation of business and labour, have been unable to agree on a tax-based system.

In order to design a fair system of incentives for training in the workplace, we need a more detailed understanding of the diverse ways in which firms in different sectors of the economy and firms of different sizes train their own employees. Without such knowledge, we might find ourselves with tax-based incentives that would reward a few large companies for the training they already do, at the expense of many small firms that either do their training in a different way or have yet to work out a training plan for the future. At this stage in the development of a training culture in Canadian firms, it makes more sense to work with the different sectors and sizes of businesses to identify a variety of methods that could achieve our goal. A Liberal government will work with business, labour, and the provinces to develop incentives that will lead to a significant increase in workplace training.

A Liberal government will be committed to maintaining a system of unemployment insurance that provides protection for Canadians who have lost their jobs and are seeking work. We will ensure that the funds now paid out as unemployment benefits are better spent to help the unemployed acquire the skills necessary to find work. Particular emphasis will be placed on providing training to those with the greatest potential to benefit from new or upgraded

**Under a Liberal government, the private sector will be encouraged to provide more training for its workers. We will work with business, labour, and the provinces to develop incentives that will lead to a significant increase in workplace training.**

skills. To achieve this goal, a Liberal government will work closely with provincial governments and the private sector to determine training needs and opportunities.

Liberals are committed to reforming the decision-making process for the delivery of labour market programs so that greater authority for program decisions and delivery will rest at the community level. Community-based boards will provide strategic advice on local labour market planning and delivery of services, identify community skill requirements, procure skills training, encourage community adoption of industry standards for training and certification, and foster development of a training culture.

#### CHILD CARE

Canadians with young families need a support system that enables parents to participate fully in the economic life of the country. That is why the availability of quality child care is an economic issue.

Recent research by the National Council of Welfare indicates that the single best predictor of whether a family has adequate economic resources is whether it has two wage-earners. A growing majority of Canadian families need two wage-earners to achieve a reasonable standard of living. The availability of good quality child care at an affordable cost makes the difference between a

#### AGENDA FOR ACTION

##### **Quality and Accessibility**

*Goals for a child care system that supports economic independence*

Quality, accessible child care is an economic advantage for Canada. It enables single parents to end dependence on welfare and food banks by re-entering the work force. It provides direct jobs for Canadians, particularly for women; on average, one person is employed for every five child care spaces created. A Liberal government, working with the provinces, will implement a realistic and fiscally responsible program to increase the number of child care spaces in Canada. In each year following a year of 3 percent economic growth, a Liberal government will create 50,000 new child care spaces to a total of 150,000.



family living at the edge of poverty and a family living with a moderate standard of living.

Many single mothers today are dependent on welfare because, even though they want to earn a living, they cannot find good care for their children. As a result, they are mired in a life of poverty, welfare, food banks, and inadequate housing. Without good quality care for their children, they cannot go out and get the training or employment that would lead to an independent future for themselves and their families.

The cost to Canadian governments to support single-parent families on social assistance is high; it is better policy to help them enter the economic mainstream. The cost to Canada of keeping people dependent at low income levels shows up in increased health care costs, increased social assistance, and lost output. Measures that help to break the chain of dependence are good economic policy.

The objective of the Liberal policy on child care is to create genuine choices for parents by encouraging the development of regulated child care alternatives. In addition, Liberals support the principle of basing fees on the parents' ability to pay.

Of course some child care already exists in Canada. In 1991, there were approximately 333,000 regulated child care spaces. Regulated spaces provide a place for a child up to age 12 to be cared for outside his or her home, for a full day or part day, with quality standards monitored by government or an authorized agency.

**The cost to Canada of keeping people dependent at low income levels shows up in increased health care costs, increased social assistance, and lost output. Measures that help to break the chain of dependence are good economic policy.**

#### Funding of Additional Child Care Spaces

| Year    | Proposed<br>Federal<br>Share<br>(\$ millions) | Proposed<br>Provincial<br>Share<br>(\$ millions) | Proposed<br>Parental<br>Fees<br>(\$ millions) | Regulated<br>Spaces<br>Created | Direct Jobs<br>Created |
|---------|---|--|---|--------------------------------|------------------------|
| 1994-95 | negotiations                                  |  |   |                                |                        |
| 1995-96 | 120   | 120  | 60  | 50,000                         | 10,000                 |
| 1996-97 | 240   | 240  | 120   | 50,000                         | 10,000                 |
| 1997-98 | 360   | 360  | 180   | 50,000                         | 10,000                 |
| TOTALS  | 720   | 720  | 360   | 150,000                        | 30,000                 |

Located in an urban or rural setting, a regulated space may be in someone's home, in a workplace, or in a centre or nursery school. A child care facility may be based in a person's home with only a few children, or it may be run by

a community organization, a parent board, local government, an owner-operator, or a multi-service agency, such as the YMCA/YWCA.

Child care that is funded by governments is already funded 50/50 by the federal and provincial governments. Canada needs to do more. The fiscal constraints that all governments, federal and provincial, face today do not allow us to meet all the needs we would like to meet. However, this does not mean that nothing can be done.

A Liberal government, *if it can obtain the agreement of the provinces*, will be committed to expanding existing child care in Canada by 50,000 new quality child care spaces in each year that follows a year of 3 percent economic growth, up to a total of 150,000 new spaces.

We will propose to continue an equal funding arrangement with the provinces: the federal government will assume 40 percent of the costs, with matching funding of 40 percent from provincial governments. Parental fees, determined by a sliding scale based on income, will provide the remaining 20 percent.

A Liberal government will also work with the provinces and the business community to identify appropriate incentives for the creation and funding of child care spaces in the workplace.



Innovation depends on the use of ideas for the continuous improvement of products and services. It is the job of government not to protect entrepreneurs against all failure but rather to create the best economic conditions and institutions to allow entrepreneurs to get on with the job.



# An Innovative Economy

DYNAMIC ECONOMIES CONSTANTLY REINVENT THEMSELVES AND GROW through innovation. Innovation means trying new things. In any human endeavour, improvements can come only by experimenting with new ways to solve old problems. Innovation depends on the use of ideas for the continuous improvement of products and services, and this has been the traditional and appropriate role of the private sector and the free enterprise system.

But innovation also applies to organizations and societies, and this is where governments come in. The Conservatives have relied almost exclusively on foreign market forces to determine our future in the new global economy. They have failed to understand that government has an important role to play in setting the stage and enabling the private sector to adjust to changing circumstances. For this reason, our competitive position and our standard of living have declined, and jobs are being lost as Canadian firms compete against foreign firms that have the advantage of larger markets, greater industrial infrastructure, and, above all, the active participation and support of their governments in the innovation process.

Innovation and experimentation inevitably entail risk and the possibility of failure. It is the job of government not to protect entrepreneurs against all failure but rather to create the best economic conditions and institutions to allow

**Innovation doesn't "just happen"; rather, it thrives best in countries that consciously understand the process and take appropriate measures to create a national system of innovation.**

entrepreneurs to get on with the job. For example, any strategy to foster the growth of the small and medium-sized business sector will fail if it does not recognize the negative impacts of excessive government debt, interprovincial trade barriers, and taxation policies. A Liberal government will address these problems through a balanced approach to fiscal and monetary policy that will reduce the federal government deficit, stimulate economic growth and job creation, and encourage federal and provincial coordination of policies.

A further task of government is to help Canadians realize that innovation doesn't "just happen"; rather, it thrives best in countries that consciously understand the process and take appropriate measures to create a national system of innovation. If people are being asked to adjust their attitudes and behaviour, it is vital that they believe that there is such a system and that they see clearly where they fit in. At the local level, community leaders must see how their ambitions dovetail with the national effort. Small businesses must understand how they can relate to and profit from the activities of large corporations. The research community must understand the imperatives of global economic competition.

The crucial role of the federal government in such an innovation system is to work with the private sector to identify strategic opportunities for the future, then to redirect its existing resources towards the fulfilment of those opportunities. Research and development, small business policy, education and training, taxation policy, environmental regulation, community economic development, and the availability of venture capital are all areas where the federal government can focus its efforts to achieve strategic economic opportunities and promote economic growth. Our future success will come when we coordinate all these policies with the single-minded goal of producing greater wealth and more good jobs for all Canadians.

Within the context of that national system of innovation, Liberal economic policy has three specific goals. The first is to support the creation of vibrant small and medium-sized businesses. The second is to revitalize the manufacturing, natural resource, and service industries and to enhance the dynamic, ideas-based sectors of our economy. The third is to encourage the communities in which these businesses are to thrive. To support the accomplishment of these goals, we are committed to renewal of Canada's infrastructure.

#### **SMALL AND MEDIUM-SIZED BUSINESSES**

For well over a decade, the small and medium-sized business sector has been the engine of the Canadian economy. It has continued to create jobs and to innovate at a time when the economy was at a standstill. It has helped single-industry towns get back on their feet when closings and layoffs have battered them. And it has helped many Canadians realize their dreams.

## Industries / Employment and Their Contribution to GDP

| Industry      | Direct employment 1970 (%) | Direct employment 1990 (%) | Contribution to GDP 1970 (%) | Contribution to GDP 1990 (%) |
|---------------|----------------------------|----------------------------|------------------------------|------------------------------|
| Agriculture   | 6.3                        | 3.4                        | 2.9                          | 1.6                          |
| Forestry      | 0.9                        | 0.5                        | 0.8                          | 0.6                          |
| Fishing       | 0.3                        | 0.3                        | 0.3                          | 0.2                          |
| Mining        | 1.6                        | 1.4                        | 6.4                          | 3.5                          |
| Manufacturing | 22.7                       | 15.9                       | 19.7                         | 16.8                         |
| Services      | 49.1                       | 58.0                       | 52.1                         | 55.2                         |
| Other*        | 18.9                       | 20.5                       | 17.8                         | 22.1                         |

\* Other includes utilities, government, and construction  
Source: OECD, Statistics Canada

## THE IMPORTANCE OF SMALL AND MEDIUM-SIZED BUSINESSES

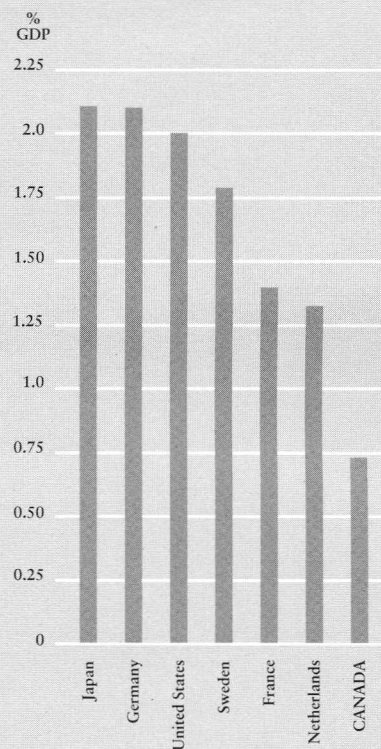
- Firms with paid employees (1990): **934,533**
- Percentage of these employing fewer than 50 people: **97.3**
- Percentage employing fewer than five people: **74**
- Canadians employed by small and medium-sized businesses (1990): **4,212,059**
- Percentage of 1979-89 new jobs created by small and medium-sized businesses: **85**
- Rate of women's success in starting small and medium-sized businesses: **twice men's**
- If just one in ten small and medium-sized businesses hired just one Canadian, over **93,000** jobs would be created.

## PERSPECTIVES

*"The challenge of technology cannot be isolated from public policy as it has been. Technology has become the hardest of all trading currencies; it is a major determinant of social change and has to be discussed in that framework."*

JOHN SHEPHERD,  
past chairman,  
Science Council of Canada

## Industrial Research and Development Spending 1989



Source: OECD, Main Science and Technology Indicators, 1990



## PERSPECTIVES

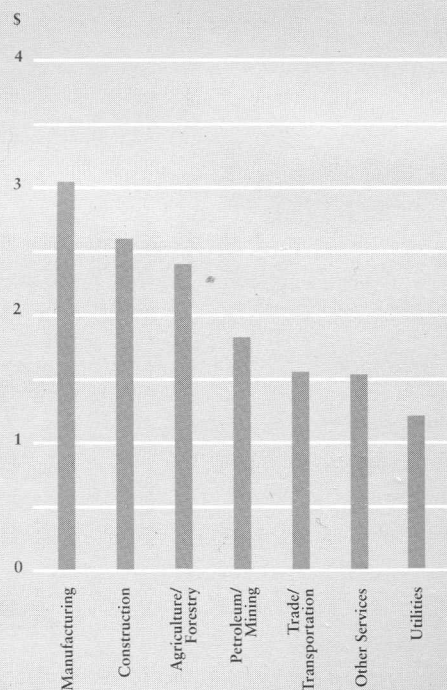
*"A rotting infrastructure can become a dead weight on the future, burdening the next generation with debt and inefficiency. Neglected infrastructure presents business with a major disincentive to invest."*

*Rebuilding for a Competitive Canada,  
Federation of Canadian Municipalities,  
May 1993*

## WHY A STRONG MANUFACTURING BASE IS IMPORTANT

Every \$1 of manufacturing output in this country generates \$3.03 in total economic activity. On the whole, manufacturing generates more economic activity than any other sector of Canadian industry.

Value Added per Dollar of Output



Source: Canadian Manufacturers' Association, 1992

## WELL-POSITIONED INDUSTRIES

The Royal Bank has identified 17 industries that are well positioned to meet future competitive challenges. This group accounts for more than 16 percent of Canadian GDP.

Well-Positioned Industries  
(% of GDP)

|                              |       |
|------------------------------|-------|
| Pharmaceuticals              | 0.33  |
| Environmental Protection     | n/a   |
| Telecommunications Equipment | 0.09  |
| Mining, Non-Ferrous Metals   | 0.78  |
| Pipelines                    | 0.56  |
| Communications Industries    | 3.50  |
| Lumber                       | 1.38  |
| Primary Aluminum             | 0.20  |
| Plastic Fabrication          | 0.33  |
| Banking & Insurance          | 2.67  |
| Computer Hardware/Software   | 1.02  |
| Project Engineering          | 0.67  |
| Mass Transit Equipment       | 0.12  |
| Petrochemicals               | 0.76  |
| Aerospace                    | 0.39  |
| Automobile Assembly          | 0.59  |
| Electrical Utilities         | 2.73  |
| Group Total                  | 16.10 |

Figures do not add up because of rounding.

Source: Royal Bank, 1993

## PERSPECTIVES

*"[According to a study by Columbia University economist Frank R. Lichtenberg,] a dollar of private R&D investment appears to be seven times more potent in facilitating production growth and higher per capita income than a dollar of conventional capital investment."*

*Business Week,  
November 16, 1992*



The entrepreneurial spirit that drives the small and medium-sized business sector must be encouraged and fostered because our economic well-being depends on it. The small and medium-sized businesses of today can be the multinationals of tomorrow. Liberals believe that a federal government must work with Canadian business to provide the proper supports and to create a positive climate for economic growth. This will ensure that small and medium-sized businesses can develop their own niche markets and become world players.

A Liberal government will focus on small and medium-sized businesses because they can and must be the determining factor in turning around what has so far been a jobless recovery. Small and medium-sized businesses employ 36.7 percent of the labour force and account for roughly 40 percent of our gross domestic product. They have recently been responsible for up to 85 percent of new job creation in Canada.

Small and medium-sized businesses are primarily Canadian-owned. They are found in all sectors of the economy – manufacturing, services, retail, high technology, low technology, fishing, and farming. Supporting small and medium-sized businesses will benefit all Canadians, but particularly certain demographic groups.

A small and medium-sized business strategy, for example, is also a policy that benefits women, for the success rate of women entrepreneurs is twice that of men. Small and medium-sized businesses provide opportunities for persons with disabilities to participate as entrepreneurs and employees in a dynamic sector of the economy. Unemployment rates in Canada for persons with disabilities are disproportionately higher than the rates for Canadians without disabilities. Not only does this imbalance deny many persons with disabilities an opportunity for economic independence, it is an unacceptable waste of human resources and talent.

New Canadians often operate small or medium-sized businesses. In many cases, their cultural roots are a valuable asset in the effort to develop export markets. And for those workers who have been displaced by the recession, especially Canadian workers who have been in the work force for a number of years, fostering the creation and growth of small and medium-sized businesses is an attractive alternative. It offers them both opportunities for employment and increased opportunities to work for themselves.

The growth of small and medium-sized firms is essential to creating jobs for all Canadians. The challenge is to build a support network that will allow more small and medium-sized firms to grow and employ more people.

Even the best-designed programs for small and medium-sized businesses will have little success if service delivery is inefficient and if programs overlap or conflict. A Liberal government will review the delivery of current government programs for small and medium-sized businesses to ensure that they

**A Liberal government will focus on small and medium-sized businesses because they can and must be the determining factor in turning around what has so far been a jobless recovery.**

reach their target groups and are delivered efficiently. This review will be undertaken in consultation with the small and medium-sized business community.

All businesses need balanced fiscal and monetary policies; in addition, small and medium-sized businesses need better support in four basic areas: capital availability, research and development, easing regulatory and paper burdens, and enhanced trade opportunities.

#### *Capital Availability*

A major problem facing small and medium-sized business is that they cannot find capital, or the capital they can find is too expensive. Three capital availability problems must be dealt with. The first is the maintenance of existing lines of credit. The second is the inability of small business to get the necessary funding to invest in new equipment, expansion, and renovation. The third is the shortage of venture capital to fund innovation – whether innovation originates from small business, large business, or a business start-up.

Without access to equity and risk capital, small and medium-sized businesses in Canada cannot become successful at home or in the international marketplace against more strongly capitalized competitors. Without access to capital, businesses cannot make the transition from innovative ideas to actual production.

Liberals believe there is an important role for government to play in securing an increasing flow of capital to small and medium-sized enterprises. A Liberal government will exercise leadership, and challenge the banks and other financial institutions to develop concrete ways to help small and medium-sized Canadian businesses to find the capital they need. We will collaborate with

**Without access to capital, businesses cannot make the transition from innovative ideas to actual production.**

#### AGENDA FOR ACTION

##### **From Small Beginnings...**

*Great enterprises grow, when wisely nurtured and tended*

The more than 900,000 small and medium-sized businesses in Canada create up to 85 percent of all new jobs. They are the most dynamic sector of our economy. A Liberal government will help these businesses acquire financing, new technology, and the markets they need to grow and prosper. We will review current government programs to provide maximum support for this vital sector and will reduce red tape and the regulatory burden.

financial institutions and with the small business sector in the development of programs to provide capital to small and medium-sized enterprises and to all businesses pursuing innovation.

The recent passage of Bill C-99 raised the level of government guarantee on loans made under the Small Business Loans Act to 90 percent from 85 percent. The bill also placed a 25 percent cap on personal guarantees that the banks can request of borrowers, doubled the administration fee, and raised the maximum interest rate paid by borrowers. These changes were designed to make it more attractive for banks to lend to small and medium-sized businesses, especially to those who lack hard assets as security. In order to increase access to capital, a Liberal government will ensure that no personal guarantees are required for loans under the Small Business Loans Act.

To increase capital availability in the regions and in rural areas, a Liberal government will encourage the growth within communities of alternative sources of capital for small and medium-sized businesses. These potential sources of capital include cooperatives, credit unions, and regional investment pools. The federal government has an important enabling role to play in this area. We will take action to enable credit unions, cooperatives, and other sources of capital to play a greater role in the financing of small and medium-sized businesses.

Leading-edge and emerging industries in Canada require venture capital to succeed. Traditionally, there has been an acute lack of such funds in Canada. What is required to overcome this problem is a partnership approach between the private sector, individuals, and the federal and provincial governments.

A Liberal government will take the lead in bringing all the necessary partners together to establish the Canada Investment Fund. The fund will work as follows: an investment corporation will be established in cooperation with other financial players (such as banks, unions, pension funds, and individual investors) and provincial governments, all of which will hold a financial stake in the fund. To leverage additional funding from the other partners, a Liberal government will initially contribute up to \$25 million a year for four years, for a total federal contribution of \$100 million. The fund will be managed by the private sector, and its investment decisions will be made by private-sector market professionals.

The investment corporation will then establish a number of subsidiary expert investment corporations (for example, in environmental technologies, medical technologies, or software development). Funding for the various subsidiary investment corporations will come from the parent investment corporation and the private sector. The subsidiary investment corporations will have individuals on staff or on contract whose mandate would be to seek out projects and technologies in which to invest.

**To increase capital availability in the regions and in rural areas, a Liberal government will encourage the growth within communities of alternative sources of capital for small and medium-sized businesses.**

**A Liberal government will take the lead in bringing all the necessary partners together to establish the Canada Investment Fund.**

*Research and Development*

In the international economy, nations around the globe have implemented policies to give their industries a competitive edge. Japan's Ministry of International Trade and Industry (MITI) has an elaborate vision of how Japan's industrial structure should develop. This vision is supported by a number of programs including MITI's Research Program on Basic Technologies of the Future and the National Research and Development Program.

The European Community has an elaborate vision to create a new economy for the 21st century, embarking on a far-reaching series of collaborative programs to build up the technological capability of European companies and research institutes.

The United States is also moving towards a more active industrial policy. The National Science Foundation, for example, has been funding the establishment of science and technology centres at major universities to pursue long-term projects that link universities to industries. To help small and medium-sized companies diffuse technology, state governments are spending \$135 million a year to support 27 technology extension centres. These centres provide management and technical information to companies, demonstrate new production technologies, and make short-term loans of sophisticated equipment.

Canada's investment in R&D remains proportionally lower than that of all other G-7 countries except Italy, and less than half that of Japan. Canadian companies are often unaware of new and emerging technologies.

**AGENDA FOR ACTION****Competing for the Future**

*Canada must get into the race to find and market new technologies*

The multinationals of tomorrow are the small and medium-sized businesses of today. We will bring together the energy and dynamism of Canada's small and medium-sized businesses and the brainpower of our universities and research institutions in practical, commercially oriented partnerships. A Liberal government will introduce the Canada Investment Fund, jointly funded by the private sector and the federal and provincial governments and managed by the private sector. The goal: to give home-grown leading-edge technology companies access to the capital they need to compete internationally – and win.



The Canadian government invests a substantial amount of money in R&D, both in direct spending and in tax incentives. However, given the relatively small amounts spent by Canadian industry in comparison with industries in other countries, it is evident that government and industry must work together more effectively to improve Canada's R&D and technology policies. Many studies have proposed doubling R&D investment in Canada. A Liberal government will support this objective on the understanding that this can take place only as Canada demonstrates its ability to absorb and manage such an increase.

The quality of Canadian basic and applied research in some key areas for the new global economy is superb. Our principal failure in R&D and innovation is our inability to gather, finance, administer, diffuse, and market technology. The lack of an R&D culture within government, many Canadian firms, and financial institutions has hampered our ability to spur on new technological developments and bring them from the laboratory to the market.

Technology-related information and services are now available through a multitude of providers, private and public, but it can often be confusing and time-consuming to figure out what is available and useful. Our goal is to ensure that Canadian businesses are aware of and can adopt state-of-the-art technologies in a timely and efficient fashion.

A Liberal government will be committed to establishing a Canadian Technology Network between our universities, industry associations, and governments. Its purpose will be to gather information on technology and related services from across Canada and from around the world, and make it easily available to industry. It will help firms identify, acquire, and adapt the best practices and technologies. The network will be built upon the highly successful Industrial Research Assistance Program (IRAP).

To complement this initiative, a Liberal government will enhance the role of the Trade Commissioner Service by adding to its staff qualified technology and science attachés, who can gather information for diffusion back in Canada and identify opportunities for Canadian exports abroad. Information brought back to Canada on both technology and market opportunities should be widely disseminated, especially to small and medium-sized firms. Trade associations should be more actively involved in this process than they currently are.

A Liberal government will introduce measures to encourage large companies to work with existing R&D facilities and Centres of Excellence, which build networks among researchers in universities, government, and the private sector. This could have significant spin-off effects for small and medium-sized enterprises, giving them the opportunity to provide goods and services to multinational companies. Canada can and should be the best in the world in areas where we have a comparative advantage. These are areas where we must have the best research in the world, which is a major factor in enticing leading-edge investment to Canada. Such areas include the development of

**The quality of Canadian basic and applied research in some key areas for the new global economy is superb. Our principal failure in R&D and innovation is our inability to gather, finance, administer, diffuse, and market technology.**

**A Liberal government will establish a Canadian Technology Network between our universities, industry associations, and governments to gather information on technology and related services.**

**A Liberal government will further strengthen R&D, especially in small and medium-sized business, by encouraging technology partnerships between Canadian universities, research institutions, and the private sector that emphasize the commercial applications of research and development.**

**A Liberal government will continue to support basic research, including the provision of stable funding for the granting councils, the National Research Council, and the Networks of Centres of Excellence.**

environmental technologies arising out of natural resource extraction and medical technologies arising out of our commitment to universal health care.

A Liberal government will further strengthen R&D, especially in small and medium-sized business, by encouraging technology partnerships between Canadian universities, research institutions, and the private sector that emphasize the commercial applications of research and development. Some starts have already been made in this area. However, we have barely touched on the true potential of such programs. Liberals will make the commitment to change the culture that now limits the success of these initiatives by making them a major focus of our R&D priorities.

A Liberal government will provide matching funds to academic and government research facilities for proposals made jointly with private-sector partners. Projects must demonstrate the ability and willingness of the private sector to pay their share and to exploit the commercial opportunities resulting from the proposal. Eligible applications would need to demonstrate some existing expertise within the government research facility, within the university, or within a network to which the university belongs. Decisions on funding would be made through a peer review process that would include private-sector participation.

These guidelines would encourage small and medium-sized enterprises to pool their R&D resources with universities or government labs and to build alliances with Canadian and foreign firms. It would also create a climate that encourages pre-competitive research in various sectors of the Canadian economy. A good example of the kind of alliance that Canadians must work towards is Precarn Associates, a national consortium of companies whose mandate is to promote long-term pre-competitive research in advanced robotics and artificial intelligence.

This approach would also give small and medium-sized firms in Canada a powerful incentive to look outward and to build alliances with other companies around the world, in order to have access to global technology, capital, markets, and distribution methods.

A Liberal government will continue to support basic research, including the provision of stable funding for the granting councils, the National Research Council, and the Networks of Centres of Excellence. In addition, a Liberal government will use its procurement policies to support the development of new Canadian technologies wherever possible.

#### *Easing Regulatory and Paper Burdens*

One of the barriers to growth – job growth in particular – for small and medium-sized business is the burden of regulatory compliance and reporting. The volume of paperwork required for compliance represents a drain on entrepreneurial energy. In a survey conducted by the Canadian Federation of Independent Business, 62.3 percent of small businesses reported that they spend over three hours each week on government paperwork, thus inhibiting innovation, job creation, and growth.

The key to reducing the paper burden lies in eliminating the duplication and overlap of reporting requirements to the three levels of government. As part of its review of federal service delivery, a Liberal government will ensure that programs of value to small and medium-sized businesses do not require lengthy exercises in form-filling.

Reduction of the regulatory burden will require close consultation with other levels of government in order to reduce, streamline, and eliminate overlap in regulations. A Liberal government will enhance the regulatory reform exercises currently under way in several key federal departments, ensuring that these reforms result in maximum efficiency without any compromise in Canadian standards.

#### *Enhanced Trade Opportunities*

Canadian firms, especially small and medium-sized businesses, must adopt an aggressive trading mentality and a strong outward orientation to take advantage of export markets. More Canadian businesses must become exporters, and government must help them develop the knowledge and skills to make that possible.

At present, roughly 70 percent of Canada's export trade is conducted by 100 companies. Small manufacturers account for only 3 to 4 percent of the dollar value of manufactured exports. In contrast, in Germany, over 300,000 small and medium-sized firms account for nearly 30 percent of that country's exports.

Equally important, Canada is experiencing a trade deficit in services of over \$12 billion, although global trade in services is growing by US\$1.2 trillion annually. We must do better and we can. Canada has enormous strengths and potential in the service sector. Our international reputation has already been established in engineering, software development, telecommunications, financial services, environmental technologies, and tourism, plus many other service-related industries of the future.

Many small and medium-sized firms do not export goods or services because of the costs and risks associated with entering a new market. In addition, they are ill-prepared when seeking new export opportunities, often unaware of market opportunities or requirements to do business abroad. It is encouraging that the Canadian Chamber of Commerce, the Canadian Federation of Labour, the Canadian Manufacturers' Association, and other private-sector associations have launched the Forum for International Training. The forum will provide formal training to individuals and firms wishing to operate in the international marketplace.

In addition, a Liberal government, in partnership with business, other levels of government, and trade commissioners, will review the current Trade Commissioner Service and implement necessary changes to ensure that it is providing best information on existing markets and emerging business oppor-

**More Canadian businesses must become exporters, and government must help them develop the knowledge and skills to make that possible.**

tunities; providing business infrastructure support for Canadian businesses operating abroad; and ensuring the most strategic placement of trade commissioners in order to tap into new export markets.

#### THE MANUFACTURING SECTOR

**Not only does the manufacturing sector provide Canadians with high-paying jobs, it also creates the demand for the goods and services produced by many small and medium-sized businesses in Canada.**

A strong manufacturing base is essential for Canada's economic prosperity and for job creation. Not only does this sector provide Canadians with high-paying jobs, it also creates the demand for the goods and services produced by many small and medium-sized businesses in Canada.

Over the past four years, Canada has lost 365,000 high-paying manufacturing jobs. High interest rates and the appreciation of the Canadian dollar took a heavy toll on Canada's manufacturing sector between 1988 and 1991. In addition, the Canada-United States Free Trade Agreement has caused many U.S.-owned firms to rationalize their operations in North America and close their doors in Canada, even when their Canadian operations were productive and profitable.

The challenge for a Liberal government will be to reverse this slide in our manufacturing sector – a critical objective if we are to compete as a high-wage nation. It is important that the federal government play a role in setting an economic framework that will not only enhance the competitiveness of existing manufacturing industries such as steel and auto parts, but also enable Canadian entrepreneurs to build new industries in Canada with a strong export capability.

Since 1984, our manufacturing productivity has grown at only two-thirds the rate of the other G-7 countries. A Liberal government will take measures to assist small and medium-sized Canadian manufacturers to adopt new technologies to produce new goods, innovate, reduce costs, and increase their productivity.

**A Liberal government will take measures to assist small and medium-sized Canadian manufacturers to adopt new technologies to produce new goods, innovate, reduce costs, and increase their productivity.**

Most small and medium-sized manufacturing firms in Canada have little technological expertise among their staff, and therefore are not aware of the technological opportunities open to them. No amount of information-gathering on new available technologies will improve our productivity levels or our ability to innovate unless Canadian firms employ engineers and technicians capable of introducing the advanced technologies.

The Ontario government recognized this gap in 1989 and introduced a program providing up to \$45,000 to small and medium-sized firms to hire engineers, technologists, scientists, and industrial designers. A federal Liberal government will work with the provinces to introduce a similar program across the country. This program will be particularly aimed at small and medium-sized firms with potential to export.



A Liberal government will take measures to implement the International Standards Organization 9000 program proposed by the Canadian Manufacturers' Association. This program is aimed at bringing Canadian manufacturers up to established international quality standards. This program will be funded from the existing budget of the Department of Industry, Science and Technology.

The defence industries today employ directly and indirectly over 100,000 Canadians. The end of the Cold War puts at risk tens of thousands of high-tech jobs. A Liberal government will introduce a defence conversion program to help industries in transition from high-tech military production to high-tech civilian production.

Specifically, a Liberal government will expand the mandate of the Defence Industry Productivity Program (DIPP) to assist in conversion and diversification. DIPP is the primary grant and loan program designed to influence the development of a defence industrial base in Canada. Administered by Industry, Science and Technology, it aims at developing defence technology and strengthening Canadian and North American defence industries.

**A Liberal government will introduce a defence conversion program to help industries in transition from high-tech military production to high-tech civilian production.**

#### NATURAL RESOURCES

Natural resources were the first source of wealth in Canada and still remain a strong basis for our economic prosperity today. The five groups in the sector – forestry, mining, energy, agri-food, and fishing – directly employ approximately 763,000 workers and have a major multiplier effect on the rest of the economy. Resource industries are a major source of export earnings, accounting for 45 percent of Canada's total exports. Resources are among only a few sectors that contribute positively to our trade balance.

But Canadian natural resource industries are under severe pressure and will have to adapt to the changes that have already occurred while creating the capacity for further adaptation in the future. Canada's new and aggressive foreign competitors have lower supply and wage costs and often more attractive taxation and environmental regimes. Increasing use of alternative materials, shifting consumer demand, and rapidly changing trade patterns add to the challenges.

Agriculture is competing in an international environment in which massive subsidies distort the market, making it difficult for Canadian agricultural exports to win their fair share of foreign markets; and domestic support for the industry is under attack. The Atlantic fishery is devastated by the loss of most of its fish stock, and it faces an ecological crisis of unknown duration and dimension. The mining industry must keep production costs at a level compatible with lower-cost producers in foreign countries, who have easier access to mineral reserves, lower wages, simpler environmental and regulatory policies, and attractive taxation regimes.

**The Canadian natural resource sector remains a major asset in the international marketplace, and government must provide a supportive environment. A Liberal government will work very closely with the provinces and the industries to regain profitability.**

In forestry, difficult trade disputes continue with our biggest forest trade customer, the United States. Consumers of forest products, whether lumber or pulp and paper, have higher environmental standards than ever before, resulting in more rigid consumer demands. Environmental considerations also influence the energy industry, as consumers search for the least-polluting sources of energy; these concerns, however, add to the growing appeal of Canadian natural gas.

Liberals believe that the Canadian natural resource sector remains a major asset in the international marketplace and that government must provide a supportive environment. A Liberal government will work very closely with the provinces and the industries to regain profitability, so that resources can continue to provide jobs for Canadians, including many who live in the 465 communities that depend almost entirely on the resource sector for their livelihood.

Canada's primary resource industries have many strengths. They are among the most efficient in the world. Our success in mineral exploration and mining technology, in innovative paper-making technologies, and in oil and gas drilling methods has made us world-renowned. Government policies should encourage investment at all levels where we have greater potential to be internationally competitive.

The resource sector has had success in adding value to its raw materials. For example, Canadian forest-product R&D developed Parallam, a world-recognized wood product; the mining industry is actively adding value through specialty materials for batteries and semiconductors; and the energy sector has developed differentiated products and alternative fuels. There is potential for even greater success, and government must be more supportive in assisting natural resource industries – like other industries – to develop, adapt, and adopt further value-added strategies.

To help resource industries cope with the realities of the global marketplace, governments must ensure that Canada has qualified workers with appropriate training and technical skills. In all resource industries, employees must at the very least possess the technical literacy that will enable them to effectively participate in the process of technological change and the innovations of the future.

Canadian resource industries are already at the forefront in several leading-edge technologies and applications, but despite the progress made, they are now being challenged to create new production practices and processes that are less harmful to the environment. These technological challenges must and can be met through the collaborative efforts of government, industry, and Canada's educational institutions. Past successes prove that the answers to these challenges are within reach.

The federal and provincial governments must help in the environmental sphere by dealing with the problem of overlapping jurisdiction over environmental standards, regulations, and assessments, keeping in mind the con-

straints of land use and access. The uncertainty associated with these processes continues to discourage investment in Canada's natural resource sector. Particularly for the forestry, mining, and oil and gas industries, the inconsistent application of environmental assessments has become an obstacle to competitiveness. It can take two years to acquire a mining permit, and restrictions on land use and access are growing, because of Aboriginal land claims and the need for environmental preservation. A Liberal government will work with the provinces and territories to provide Canada's natural resource industries with greater certainty by coordinating a specific system of land access, settling Aboriginal land claims, and resolving the delays and uncertainties in current regulatory processes.

Like other capital-intensive and export-oriented industries, the natural resource sector has struggled in the face of the current recession. The fiscal and monetary policies of the Conservative government since 1988, with their high real interest rates, have reduced earnings and capital expenditures. Similarly, the overvaluation of the Canadian dollar has hurt the resource industries' ability to export at competitive prices. The natural resource sector requires secure access to foreign markets. A Liberal government will provide a balanced fiscal and monetary policy, and economic coordination between governments will assist the resource sector to develop the innovative products required to compete in the global economy.

Two of the five resource industries deserve special mention. Conservation and rebuilding of fish stocks will be the top priority of Liberal fisheries policy – a policy that will also encompass broader ecological and environmental dimensions. A Liberal government will implement effective conservation measures immediately, because if the remaining stocks are not conserved now, there will be no fisheries industry left on which to build sustainable development.

A Liberal government will deal with foreign fishing outside the 200-mile limit and scrutinize foreign quotas within the 200-mile limit. A Liberal government will redouble efforts to foster complementary and alternative development opportunities in communities dependent upon the fishery. We will work closely with the provincial governments in this regard. A shrinking resource base dictates that we must do more with the resources we have. This means more value-added production and strategic investments to upgrade the processing and marketing of Atlantic seafood.

The Canadian agri-food sector has a unique opportunity for growth. An overall policy for the agri-food sector must build upon three component strategies: developing new domestic and international markets for Canadian food products; reducing input costs to make farming more viable; and introducing a new "whole-farm" income stabilization program. Liberals believe that farm families need long-term programs to assist them in securing their future, so that they can continue to provide Canadians with the best-quality food in the world.

**A Liberal government will implement effective conservation measures immediately in the fisheries, because if the remaining stocks are not conserved now, there will be no fisheries industry left on which to build sustainable development.**

Canada's agri-food industry needs policies and programs such as supply management, the Canadian Wheat Board, and stabilization programs to minimize the impact of market price fluctuations; government support in developing new commercial markets for commodities in which the agri-food industry has a competitive advantage; sustainable agriculture practices to maintain and improve the quality of our land and water; and mission-oriented research to increase productivity and create quality products to meet market demand.

#### COMMUNITY AND REGIONAL DEVELOPMENT

##### *Community-based Development*

**Entrepreneurship will follow where there is dynamic local government, as well as excellent educational institutions, sound provincial planning, rich economic potential, and lots of vitality.**

The investment decisions of all businesses – large and small – increasingly turn on conditions in the communities in which the businesses are located. Small and medium-sized businesses do not invest if the community conditions are wrong. Large multinationals move their capital to the location that will best support their investments.

Vital community factors include the skills of the local work force, access to centres of learning and research, infrastructure, and telecommunications support. These are complemented and affected by community spirit, affordable housing, quality schools, safe streets, accessible recreation facilities, and convenient transportation links that will attract and retain talented personnel. The ability of local entrepreneurs to provide community leadership is also key. The Liberal approach is to encourage the spirit and capabilities of our communities. Entrepreneurship will follow where there is dynamic local government, as well as excellent educational institutions, sound provincial planning, rich economic potential, and lots of vitality.

Liberals believe that we must work in partnership and support community development where local creativity and initiative is shown. As a federal government, we can encourage municipal and regional governments to join with the private sector, labour unions, universities, and government labs to develop world-class centres of education, training, and research and development. But it is largely the communities themselves that will take hold of their futures by building clusters of economic activity within a region and creating value-added jobs.

**The information and communications revolution means that new opportunities for sustained economic growth in all regions of Canada – rural as well as urban areas – are available if regional development policies are adapted to the demands of communities in the 1990s.**

In modernizing our economy, we need to modernize the means that government uses to encourage investment and to serve as a catalyst in economic growth. The information and communications revolution means that new opportunities for sustained economic growth in all regions of Canada – rural as well as urban areas – are available if regional development policies are adapted to the demands of communities in the 1990s. Quick fixes and pork-barrel grants to industry are no substitute for a national growth strategy based on community input.



*Regional Development*

The traditional approach to regional development has been to use direct investment and incentives to attract new business to slower-growth areas. Emphasis was placed on incentives through capital investment, meaning physical capital in the form of plant, machinery, and equipment.

Many current industrial assistance and regional development programs are still geared to encouraging large corporations to establish production facilities across the country, with little thought given to their appropriateness to the local economy. A reliance on "granterpreneurship," as opposed to entrepreneurship, has fostered artificial local competition and created distortions in local markets.

Liberals favour a new approach. We see strong regional economies as the building blocks of Canada. Concerted action and the mobilization of scarce resources are necessary to achieve strong regional economies in this age of international competition and change. One of the most important ways of making this happen is to develop forums for economic cooperation, joint action, and integrated development on the regional level.

The different regions of Canada, especially the West and the Atlantic, are moving towards common areas of action and development in eliminating trade barriers and developing joint procurement policies, and are looking at cooperative ventures in training, health, trade, and infrastructure development. This move towards economic cooperation can pay major dividends. The Canada West Foundation has estimated that in Western Canada alone, \$5 billion could be saved in public expenditures by common economic and administrative approaches in the region. A Liberal government will play a key role in facilitating this form of regional cooperative development by using its regulatory, fiscal, and administrative instruments to encourage region-wide initiatives.

We will work closely with provincial governments to ensure that the federal government is a partner, not a competitor, in the formulation of regional economic development policy. We will work with provincial governments to fulfil the priorities established in provincial strategic economic plans. Our efforts will concentrate on infrastructure, including tourism; commercial application of research and development through local institutions; and specific aid to small business.

In the field of tourism, ecotourism is a swiftly growing enterprise, and one in which Canada enjoys a spectacular comparative advantage. As the holder of 20 percent of the world's remaining wilderness, with abundant wildlife and a sophisticated transportation network, Canada could attract even more visitors from around the globe. Ecotourism can provide a stable income for many remote communities. It offers important prospects for growth, particularly in Atlantic Canada, the West, and the North.

**We see strong regional economies as the building blocks of Canada. Concerted action and the mobilization of scarce resources are necessary to achieve strong regional economies in this age of international competition and change.**

**BUILDING CANADA'S INFRASTRUCTURE**

**Transportation and communications links, and water and sewage systems are important benefits in their own right as well as contributors to growth.**

The term "infrastructure" refers to undertakings for the common benefit, such as transportation and communications links, and water and sewage systems. A Liberal government is committed to establishing a program to renew Canada's infrastructure. Many important objectives and urgent needs would be advanced through this single initiative.

Improved transportation and telecommunications systems will contribute to long-term economic growth by enabling Canadians to transact their affairs, receive supplies, and deliver goods to market quickly and at competitive costs. At the same time, enhanced sewage and water treatment systems contribute to preserving the environment and improving public health. Important benefits in their own right, they will also result in substantial long-term savings in health care and resource renewal costs.

Investing in state-of-the-art infrastructure for Canada will enhance the skills and technological expertise of Canadians, creating development opportunities and domestic markets for such expertise. In addition, the industries developed around this knowledge in areas such as mass transit, telecommunications, and pollution control will help expand Canada's share of world trade by offering innovative goods and services in foreign markets.

In addition to its long-term and lasting benefits, a program of infrastructure renewal will create immediate high-paying direct and indirect jobs for Canadians, particularly in the construction and manufacturing sectors. It is

**AGENDA FOR ACTION****Concrete Investments**

*Infrastructure and housing renewal paves the way to opportunity*

Canadians need jobs now, and strong infrastructure is essential for economic growth and liveable communities. A Liberal government will join with the provinces and municipalities in a shared-cost, two-year, \$6-billion infrastructure program, to upgrade transportation and local services. We will also provide more loans through the Residential Rehabilitation Assistance Program to renovate older homes. Tens of thousands of Canadians will be put back to work immediately. This solid investment in our economic strength and quality of life will pay off for decades.

vital that the government of Canada use the instruments available to help Canadians find constructive work.

A Liberal government will establish a federal-provincial-municipal public infrastructure program. Each level of government will contribute \$1 billion a year for two years, increasing Canada's investment in public infrastructure by \$6 billion over two years. After two years this program will be reviewed to determine whether it should be continued.

*Residential Rehabilitation Assistance Program*

In many areas and neighbourhoods in Canada, the quality of housing needs to be improved in order to achieve adequate standards of safety, health, and energy efficiency. The existing housing represents a major capital investment, which should not be allowed to deteriorate. Investment in the renovation of existing housing, whether owner-occupied or rented, will enhance older, modest-income communities and fuel other forms of neighbourhood improvement. It is cheaper and more environmentally sound to renovate the older homes in long-established neighbourhoods than to allow them to run down.

The recently cancelled Residential Rehabilitation Assistance Program (RRAP), which provided a loan or grant for home renovation to people of modest incomes, should be revived as a method for investing in the physical and social fabric of our communities. In addition to providing more affordable housing of adequate quality with a relatively small investment per unit, this program will be used to renovate houses for seniors and people with disabilities to enable them to stay in their own homes.

RRAP would also create thousands of jobs, directly and indirectly. The Canadian Home Builders Association estimates that for every \$10,000 spent on renovation, 0.5 person/year of direct employment is created. A Liberal government will make \$50 million a year available through the RRAP loan program for two years.

**Investment in the renovation of existing housing, whether owner-occupied or rented, will enhance older, modest-income communities and fuel other forms of neighbourhood improvement.**



Integrating economic with environmental goals fits in the Liberal tradition of social investment as sound economic policy.

Preventive environmental care is the foundation of the Liberal approach to sustainable development; it is a wise public investment like preventive social policies and preventive health care.



# Sustainable Development

MANAGING ECONOMIC DEVELOPMENT AND HUMAN GROWTH WITHOUT destroying the life-support systems of our planet demands of Canadians a fundamental shift in values and public policy. We must aspire to be less wasteful of our natural and human resources, to place greater worth on the welfare of future generations, and to take pride in maintaining a healthy, productive Earth.

The vision a Liberal government will follow incorporates the qualities of thrift, collaboration, and a special physical and spiritual tie to the land that are important to the Canadian identity. It is a vision of a society that protects the long-term health and diversity of all species on the planet, promotes energy efficiency and clean technologies as the basis of a competitive industry, and wisely manages and conserves its renewable resources.

Sustainable development – integrating economic with environmental goals – fits in the Liberal tradition of social investment as sound economic policy. Preventive environmental care is the foundation of the Liberal approach to sustainable development; it is a wise public investment like preventive social policies and preventive health care.

A Liberal government will lead in protecting Canada's environment. Business, labour, and the general public increasingly understand that the national environmental agenda can no longer be separated from the national

economic agenda. It is past time for the federal government – across all departments – to act on this understanding by adopting economic and environmental agendas that converge.

#### KEEPING CANADA'S PROMISES

**A Liberal government will establish a framework in which environmental and economic policy signals point the same way.**

Our governmental structure contains elaborate systems to hold Parliament accountable for the management of public monies, but no equivalent scrutiny for Parliament's management of the public environmental trust. This has led to a wide gap between Canada's international rhetoric on sustainable development and its actual domestic policies. For example, although Canada promises to fight climate change, federal policies and funding continue to favour private transportation over public transit, and energy use over energy conservation. A Liberal government will establish a framework in which environmental and economic policy signals point the same way.

Our first task will be to conduct a comprehensive baseline study of federal taxes, grants, and subsidies, in order to identify barriers and disincentives to sound environmental practices. We want to promote, not hinder, the research, development, and implementation of clean and energy-efficient technologies; renewable energy use; the sustainable management of renewable resources; and the protection of biological diversity.

Our second task will be to appoint an Environmental Auditor General, reporting directly to Parliament, with powers of investigation similar to the powers of the Auditor General. This office would report annually to the public on how successfully federal programs and spending are supporting the shift to sustainable development. The report would also evaluate the implementation and enforcement of federal environmental laws. Individuals could petition the Environmental Auditor General to conduct special investigations when they see environmental policies or laws being ignored or violated.

The gap between rhetoric and action under Conservative rule has been most visible in the area of environmental assessment. All too often, the Conservatives have ignored the solid recommendations for environmental protection offered by public review panels. Under a Liberal government, the Canadian Environmental Assessment Act will be amended to shift decision-making powers to an independent Canadian Environmental Assessment Agency, subject to appeal to the Cabinet. The agency's relationship to government would be roughly similar to that between the CRTC and the Cabinet.

## PERSPECTIVES

*"During the nineties, ecological pressures will increasingly influence economic decisions, making some industries obsolete while opening up a host of new investment opportunities. Companies and nations that fail to invest strategically in the new technologies, products, and processes will fall behind economically – and will miss out on the jobs that these new industries provide."*

CHRISTOPHER FLAVIN AND  
JOHN E. YOUNG,  
*Shaping the Next Industrial  
Revolution*, Worldwatch Institute

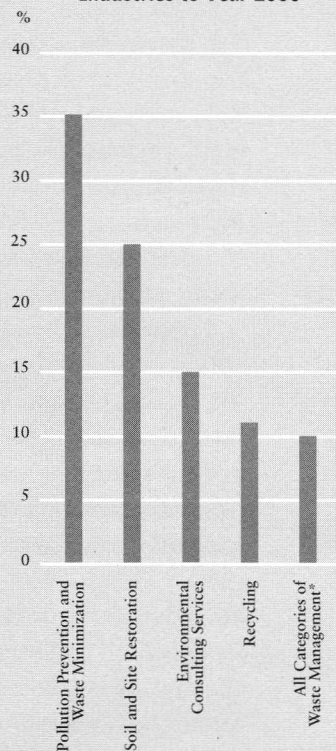
#### Potential for Increased Energy Efficiency in Canada

| Sector         | End use                   | Efficiency potential* |
|----------------|---------------------------|-----------------------|
| Residential    | Space heating and cooling | 53%                   |
|                | Appliances                | 30%                   |
| Commercial     | Space conditioning        | 53%                   |
|                | Lighting                  | 60%                   |
|                | Motors                    | 35%                   |
| Industrial     | Process heat              | 32%                   |
|                | Mechanical drive          | 22%                   |
| Transportation | Auto/bus                  | 45%                   |
|                | Trucks                    | 35%                   |
|                | Rail                      | 38%                   |
|                | Air                       | 40%                   |
|                | Marine                    | 35%                   |

\* Rough estimates, averaging across new and existing buildings, processes, and activities.

Source: John Robinson (University of Waterloo)

#### Growth Expected for Environmental Industries to Year 2000



\* Hazardous waste 42%; solid waste 7%; water 41%; air 10%

Source: Environmental Markets 1991-1993, R.K. Miller and Associates Inc.

## PERSPECTIVES

*"There is something fundamentally wrong in treating the earth as if it were a business in liquidation."*

HERMAN DALY,  
Senior Economist,  
Environment Department,  
World Bank

## THE GREENING OF INDUSTRY

**Many businesses are discovering that "green economics" is the economics of efficiency: rethinking manufacturing processes to protect the environment can be both profitable and a tool for competition.**

Environmental degradation will not be reversed without marshalling the direct involvement of the private sector. Fortunately, many businesses are discovering that "green economics" is the economics of efficiency: rethinking manufacturing processes to protect the environment can be both profitable and a tool for competition. Innovative solutions to domestic environmental problems can be marketed worldwide.

In the next decades, the development of stricter environmental standards will be propelled by a number of international environmental, moral, and market forces. Canada cannot remain isolated from these trends. We have only two choices: resisting the future, lagging behind, and bearing the brunt of painful adjustments and imposed practices; or leading, defining, and benefiting from the economic efficiencies of improved environmental processes and the expanding environmental industries market.

*Pollution Prevention and Energy Conservation*

Business and environmental excellence have become intertwined. Industry leaders now see waste reduction, recycling, and the efficient use of energy and raw resources as ways to reduce production and waste disposal costs, lower liability and regulatory uncertainty, and improve overall efficiency. Tomorrow's winning industries will be those that achieve these integrated economic and environmental efficiencies first.

Approaches that foster innovation must be used to achieve environmental objectives. A Liberal government will use economic instruments for environmental protection, as a complement to the traditional regulatory method, where these can offer the lowest-cost and most flexible methods of achieving environmental goals.

In the past, environmental policy has focused on managing and controlling the release of pollutants entering the environment. This approach has had only limited success. Canada needs a new approach that focuses on preventing pollution at source. Timetables must be set for phasing out all use of the most persistent toxic substances. Manufacturing innovations are needed to avoid the use or creation of pollutants in the first place; for example, through raw material substitution or closed-loop processes that recycle chemicals within the plant. There is no alternative if Canadians wish to stop long-term toxic pollutants from entering our air, soil, and water. A Liberal government will use the upcoming five-year review of the Canadian Environmental Protection Act to make pollution prevention a national goal and to strengthen the enforcement of federal pollution standards.

**A Liberal government will use the upcoming five-year review of the Canadian Environmental Protection Act to make pollution prevention a national goal and to strengthen the enforcement of federal pollution standards.**

The federal government cannot in good faith ask the private sector and other levels of government to embrace pollution prevention if it is not prepared to do so itself. One of the country's biggest sources of water degradation is



untreated municipal sewage, aggravated by decades of neglect of sewage and water treatment infrastructure. A Liberal government would assist provincial, regional, and municipal governments to finance new or renewed municipal sewage and water treatment infrastructure. This federal commitment would be conditional on municipalities encouraging water conservation and developing a sound financial regime for infrastructure maintenance in the future.

Increased energy efficiency is widely recognized to have the largest potential for short-term contributions to sustainable development. As part of its sustainable energy strategy, a Liberal government will use the means at its disposal to support a shift towards energy efficiency as a first step, and a transition towards a more sustainable mix of energy sources in the longer term.

The unpredictable allocation of financial costs for contaminated sites has led to a climate of instability for both borrowers and lenders. Environmental liability concerns have begun to affect the functioning of Canadian capital markets. A solution must be sought that does not burden parties who exercise due diligence with undue liability, but continues to hold accountable parties responsible for environmental damage. A Liberal government will mandate the Standing Committees of the House of Commons on Finance and Environment to recommend solutions to this crucial issue as soon as possible.

#### *The Environmental Industry*

The environmental technologies and services industry is among the top Canadian industries judged to have long-term competitive strengths. Most recent studies indicate that the sector comprises almost 6,000 Canadian companies directly employing some 90,000 people, with annual domestic revenues of more than \$10 billion. The international market for environmental goods and services is as large as the aerospace market: valued at \$280 billion a year today, and expected to reach US\$580 billion a year by the end of the decade.

With Canada's experience in resource industries, we are world leaders in understanding the impact of industry on the environment. We know what measures are needed to prevent damage in the first place, or to clean up after the fact. A Liberal government will make sure that Canadian entrepreneurs can seize the opportunities in this industry.

Although Canada has a global reputation as an environmental leader and policy innovator, we have done little so far to benefit from the commercial advantages of this reputation. To do so will require supporting sustainable development initiatives taken by business, adopting strict environmental standards that spur the development of cutting-edge technologies, and funding research and development for green technologies. A Liberal government will make environmental technologies and services a major component of Canada's strategy for economic growth.

A Liberal government will commit 25 percent of all new government funding for research and development to technologies that substantially reduce the

**With Canada's experience in resource industries, we are world leaders in understanding the impact of industry on the environment. A Liberal government will make environmental technologies and services a major component of Canada's strategy for economic growth.**

harmful effects of industrial activity on the environment, or that specifically enhance the environment. We will consolidate incentive and support programs in a coordinated strategy for promoting environmental industries.

#### *Renewable Resources*

**A Liberal government will promote co-management agreements between Aboriginal peoples and federal, provincial, and territorial governments.**

The depletion of our renewable resources is producing an ecological deficit as damaging to the long-term health of our economy as the economic deficit. Recent economic policies have led to an "over-harvest and closure" approach to renewable resources. Through an industrial policy that emphasizes adding value to natural resources, Liberals will foster increased employment without over-exploitation of resources.

The long-term livelihood of rural inhabitants and Aboriginal peoples is best ensured by responsible stewardship of the renewable resources that feed the fishing, farming, and forestry industries. The traditional economies of Aboriginal peoples are particularly dependent on a healthy natural resource base, giving them a special stake in managing land and resources. A Liberal government will promote co-management agreements between Aboriginal peoples and federal, provincial, and territorial governments.

#### **BUILDING ON PUBLIC AWARENESS**

**Our greatest asset in moving towards sustainability is concern for the environment, combined with the resourcefulness of the Canadian people.**

Intense public anxiety now focuses on issues such as the depleting fisheries and forests, the thinning ozone layer, urban air pollution, and the contamination of drinking water. Spurred by fears that our children will be left a grim ecological legacy, Canadians now link a healthy environment to a high quality of life.

Individual Canadians are far ahead of their governments in their desire for environmental protection. Our greatest asset in moving towards sustainability is concern for the environment, combined with the resourcefulness of the Canadian people. The Liberal program of investing in people will be as valuable in surmounting our environmental challenges as it will be in overcoming our economic challenges. A new Liberal government will build on this public awareness and give individuals new tools to protect the environment and to participate in environmental decision-making.

At the 1992 Earth Summit, 105 nations adopted Agenda 21, a detailed plan of actions required on environment and development. Putting this plan into place will call for the involvement of all Canadians. The National Round Table on the Environment and the Economy has found wide interest in a proposal for a social marketing program modelled on the highly successful Participation campaign, to facilitate the changes in attitudes, values, and behaviour necessary for Canada to become an environmentally sustainable society.

A Liberal government will create "Action 21," an independent national campaign similar to Participation, to communicate the individual and collec-

tive actions needed for sustainable development. We will launch a campaign to educate people on how to dispose safely of the 130,000 tonnes of CFCs stockpiled in Canadian homes and workplaces; these chemicals pose a tremendous threat to the ozone layer. In addition, our Canadian Youth Service Corps will bring the energy of Canada's young people to bear on community environmental projects.

Individual Canadians have expertise and a valued perspective to contribute to environmental policy-making. These assets are often not tapped because of financial or legal restrictions. A Liberal government will amend the Canadian Environmental Assessment Act to legally recognize intervenor funding as an integral component of the assessment process. We will use the forthcoming review of the Canadian Environmental Protection Act to examine giving members of the public access to the courts as a last recourse if the federal government persistently fails to enforce an environmental law.

Environmental reform requires government leadership on priority public issues. Government has a moral duty to act, particularly when the long-term security of the planet is threatened. A Liberal government will shorten the deadlines for stopping production and consumption of hydrochlorofluorocar-

#### AGENDA FOR ACTION

### **Environmental Challenge, Economic Opportunity**

*Green industries are the growth area of tomorrow's economy*

By the end of the decade, there will be a US\$580-billion worldwide market for goods and services to prevent and clean up environmental damage. With careful planning and aggressive support, Canada can turn environmental needs at home and abroad into economic opportunity. From mass transit production to renewable energy technologies, water and sewage treatment, and the reclamation of contaminated sites, these industries mean environmental benefits and jobs.

A Liberal government will establish a coordinated strategy of incentives and supports for private-sector companies working in the environmental sector. We will work with industry to set strong environmental protection standards and regulations. And we will commit 25 percent of all new research and development spending to environmental technologies.

**A Liberal government will work with provincial and urban governments to improve energy efficiency and increase the use of renewable energies, with the aim of cutting carbon dioxide emissions by 20 percent from 1988 levels by the year 2005.**

bons (HCFCs), an ozone-depleting substance, and establish an early phase-out deadline for another, methyl bromide.

A Liberal government will work with provincial and urban governments to improve energy efficiency and increase the use of renewable energies, with the aim of cutting carbon dioxide emissions by 20 percent from 1988 levels by the year 2005. An immediate priority will be to design a plan to achieve this target, working with all major stakeholders. Our commitment to using economic tools for environmental protection, to increasing our industrial energy efficiency, and to supporting the environmental technology sector will help us to make progress towards this target while maintaining a competitive economic base.

The Brundtland Commission identified the protection of species and ecosystems as a prerequisite to sustainable development. In response, the House of Commons unanimously endorsed the goal of working cooperatively with provincial and territorial governments to protect in its natural state a representative sample of each of the country's natural regions, amounting to at least 12 percent of Canada. A Liberal government will work with the provinces, the territories, and Aboriginal peoples towards this goal. We will maintain the commitment to complete the National Parks System by 2000.

#### INTERNATIONAL LEADERSHIP

Canada cannot achieve sustainable development in isolation from the activities of other nations, which increasingly affect our own environment and security. Canada must promote sustainable development around the world.

Under a Liberal government, environmental security through sustainable development will be a cornerstone of Canadian foreign policy; we will promote this goal at forums such as UN agencies as well as through bilateral and multi-lateral aid programs. We will push for strong and effective international conventions to deal with global environmental threats, and we will work towards the early ratification of these conventions.

A Liberal government will make renewed efforts to reduce pollution in the Great Lakes and the St. Lawrence and will reaffirm the leadership of the International Joint Commission. We will ratify the Law of the Sea Convention. We will make sustainable development a fundamental goal of trade negotiations. We will support a "green" round of GATT negotiations, in which trade and environment will be linked.



# PART TWO

The Fabric of Canadian Life

The Liberal legacy remains the basis of our system of social support, through which we pool our resources to create programs that benefit all Canadians and help to sustain people through difficult times. This is the framework of fundamental fairness and decency within which Canadians are able to pursue their individual goals.

# Strengthening Our Society

FROM OUR BEGINNINGS AS A NATION, CANADIANS HAVE BELIEVED IN THE principle of shared social responsibility. Over the years, successive Liberal governments have shown their commitment to this value through their actions. Many of the laws and policies that they enacted remain the basis of our system of social support, through which we pool our resources to create programs that benefit all Canadians and help to sustain people through difficult times. This is the framework of fundamental fairness and decency within which Canadians are able to pursue their individual goals.

The Liberal legacy includes universal medicare, unemployment insurance, old age security, the Guaranteed Income Supplement, the Canada Pension Plan, the Canada Assistance Plan, the Canadian Human Rights Commission, and the Charter of Rights and Freedoms.

Not since the Great Depression have people in this country faced so many social and economic challenges. The structure of our economy is changing, and family structures have undergone a profound transformation. There has been an enormous increase in single-parent families, in families with both parents in the work force, and in families living in poverty. The failed economic and social policies of the Conservative regime have left 1.6 million people out of work and 4.2 million Canadians living in poverty, of whom 1.2 million are children; and 62 percent of families headed by single mothers are living in poverty with their incomes falling.



**We must choose to make our social investments where we believe they will do the most good and have the greatest effect for the resources expended and for the long-term future.**

Since 1984, the Tories have systematically weakened the social support network that took generations to build. Not only have they taken billions of dollars from health care and from programs that support children, seniors, and people who have lost their jobs, but they have set us on the path to becoming a polarized society, divided into rich and poor, educated and uneducated, with a shrinking middle class. This is not the kind of country most Canadians want to live in. In a polarized society, crime, violence, intolerance, and group hatred flourish.

Liberals will work towards a greater equality of social conditions among Canadians. We want to redistribute opportunity more broadly so that many more people have a decent standard of living and can build good lives for themselves and their families, allowing them to live with dignity and respect in a peaceable country.

We know that we cannot achieve all our social goals immediately. We must choose to make our social investments where we believe they will do the most good and have the greatest effect for the resources expended and for the long-term future. We will focus our efforts on health care, children's needs, safety in our communities, and the equality and cultural identity of Canadians.

A top priority for a Liberal government will be preserving and protecting our universal medicare system, maintaining the values that underpin it while we reinvent the means by which health care services are delivered to people. Our strategy must allow the public, whether as consumers of services or providers of care, to participate in identifying problems and finding solutions.

We must give our children the best possible start in life, investing our resources to help the most vulnerable children overcome some of the difficulties that limit their life chances from the very beginning. To do this, we will invest in prenatal nutrition for low-income women so that more babies start life at full weight and with a better chance at good physical health and intellectual development. We will help Aboriginal communities to give their children a head start in school by supporting their early education and development, in an atmosphere of respect for their cultures and languages.

Strong measures are needed to protect individuals from crime and violence in their own homes and on the streets and playgrounds of this country. We will enhance our commitment to the fundamental equality of Canadians through the Charter of Rights and Freedoms. Protection from hate propaganda and racism is equally important.

We will continue to support an immigration policy that balances our demographic and economic needs with our capacity to settle and absorb immigrants. Finally, we are committed to enhancing Canadian cultural identity at a time when technology and global trade are erasing national borders. Canadians want to continue to develop our cultural gifts and to share them with the rest of the world.



JAMES HUROWITZ,  
*New England Journal of Medicine*,  
July 8, 1993

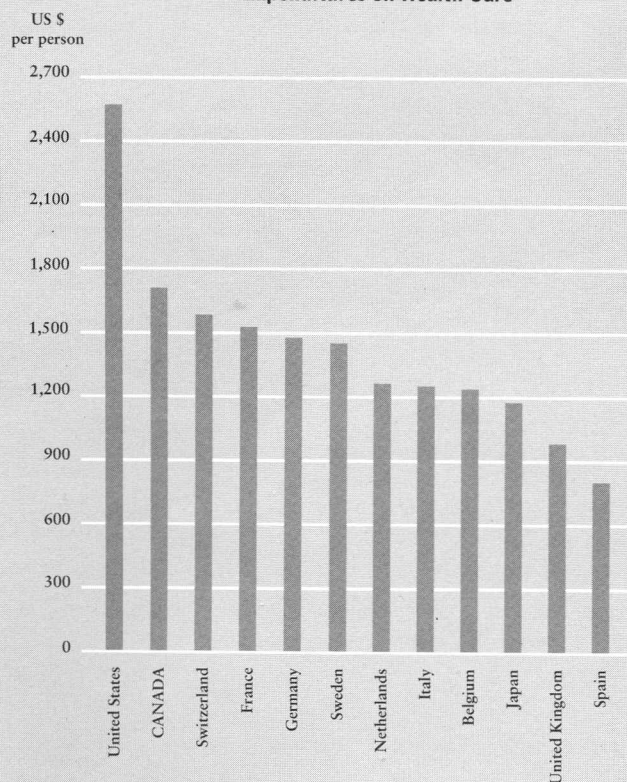
The flowchart illustrates the conceptual model of the determinants of health and productivity. It shows the following components and their relationships:

- Top Level (Determinants):** Social Environment, Physical Environment, and Biological Endowment.
- Second Level (Responses and Outcomes):** Individual Responses, Illness, and Health Care.
- Third Level (Status and Productivity):** Health Status & Function, and Productivity & Wealth.

**Flow and Relationships:**

- Social Environment, Physical Environment, and Biological Endowment all influence Individual Responses.
- Individual Responses lead to Health Status & Function.
- Health Status & Function leads to Productivity & Wealth.
- Individual Responses also lead to Illness.
- Illness leads to Health Status & Function (negative relationship, indicated by a minus sign).
- Illness leads to Health Care.
- Health Care leads to Productivity & Wealth (positive relationship, indicated by a plus sign).
- Health Care also leads back to Illness (positive relationship, indicated by a plus sign).
- Productivity & Wealth has a feedback loop back to Individual Responses.

### Expenditures on Health Care



Source: OECD Health Data, 1991



## THREATS TO WOMEN'S HEALTH

- Health research is often biased towards males and inadequately addresses women's health issues. It has been argued that more research conducted on a variety of health issues and more women involved both as subjects and as investigators in scientific research are important steps in improving the health status of women.
- Often women are significantly underrepresented or not represented on conditions which affect both sexes. Dangers can arise when conclusions for one sex are based on the findings involving the opposite sex. Similarly, drug dosages are determined, for the most part, by studies of young men.

Source: Federal/Provincial/Territorial  
Working Group on Women's Health, April 1990

- Three out of four earners in the ten lowest-paying occupations are women. The average annual wage of women full-time workers in 1991 was \$26,842, compared with \$38,567 for men.

Source: Statistics Canada, 1993

### National Crime Rates per 100,000 Population

| Year | Violent crimes | Property crimes | Criminal code offences |
|------|----------------|-----------------|------------------------|
| 1970 | 481            | 3,515           | 5,221                  |
| 1975 | 597            | 4,587           | 6,987                  |
| 1980 | 648            | 5,551           | 9,190                  |
| 1985 | 927            | 6,387           | 9,895                  |
| 1990 | 1,013          | 6,799           | 9,881                  |

Source: Canadian Centre for Justice Statistics

## MIGRATION AND POPULATION LEVELS IN THE 1990S

- Since the collapse of the Soviet Union, emigration from that region to the West has grown from 100,000 to 1,000,000 annually.
- Last year, as many as 500,000 left the former Yugoslavian republics.
- In developing countries, about 40 million people are moving from rural to urban areas each year.
- The population of Asia is expected to increase by 500-750 million in this decade; the population of Indonesia is growing by 3 million annually.

Source: Employment and Immigration Canada, 1992

## PERSPECTIVES

*"Nineteen ninety-two confirmed that economic hard times and human rights make uneasy bedfellows. And while there is no reason to suppose that the underlying phenomenon of racism changes drastically from one year to the next, the fact that opinion pollsters found a widespread expectation that racial conflict will worsen in the immediate future is worrying."*

Annual Report of the Canadian  
Human Rights Commission, 1992

## CANADA'S HEALTH CARE SYSTEM

Our health care system is one of Canada's proudest achievements. Based on the belief that every Canadian has a right to receive the care he or she needs when sick, regardless of personal circumstances, it is an affirmation of Canada's commitment to human dignity.

As one of our greatest national projects, our health care system is a defining element of Canadian society. Medicare has contributed to a quality of life in Canada that is recognized to be one of the best in the world and a comparative advantage in the global marketplace. It represents the best of the Canadian spirit, reminding us of the good that we can achieve together.

Medicare was introduced and developed by a succession of Liberal governments, providing a tangible example of the commitment of Liberals to compassionate public policy. The Liberal Party remains firmly committed to the five fundamental principles: health care must be universal, portable, comprehensive, publicly funded, and publicly administered.

The cost of health care has grown substantially over the last 25 years and continues to rise faster than inflation and the gross domestic product. The nature of health care itself has changed dramatically. New technologies, new discoveries, advanced equipment, and new medications have revolutionized health care delivery and greatly increased the cost of care. The aging of our population will add significantly to health care costs in the coming decades.

A Liberal government will face these challenges squarely, thoughtfully, and with confidence. Our approach will be based on our values. Our solutions will be predicated on our commitment to the five fundamental principles of our medicare system, and on our commitment to the continuing role, in financing and in other aspects, of the federal government in health care.

A Liberal government will not withdraw from or abandon the health care field. That would be to accept the notion of a two-tier health care system: one for those living in more advantaged provinces, and an inferior system for those living in the less advantaged provinces. Liberals cannot and will not accept a health care system that offers a higher quality of care for the rich than for the poor.

*Good Health, Quality Care*

The Liberal Party's approach to health care recognizes that several factors determine the overall health of Canadians. Economic well-being is a major factor. According to the 1991 report of the British Columbia Royal Commission on Health Care and Costs, "more than four years' difference in life expectancy exists between the lowest and highest income levels in Canada and more than 11 years' difference in disability-free life expectancy." This gap persists despite the fact that low-income people in Canada have free, unfettered, and equal access to care when they are sick.

**The Liberal Party remains firmly committed to the five fundamental principles: health care must be universal, portable, comprehensive, publicly funded, and publicly administered.**

**Liberals cannot and will not accept a health care system that offers a higher quality of care for the rich than for the poor.**

**Health care itself is obviously a factor in good health. But every study shows that the treatment of sick people is the least important factor in achieving the overall health of society.**

Public policy, spanning such matters as clean air and water, sewage treatment, highway and product safety, the use of mass transit, and workplace and management practices, is also a major determinant of health. And lifestyle has an important effect on the health of Canadians: what we do, how we eat and play, and the choices we make in our daily lives. Canadians are entitled to both the information and the freedom to make responsible choices for themselves and their children.

Health care itself is obviously a factor in good health. It encompasses the direct professional services dedicated primarily to treatment and in some cases prevention of illness and injuries. But every study shows that the treatment of sick people is the *least* important factor in achieving the overall health of society. Nevertheless, in the last four decades the health care sector has consumed the largest share of public resources and media attention.

A look at the high-cost American system shows easily that high spending is no guarantee of good results. Canada spends less per capita on health care than the United States, and 30 million Americans are not even covered by their health care system. Yet the overall health of Canadians is better than that of Americans. Clearly, the market approach and greater expenditures on care for the sick do not necessarily produce a healthier population.

Most Western European countries and Japan spend even less than Canada does while maintaining high standards of health in their populations. The results achieved elsewhere indicate that we are justified in our confidence that Canada can do better without spending more money. The key is to spend Canada's health care dollars more wisely and more effectively.

## AGENDA FOR ACTION

### Preserving Medicare

*A commitment to personal dignity and a healthy society*

Medicare is not only a proud Canadian invention – it's one of the best health care systems in the world. Canadians are healthier overall than Americans, even though we spend less on health care. A Liberal government will not accept user fees or other attempts to gut the medicare system. It will establish a National Forum on Health, in partnership with the provinces and health care experts, to find innovative ways to control health costs while keeping medicare publicly funded and accessible for all Canadians.



In order to meet the challenges facing health care, we must avoid confusing the principles underlying our health care system with the mechanisms currently used for health care delivery. Delivery is dominated by relatively autonomous hospitals and fee-for-service medical practice. These mechanisms must be adapted to our changing reality so that Canadians can continue to receive quality care in a manner consistent with the basic principles of our system.

Adapting health care delivery will be difficult in a system that currently pays little attention to the goals, results, and evaluation of care. The British Columbia Royal Commission on Health Care and Costs reported: "Providing the best care possible depends upon a number of things including access to comprehensive data on what care is provided by whom, for what reasons, at what costs and with what results. Yet currently there is no standard recording of the state of patients upon admission and discharge from hospital, or the effects of procedures upon their health.... There is no way to assess accurately whether or not a particular medical or public health intervention should be initiated or continued, and no standard grounds on which to base professional reviews or compare the performance of different institutions."

Introducing efficiency into the system by addressing these failings will lead us to the real solutions for health care. A Liberal government will ask the National Forum on Health (see below) to investigate health care evaluation.

### *Financing Health Care*

The Liberal Party rejects user fees in any form, direct or indirect.

In principle, user fees run counter to the Canadian value of sharing certain major risks in order to build a better society for all. They suggest that health care is to be sold in the marketplace rather than considered a right and a matter of basic human dignity. User fees would turn back the clock by repudiating the principle that health is a societal concern and by re-establishing the notion that sick people should pay.

No matter how "affordable," user fees are not an answer to the question of principle. Once it is accepted that health care is a market commodity, it follows that its price, like any price, will soon be determined by market forces. Our health system is an essential element of a strong, humane, and productive society. Health care in Canada must not be organized so as to be more accessible to the wealthy and the privileged, or indeed more accessible to any group than to any other.

In practice, user fees do not work and are counter-productive to the goals of Canadian society. From 1968 to 1971, Saskatchewan implemented user fees. They did not result in lower health care expenditures for government. In any event, to look only at government expenditure is to miss the point. As the American case demonstrates, the real question of health care cost is how much

**The Liberal Party rejects user fees, which would turn back the clock by repudiating the principle that health is a societal concern and by re-establishing the notion that sick people should pay.**

**For Canada's health care system, the real challenge is to achieve a better balance between more appropriate care for the sick, preventive care, and a strengthening of the major determinants of the health of Canadians.**

of the national wealth from all sources, public and private, is being consumed by health care.

User fees in theory merely shift a small fraction of the cost from the public to the private sector. But the overall costs remain at the same level. And it is the overall costs that bear upon the productivity and competitiveness of our society, relative to other societies. To grasp at the quick fix of user fees would be to tinker with the system at the margins and to deceive ourselves into believing that we can ignore the real challenge. For Canada's health care system, that challenge is to achieve a better balance between more appropriate care for the sick, preventive care, and a strengthening of the major determinants of the health of Canadians.

A comprehensive re-examination of Canada's health care spending is required. Without doubt, part of the immediate pressure on the program has arisen from the decision of the Conservative government to steadily withdraw from health care funding, thus passing costs onto the provinces. Economic conditions may change, but the health care requirements of Canadians will continue. It is essential to provide financial certainty and predictability for our health care planning.

A Liberal government will continue to be an active partner in the health care of Canadians. This commitment will extend to a continuing and meaningful participation in the funding of health care. A Liberal government will, in the renegotiation of federal-provincial fiscal arrangements, engage with the provinces in a major re-examination of the funding of the health care program within the framework of our unwavering commitment to the five fundamental principles of medicare.

#### *National Forum on Health*

In Canada, we are fortunate to have some of the most outstanding health science centres and epidemiologists in the world and a cadre of involved public health advocates and experts. Provincial governments have already begun to work on health care problems and their solutions, and we have some excellent reports from various provincial commissions and councils.

The role of the federal government should include the mobilization of effort to bring together Canada's wealth of talent and knowledge in the health care field. This is a societal issue in which every Canadian has an interest. The federal government must provide the means to ensure that Canadians are involved and informed, and can understand the issues and the options.

A Liberal government will establish a National Forum on Health, chaired by the Prime Minister, bringing together for public discussion the major partners and parties involved with the health of Canadians. The forum will address the issues, help focus the discussion, and assist in developing solutions and strategies, in accordance with the five fundamental principles of Canadian medicare.

**A Liberal government will establish a National Forum on Health, chaired by the Prime Minister, bringing together for public discussion the major partners and parties involved with the health of Canadians.**

The forum must be part of a thorough study of the health of Canadians and of our health care system; it will be mandated to consider questions such as the goals, results, and evaluation of our system as well as the costs of care, including drugs. Policy considerations relating to the other major determinants of the health of Canadians must also be dealt with, and the forum will have the duty to inform Canadians about the issues and to engage them in the process of making strategic choices.

The federal government alone cannot and should not dictate all the answers and solutions. However, the Liberal Party believes that the federal government must ensure that the national priorities of Canadians are identified and that concerted effort and attention are directed to meeting them.

#### WOMEN AND HEALTH

The value Canadians share in asserting the equality of men and women extends far beyond legal rights alone. There is ample evidence that health care systems – in Canada as in other countries – have not given as great attention to women's health issues as has been given to men's health issues.

It is well known, for example, that research into breast cancer, which afflicts one woman in nine, has been seriously underfunded. Even in studies of diseases that afflict men and women in almost equal numbers, such as cardiovascular disease, most of the research has focused on men. Therefore, while we know a great deal about the care and treatment of heart disease in men, the same cannot be said of heart disease among women. In medical procedures that are specific to women, such as hysterectomies, treatment of osteoporosis, and caesarean sections, significant gaps in knowledge have been revealed.

The social and economic experiences of women provide the context within which their health needs must be viewed. Canadian women are poorer than Canadian men, and there is a clear link between poverty and poor health. Although women in Canada outlive men by an average of seven years, they experience more chronic disease and disability than men do.

A multidisciplinary approach to women's health is needed to focus on women's mental health, reproductive health, violence against women, chronic and degenerative health conditions, female cancers, nutrition, and occupational and environmental health. Particular attention is due to certain demographic groups: women with disabilities, immigrant women and culturally diverse communities, Native women, adolescent girls, and senior women.

To ensure that women's health receives proper attention, it is essential to clarify the issues and develop the data respecting problems of women's health. We already have in Canada an established program of Centres of Excellence, drawing upon researchers in universities, government, and the private sector to

**The social and economic experiences of women provide the context within which their health needs must be viewed. A multidisciplinary approach is needed.**

advance our knowledge base and our technology in a wide range of fields. A Liberal government will add a Centre of Excellence for Women's Health, aimed at effective and equal treatment of women's health issues in the Canadian health care system.

#### PREVENTIVE CARE FOR HEALTHY BABIES

Each year in Canada, approximately 21,000 low-birth-weight babies are born. The immediate medical costs of providing perinatal hospital care for them are as much as \$60,000 an infant. In the long term, underweight babies face higher risks of poor health as well as longer-lasting developmental difficulties. Babies born into poverty are at increased risk of being underweight. Pediatricians have identified a cycle of poverty leading to low birth weight, which, in turn, leads to more poverty.

**A modest investment in the nutrition of low-income pregnant women – less than \$400 a pregnancy – would pay dividends far into the future.**

Throughout Canada there are many prenatal nutrition programs, varying in size and structure but sharing the common goal of improving the health outcomes of mothers and their babies. For example, Vancouver and Toronto have a Healthiest Babies Possible program. In addition to programs in Montreal, Vancouver, and Toronto, there are numerous other outreach programs for high-risk expectant mothers.

One of the key links in the poverty cycle could be broken if inroads were made in reducing the low-birth-weight problem. One-fifth of pregnant women in Canada have insufficient income to feed themselves adequately. A modest investment in the nutrition of low-income pregnant women – less than \$400 a pregnancy – would pay dividends far into the future. The cost of providing a national prenatal nutrition program would be around \$30 million a year.

Such a program will pay for itself and will lead to considerable savings in health care costs in the long term. Experience in Quebec shows that it is much cheaper – and much smarter – to focus on preventing low birth weight. Supporting prenatal nutrition programs would improve both the health and the economic prospects of children.

A Liberal government will create a Canada Prenatal Nutrition Program. We will offer resources, based on population, to any province or territory that sets up or expands existing prenatal nutrition programs for expectant mothers who have low incomes. A Liberal government will commit up to \$30 million a year for this program.

#### ABORIGINAL HEAD START

Many communities experience the pain and limitations inflicted by poverty, but none so deeply as Canada's Aboriginal communities, whether on-reserve or



off-reserve. For off-reserve Aboriginal people, daily struggles are compounded by a lack of social services and community supports.

Well over half of Canadian families of Aboriginal origin live off reserve, many of those in urban communities. The Aboriginal population is a much younger population than Canada's population overall: 37 percent are under age 15, compared with 21 percent of the total Canadian population.

Various social initiatives undertaken by governments in the United States and in Canada have shown that early intervention can help children from disadvantaged families to overcome some of the debilitating effects of poverty. A successful program like Head Start in the U.S. is aimed at children between the ages of three and five. The program provides child care, nutritional counselling for parents, and help for preschool children to develop the interaction skills they will need when they start school. Parental involvement is critical to the success of Head Start. Programs such as Head Start have proven to be effective in providing children with a positive self-image, a desire for learning, and an opportunity to develop social, emotional, physical, and learning skills.

Aboriginal peoples have expressed the need for their educational system to reflect the culture and experience of their communities. A Liberal government will support an Aboriginal Head Start program that would be designed and controlled by Aboriginal people at the community level and could incorporate a cultural and language component.

A Liberal government will begin an Aboriginal Head Start program on a pilot project basis, with commitments of up to \$10 million in the first year of its mandate, up to \$20 million in the second year, up to \$30 million in the

## AGENDA FOR ACTION

### First Steps

*Support to the youngest children in Aboriginal communities has lifelong benefits*

Aboriginal peoples want to break the cycle of poverty, and a Liberal government will help through an Aboriginal Head Start program. Designed and managed by Aboriginal communities, Aboriginal Head Start will be modelled on other successful head start programs that provide child care and nutritional counselling, and that prepare disadvantaged preschool children for learning. These programs are proven to result in high success rates as children move on through school, further education, and the work force.

third year, and up to \$40 million in the fourth year. The program will be directed initially at Aboriginal families living in urban centres and large Northern communities. We will work together with Aboriginal representatives to design the program and identify the communities with the greatest need.

A successful urban Aboriginal Head Start program could be a model for a program that could be expanded to serve other Aboriginal communities, reserves, and non-Aboriginal children.

#### SAFE HOMES, SAFE STREETS

**For most Canadians, the non-violent character of Canada is one of the distinguishing features of Canadian identity.**

We Canadians have prided ourselves on living in a country in which we can go about our daily lives without fearing for our personal safety. For most Canadians, the non-violent character of Canada is one of the distinguishing features of Canadian identity. All of us believe that safety in the streets and at home is a basic right. Yet since 1984 Canada has witnessed a 40 percent increase in violent crime.

The direct link between economic hardship and crime is well known. The rise in violent crime during Canada's harsh and prolonged recession therefore comes as no surprise.

Dealing with the growing incidence of violent crime will be a priority for a Liberal government. Every person has a right to personal security, and a Liberal government will move to protect that right. Particular attention must be paid to those who today, by virtue of gender, race, religion, age, or sexual orientation, are more likely to be targets of violent crime.

In order to combat crime a Liberal government will work in a broad range of areas. To strengthen gun control, a Liberal government will, among other measures, counter the illegal importation of banned and restricted firearms into Canada and prohibit anyone convicted of an indictable drug-related offence, a stalking offence, or any violent offence from owning or possessing a gun.

The Young Offenders Act will be reformed to increase sentence lengths for certain violent crimes, allowing for full treatment and rehabilitation of young offenders. We will ensure that treatment and rehabilitation services are available to all convicted young offenders. A Liberal government will restrict the charges for which a young offender could be transferred to adult court, but at the same time will develop the category of "dangerous young offender," designating a youth who could be transferred to adult court, receive an adult sentence, and be kept in an adult facility.

To deal with violence against women and children, we will launch a national public education campaign, introduce measures that would allow the abuser to be removed from the home in cases of family violence, and work with the provinces to make peace bonds more effective in keeping abusers away from women and children. A Liberal government will devote additional funding to

services for battered women and their children, and take strong measures against violent and degrading pornography.

Crime prevention is another of our goals. For crime to be prevented, it is necessary to respond to the underlying social causes of criminal behaviour. The most characteristic social background for criminals is poverty. Conservative government decisions to cut social programs were made without acknowledging the effects these cuts could have on crime rates. Access to health care, housing, jobs, and training is essential if crime is to be prevented. A Liberal government will establish a national crime prevention council to work on community solutions and will work with the provinces to establish community policing programs.

Several flaws in our corrections system have recently been exposed by high-profile cases. Under a Liberal government, sex offenders who are not rehabilitated at the end of their sentences could be transferred by court order to secure mental health facilities for further detention. This approach has proved successful in Britain and the Netherlands. We will also focus on rehabilitation programs for other offenders, with the goal of reducing the number of offenders within Canada's criminal justice system, and we will undertake a comprehensive, integrated, and progressive reform of our sentencing system.

A Liberal government will eliminate political appointments to the National Parole Board. Appointments should be made through an effective mechanism that reflects the seriousness of the role occupied by the board and the importance of its decisions to the community.

Finally, a Liberal government will toughen laws against johns and pimps convicted of a second prostitution-related offence and against pimps convicted

## AGENDA FOR ACTION

### Protection and Prevention

*Fighting crime and violence requires tough measures and social reforms*

A Liberal government will introduce a broad range of crime and justice initiatives to reverse Canada's growing crime and violence rate. We will take a tough line on violence against women and children, with stricter penalties and concrete measures to protect them from abusers. A Liberal government will strengthen our gun control laws. We will reform the Young Offenders Act to offer real rehabilitation while cracking down on serious and repeat young criminals. And we will take aim at violent pornography and the exploitation of children.

of living off the avails of a child prostitute under the age of 18. It is also important to develop shelters for prostitutes seeking refuge and to develop training and rehabilitation programs to help prostitutes who want to leave the business.

#### EQUALITY IN DIVERSITY

**The Charter of Rights and Freedoms is part of the proud heritage of the Liberal Party and has become a symbol of the commitment of Canadians to the values of equality.**

One of the core values of Canadian society is a strong belief in the equality of our citizens. Canadians are proud of our linguistic duality and our multicultural diversity. The Charter of Rights and Freedoms is part of the proud heritage of the Liberal Party and has become a symbol of the commitment of Canadians to the values of equality. It has provided momentum for significant law reform.

The Conservative regime abolished the Law Reform Commission and cancelled the Court Challenges Program, a Liberal program to fund equality-seeking groups and individuals who seek to use the Charter to establish their legal and constitutional rights. A Liberal government will be committed to restoring the Law Reform Commission and the Court Challenges Program.

Equality for all Canadians includes freedom from hatred and harassment. We have witnessed an increase in the number of crimes motivated by hatred based on race, religion, gender, or sexual orientation. Places of worship, schools run by various religions, and gay communities have all become targets. Such expressions of hate should have no place in Canadian society. At a time when racial intolerance and ethnic hatreds are in resurgence around the world, a Liberal government will take measures to combat hate propaganda and will enhance the programs of the Department of Multiculturalism and Citizenship that promote tolerance and mutual understanding.

In February 1991, Parliament passed the Canadian Race Relations Foundation Act. Although the legislation received unanimous approval in Parliament, the Conservative regime has not to date proclaimed it. A Liberal government will proclaim this law and create the Canadian Race Relations Foundation, to work at the forefront of efforts to combat racism and all forms of racial discrimination in Canada.

In 1986 the Conservative government passed the Employment Equity Act, which has done little to improve the situation of women, visible minorities, Aboriginal peoples, and people with disabilities who work or wish to work in the federally regulated sector of the Canadian economy. Although this sector of the economy accounts for approximately 10 percent of the Canadian work force, the Employment Equity Act does not cover the public service, federal agencies, and commissions.

Among the changes Liberals will implement to strengthen the Employment Equity Act is to include the federal public service and federal agencies and com-

**At a time when racial intolerance and ethnic hatreds are in resurgence around the world, a Liberal government will take measures to combat hate propaganda.**



missions under the Employment Equity Act. We will also give the Canadian Human Rights Commission the legislative authority to initiate investigations of employment equity issues. Federal contractors should be subject to mandatory compliance with the principles of the Employment Equity Act.

#### IMMIGRATION AND REFUGEES

For many years the Liberal Party has been identified with a progressive immigration policy. At the turn of the century, under a Liberal prime minister, the West was opened up to thousands of people who came to farm the prairies, and many others came to build our cities and our transportation links. Immigration was at its peak in Canada between 1901 and 1911, when we received 1.5 million immigrants, representing 28 percent of Canada's population in 1901.

After World War II, annual immigration often exceeded one percent of the population. Liberals believe that Canada should continue to support a dynamic immigration policy that balances humanitarian considerations with our demographic and economic needs. We should continue to target immigration levels of approximately one percent of the population each year, as has been the case for more than a decade, with priority given to independent applicants and the family class. As we reach towards this target, we must always consider our ability to absorb and settle immigrants.

The need to respond humanely to the world refugee crisis, and to develop effective international means to manage the displacement of over 20 million people by war, persecution, and natural disasters, is particularly important to Canadians. The root causes of such movements – racial, religious, and ethnic intolerance, poverty, and political repression – must be dealt with through concerted multilateral action. But we must also meet immediate demands.

A Liberal government will pursue these goals in two ways. First, we will seek broader international consensus in favour of strengthening the role of the UN High Commissioner for Refugees. This will entail changes to the 1951 International Convention on Refugees to make it consistent with present-day realities and establish a more stable financing plan. Second, we are committed to a humanitarian policy of accepting a fair share of refugees into Canada.

The sponsorship of refugees from abroad, by government and by private initiative, should be encouraged as the principal means of admitting refugees to Canada. Not only is sponsorship a quicker and more humane method than waiting for refugees to wash up on our shores, it is also more cost-effective. We will pursue changes to the Immigration and Refugee Board, easier access to work permits, strict enforcement of border controls to prevent false claimants from arriving in Canada, expansion of the criteria for legitimate status to

**The sponsorship of refugees from abroad, by government and by private initiative, should be encouraged as the principal means of admitting refugees to Canada.**

include women fleeing persecution on the basis of gender, and a better definition of the rights, responsibilities, and limitations affecting the role of the Minister in admitting applicants on special "humanitarian and compassionate" grounds.

The immigrants and refugees who come to Canada need access to language training in French or English in order to be well integrated into our economic and social life. The federal government already invests in second-language training for this purpose. A Liberal government will work with the provinces to identify the needs in this area and to work out equitable ways to manage the cost involved.

#### ENHANCING CANADIAN CULTURAL IDENTITY

**Culture is the very essence of national identity, the bedrock of national sovereignty and national pride. At a time when globalization and the information and communications revolution are erasing national borders, Canada needs more than ever to commit itself to cultural development.**

Canadian culture embraces our shared perceptions and beliefs, common experiences and values, and diverse linguistic and cultural identities: everything that makes us uniquely Canadian. Culture is the very essence of national identity, the bedrock of national sovereignty and national pride. It gives meaning to the lives of every Canadian and enriches the country socially, politically, and economically.

Culture is a matter for both federal and provincial governments. It is an area where federal-provincial cooperation is essential. At the federal level, nation-building has included promoting public broadcasting and creating the Canada Council, the National Film Board, and Telefilm Canada, among other national cultural institutions.

At a time when globalization and the information and communications revolution are erasing national borders, Canada needs more than ever to commit itself to cultural development. Instead, the Conservative regime has deliberately undermined our national cultural institutions.

Funding cuts to the Canadian Broadcasting Corporation, the Canada Council, the National Film Board, Telefilm Canada, and other institutions illustrate the Tories' failure to appreciate the importance of cultural and industrial development. The recent attempt to consolidate the Canada Council and the Social Sciences and Humanities Research Council is but one more example of this disregard for the promotion of artistic endeavours.

In Canada, over 400,000 people are employed in all aspects of the cultural economy. Arts and cultural activities have become the ninth-largest industry in the country, with direct revenues of \$11.5 billion. Liberals recognize not only that the promotion of cultural industries contributes to enhancing Canadian identity, but also that cultural products create jobs at home and bring in revenues from abroad.

A Liberal government will help Canadian books, films, and sound recordings to increase their share of the domestic market through the establishment

of policies and legislation with respect to marketing, distribution, and exhibition. We will explore the use of investment tax credits for the production of Canadian films, sound recordings, and books. We will also take measures to enable Canadian producers of cultural products to export their work to international markets. We will explore the provision of income-averaging mechanisms in the Income Tax Act for Canadian artists.

Finally, a Liberal government will be committed to stable multiyear financing for national cultural institutions such as the Canada Council and the CBC. This will allow national cultural institutions to plan effectively.

The most important asset of government is the confidence it enjoys of the citizens to whom it is accountable. If government is to play a positive role in society, as it must, honesty and integrity in our political institutions must be restored.



# Governing with Integrity

CANADIANS HAVE ALWAYS PRIDED THEMSELVES ON THE QUALITY OF THEIR democratic institutions. Yet after nine years of Conservative rule, cynicism about public institutions, governments, politicians, and the political process is at an all-time high. If government is to play a positive role in society, as it must, honesty and integrity in our political institutions must be restored.

The most important asset of government is the confidence it enjoys of the citizens to whom it is accountable. There is evidence today of considerable dissatisfaction with government and a steady erosion of confidence in the people and institutions of the public sector.

This erosion of confidence seems to have many causes: some have to do with the behaviour of certain elected politicians, others with an arrogant style of political leadership. The people are irritated with governments that do not consult them, or that disregard their views, or that try to conduct key parts of the public business behind closed doors.

People are disappointed by and irritated with the poor quality of services provided by many public institutions, given the cost of government and the taxes that governments are taking out of citizens' pockets. They value some of the benefits that governments provide, notably medicare, but they are annoyed by the apparent duplication of services between levels of government, and within the federal government itself.

A Liberal government will take a series of initiatives to restore confidence in the institutions of government. We will introduce reforms to Parliament, cut back on political staffs, and make competence and diversity the criteria for federal appointments. Open government will be the watchword of the Liberal program.

#### PARLIAMENTARY REFORM

**A Liberal government will reform the pension plan of members of Parliament to end "double-dipping."**

In the House of Commons, a Liberal government will give MPs a greater role in drafting legislation, through House of Commons committees. These committees will also be given greater influence over government expenditures. More free votes will be allowed in the House of Commons, and individual members of Parliament will be involved in an effective pre-budget consultation process. We will establish mechanisms to permit parliamentary review of some senior Order-in-Council appointments.

The pension regime of members of Parliament has been the focus of considerable controversy. It is now the subject of an independent review, which Liberals support. We believe that reform is necessary.

Whatever the results of the independent review, a Liberal government will reform the pension plan of members of Parliament to end "double-dipping." MPs should not be able to leave office and receive a pension from the federal government if they accept a new full-time paying job from the federal government. In addition, we will review the question of the minimum age at which pensions will begin to be paid.

When the Conservative government came to power in 1984, while citing the need for economy it nonetheless found the resources to increase both the size of political staffs and the pay available to them. These expansions created bloated political budgets and inflated salaries for members and friends of the Conservative Party. A Liberal government will reduce the size and budgets of ministers' offices and the Prime Minister's Office by at least \$10 million a year.

#### APPOINTMENTS AND ELECTIONS

Similarly, the Conservatives made a practice of choosing political friends when making the thousands of appointments to boards, commissions, and agencies that the Cabinet is required by law to carry out. A Liberal government will examine the size and relevance of existing boards and commissions to achieve cost savings by shrinking some boards and commissions and eliminating those that no longer play a useful role. To fill the vacancies that remain, a Liberal government will review the appointment process to ensure that necessary appointments are made on the basis of competence. Persons appointed by a

*"Given the sustained and often angry criticism that has been widely expressed by the public in recent years, it is remarkable how little has been done by way of reform. Of all the grounds on which successive governments, together with MPs, could be charged with being unresponsive, none is more striking than the lack of response to unmistakable expressions of public dislike of the manner in which Parliament goes about its business. If Canadian Parliamentarians are unwilling to effect changes, they must be prepared to accept a further loss of public regard. If, however, they are now ready to embrace reform, there are a number of avenues open to them."*

Public Policy Forum, 1993

#### POLITICAL CYNICISM IN CANADA

(percentage who agree with these statements)

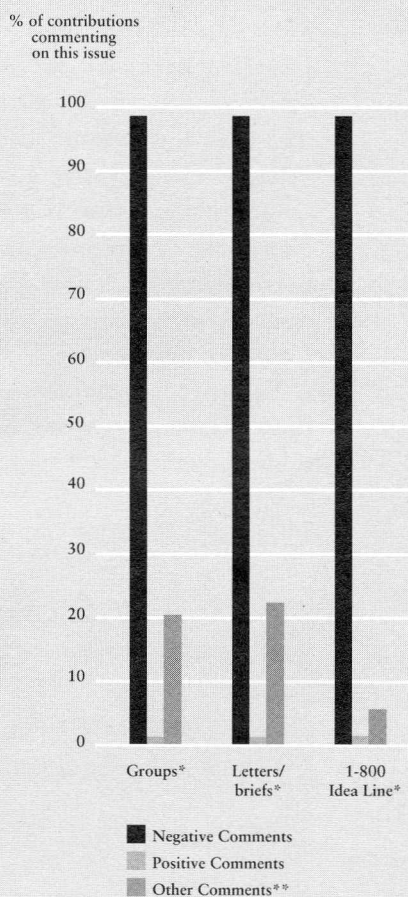
- "I don't think that the government cares much what people like me think." **70%**
- "Generally, those elected to Parliament soon lose touch with the people." **79%**
- "Most candidates in federal elections make campaign promises they have no intention of fulfilling." **82%**
- "Most members of Parliament care deeply about the problems of ordinary people." **62%**
- "Most members of Parliament make a lot of money misusing public office." **64%**
- "On the whole, politicians are less honest than the average person." **39%**
- "There is more corruption in government than in business." **30%**
- "Most politicians are just trying to do the best they can under difficult circumstances." **32%**

Source: Royal Commission on Electoral Reform and Party Financing, 1992

#### RESPONSIBLE LEADERSHIP

The Spicer Commission kept track of views expressed in group discussion reports, letters and briefs, and calls to its 1-800 Idea Line.

#### Views on Canada's Political Institutions and Leadership



\* Note: Excluding comments on the Prime Minister.

\*\* Other: Includes neutral comments that identified leadership as an issue, or that recommended changes that should be made in the constitutional reform process.

Percentages do not add up to 100 because contributions may have contained more than one type of comment.

Source: Citizens' Forum on Canada's Future (Spicer Commission), 1991

**A Liberal government will impose tough spending rules to ensure that single-issue and special-interest groups cannot distort the democratic electoral system.**

Liberal government will better represent women, visible minorities, Aboriginal peoples, and people with disabilities.

Openness and fair play in how we choose our political representatives are crucial if Canadians are to regain their trust in the parliamentary system. A Liberal government will reform the Elections Act by limiting the role of special-interest groups in election campaigns. A Liberal government will impose tough spending rules to ensure that single-issue and special-interest groups cannot distort the democratic electoral system. Reform of the Elections Act will also include closing loopholes in election spending. In particular, costs of polling and direct mail will be made subject to election spending limits.

#### LOBBYING REFORM

The lobbying industry has expanded enormously in Canada during the nine years of Conservative government. The integrity of government is put into question when there is a perception that the public agenda is set by lobbyists exercising undue influence away from public view. The cosy relationship between lobbyists and the Conservative regime has contributed not only to public cynicism about politics but also to the sense of the Americanization of Canadian government.

Serious concerns have been raised in the minds of Canadians about some of their political representatives and some of the companies and individuals who lobby or otherwise seek to influence government decision-making. A Liberal

#### AGENDA FOR ACTION

##### **The Public Trust**

*A new government must earn the confidence of Canadians*

Nine years of Conservative government have brought our political process into disrepute. A Liberal government will restore public trust and confidence in government. We will regulate the activities of lobbyists by appointing an Ethics Counsellor. We will reform the pension plan of members of Parliament. We will give more power to individual MPs by providing more free votes and more authority for parliamentary committees. And we will establish strict guidelines for merit in government appointments.



government will move quickly and decisively in several ways to address these concerns about conflict of interest, influence peddling, and selling access.

Canadians have the right to meet with elected officials and senior public servants without employing lobbyists. Although Canadians have the right to be represented in their dealings with government, no one should be required to pay fees in order merely to arrange meetings with ministers or senior officials.

We will follow the basic principle that government decisions must be made on the merits of a case rather than according to the political influence of those making the case. We will take an approach of openness in decision-making. A Liberal government will not allow the public agenda to be dominated by lobbyists as it has been since the Conservatives took office.

To enshrine these principles and commitments, we will develop a Code of Conduct for Public Officials to guide Cabinet ministers, members of Parliament, senators, political staff, and public servants in their dealings with lobbyists. We will also take measures to better regulate the activities of lobbyists, particularly in the awarding of government contracts.

In particular, a Liberal government will appoint an independent Ethics Counsellor to advise both public officials and lobbyists in the day-to-day application of the Code of Conduct for Public Officials. The Ethics Counsellor will be appointed after consultation with the leaders of all parties in the House of Commons and will report directly to Parliament.

The Ethics Counsellor will also be mandated to develop a corresponding Code of Conduct for Lobbyists and to examine and recommend responses to the ethical and business practice issues that arise from time to time in government relations. The Ethics Counsellor will be able to offer guidance both to lobbyists and their clients, if necessary, so that they can judge in advance the acceptability of any proposed contract or activity.

A Liberal government will give the Ethics Counsellor the power to investigate complaints and review specific dealings between the government and lobbyists to ensure that the Codes of Conduct are honoured. The Ethics Counsellor will be available to the Prime Minister to investigate allegations of impropriety by Cabinet ministers.

One of the largest areas of concern arising from the practices of the Conservative government has been the sometimes exorbitant fees lobbyists charge their clients for helping them to obtain large government contracts. The Ethics Counsellor will have the power both to require reporting of lobbying fees in relation to government procurement contracts and to disclose publicly any contract, fee, or activity that may be contrary to the Code of Conduct for Lobbyists.

To increase the transparency of the government's relations with lobbyists, and to give effect to some of the measures described here, a Liberal government will implement the unanimous June 1993 report of the House of Commons Standing Committee on Consumer and Corporate Affairs Respecting the Lobbyists Registration Act.

**No one should be required to pay fees to lobbyists in order to arrange meetings with Cabinet ministers or senior officials.**

**A Liberal government will appoint an Ethics Counsellor, who will be available to the Prime Minister to investigate allegations of impropriety by Cabinet ministers.**

The priority of a Liberal government will be to assist Aboriginal communities in their efforts to address the obstacles to their development and to help them marshal the human and physical resources necessary to build and sustain vibrant communities.

# Aboriginal Peoples

THE PLACE OF ABORIGINAL PEOPLES IN THE GROWTH AND DEVELOPMENT OF Canada is a litmus test of our beliefs in fairness, justice, and equality of opportunity.

For generations, Canadian society has failed this test. Many Aboriginal people face enormous problems, both in their communities and in the cities across Canada where they live: absence of meaningful employment and economic opportunities, unequal educational opportunity and results, poor housing, unsafe drinking water, and lack of health services. They suffer also from the destruction and lack of respect for Aboriginal languages, values, and culture.

Past and current ways of dealing with these conditions are not working. It is time for a change. We must define and undertake together creative initiatives designed to achieve fairness, mutual respect, and recognition of rights.

The role of a Liberal government will be to provide Aboriginal people with the necessary tools to become self-sufficient and self-governing. Our priority will be to assist Aboriginal communities in their efforts to address the obstacles to their development and to help them marshal the human and physical resources necessary to build and sustain vibrant communities.

The Aboriginal population is an overwhelmingly young population. If we do not focus on the potential of these young people, we will face increasing costs to our social security, health, and justice systems, and we will have lost a generation able and willing to make a contribution. Canada needs their talent and energy.

Our goal for Canada must be a future where:

- Aboriginal people enjoy a standard of living and quality of life and opportunity equal to those of other Canadians;
- First Nations, Inuit, and Métis peoples live self-reliantly, secure in the knowledge of who they are as unique peoples;
- all Canadians are enriched by Aboriginal cultures and are committed to the fair sharing of the potential of our nation;
- Aboriginal people have the positive option to live and work wherever they choose; and
- perhaps most importantly, Aboriginal children grow up in secure families and healthy communities, with the opportunity to take their full place in Canada.

#### RENEWING THE PARTNERSHIP

**A Liberal government will be committed to building a new partnership with Aboriginal peoples that is based on trust, mutual respect, and participation in the decision-making process.**

A Liberal government will act on the premise that the inherent right of self-government is an existing Aboriginal and treaty right.

A Liberal government will be committed to building a new partnership with Aboriginal peoples that is based on trust, mutual respect, and participation in the decision-making process. It does not make sense for the federal government to be unilaterally making policy or budgetary decisions that affect the lives of Aboriginal people, without their involvement. A Liberal government will develop a more comprehensive process for consultation between federal ministers and Aboriginal representatives with respect to decision-making that directly affects First Nations, Inuit, and Métis peoples.

A Liberal government will be committed to gradually winding down the Department of Indian Affairs at a pace agreed upon by First Nations, while maintaining the federal fiduciary responsibility. We will work with Aboriginal peoples to identify where existing federal expenditures for Aboriginal peoples, currently in excess of \$5 billion a year, can be redirected into more productive uses. A Liberal government will also explore new fiscal arrangements with Aboriginal peoples.

A Liberal government will seek the advice of treaty First Nations on how to achieve a mutually acceptable process to interpret the treaties in contemporary terms, while giving full recognition to their original spirit and intent.

The Inuit are seeking a process for the negotiation of regional self-government agreements for Inuit living outside the future territory of Nunavut. A Liberal government will support this objective.

A Liberal government will take the lead in trilateral negotiations involving the provinces to define the nature and scope of federal and provincial responsibility for Métis and off-reserve Indians. A Liberal government will also provide assistance to enumerate the Métis.



## A YOUNG POPULATION

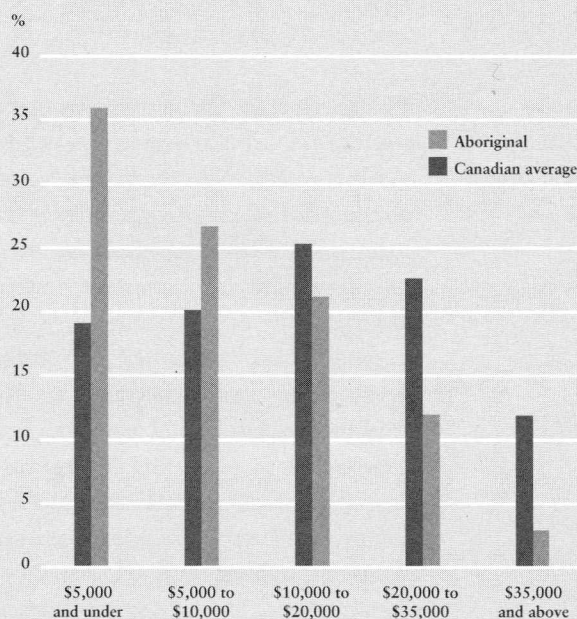
Age distributions reveal other differences between the total Canadian population and the population who identified with an Aboriginal group. The Aboriginal Peoples Survey reveals that the population identifying with an Aboriginal group tended to be much younger than Canada's total population: 37 percent were under the age of 15, compared with 21 percent for Canada's total population. Seven percent of the population identifying with an Aboriginal group were aged 55 and over, compared with 20 percent for Canada's total population.

Canadian Population by Age, 1991

| Age group (years) | Total population (%) | Population identifying as Aboriginal (%) |
|-------------------|----------------------|--|
| 0-4               | 7.1                  | 14.0                                     |
| 5-14              | 14.0                 | 23.4                                     |
| 15-24             | 14.2                 | 19.4                                     |
| 25-34             | 17.9                 | 17.6                                     |
| 35-54             | 27.1                 | 18.4                                     |
| 55+               | 19.7                 | 7.2                                      |

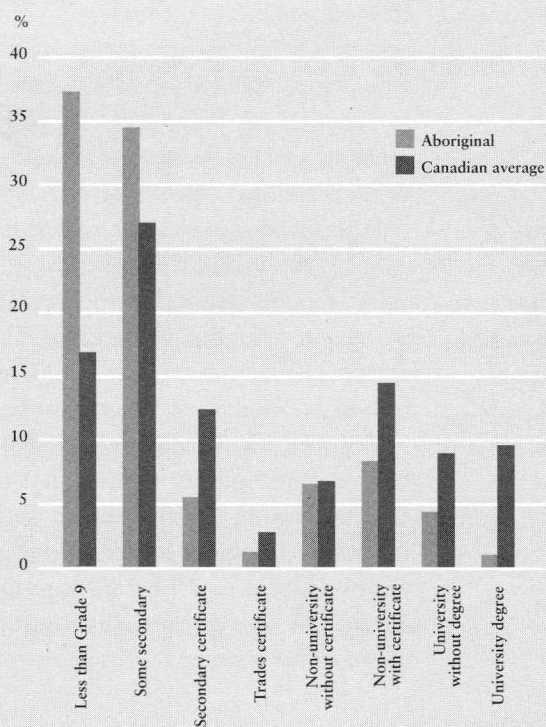
Source: Statistics Canada, 1993

Income of Aboriginal People Compared with the National Average, 1985



Source: Statistics Canada, 1990

Education of Aboriginal People Compared with the National Average, 1986



Source: Statistics Canada, March 1989

## COMMUNITY DEVELOPMENT

**The untapped potential of Aboriginal peoples is untapped potential for Canada.**

The socio-economic conditions of Aboriginal peoples are the poorest in the country. A Liberal government, in partnership with Aboriginal peoples, will work towards improving their economic and social conditions. The untapped potential of Aboriginal peoples is untapped potential for Canada. Government studies show that a reduction of the Aboriginal unemployment rate to the national average by the year 2000 would increase the gross national product of Canada by 2.3 percent.

Aboriginal-controlled community enterprises and effective community development institutions will be supported as the main engines of economic growth for Aboriginal peoples. A Liberal government will also explore new approaches to obtaining capital for Aboriginal development projects, such as through a National Aboriginal Development Bank, whose initial capital will come from banks, corporations, and prosperous Aboriginal communities. Its mandate could include the issuance of Aboriginal Development Bonds, which Canadians could purchase to finance Aboriginal community development.

A Liberal government will adopt federal procurement policies designed to stimulate the growth of Aboriginal business and will set up an Aboriginal Trade Commission to cultivate national and international markets for Aboriginal goods and services, including tourism, arts, crafts, and the products of traditional economies.

## HOUSING AND INFRASTRUCTURE

Adequate shelter is a fundamental need of any society and a basic prerequisite for community prosperity. Properly designed projects for the construction of housing and infrastructure should also create jobs and training for members of that community.

Aboriginal peoples are suffering an extreme housing crisis, brought on in part by the growth in the Aboriginal population, coupled with the Conservative regime's refusal, over nine years, to provide adequate resources to remedy the housing-need backlog. The 1992 report of the all-party Standing Committee on Aboriginal Affairs recommends a number of ways that existing resources could be reallocated to better address the housing crisis.

A Liberal government will work with Aboriginal peoples to develop an approach to housing that emphasizes community control, local resources, and flexibility in design and labour requirements. A Liberal government will bring together Aboriginal leaders, business and investment leaders, and other levels of government to define the appropriate legal instruments that will provide the security of repayment necessary to encourage private-sector financing to meet the need for housing.

**A Liberal government will work with Aboriginal peoples to develop an approach to housing that emphasizes community control, local resources, and flexibility in design and labour requirements.**

## EDUCATION AND TRAINING

Too many Aboriginal children are dropping out of school. Less than half the Indian school-age population reaches Grade 12, and in the Northwest Territories the success rate for Aboriginal children is approximately 3 percent. Many causes for the dropout rate are poverty-related or reflect an educational system that is not relevant to the lives of Aboriginal young people. The education system is not preparing these young people to meet the minimum educational requirements of the Canadian labour force.

**The education system is not preparing Aboriginal young people to meet the minimum educational requirements of the Canadian labour force.**

The needs of off-reserve, urban Aboriginal people are not currently being met. A Liberal government will initiate an Aboriginal Head Start program for preschool children and their parents, to be designed and run by Aboriginal peoples (see chapter 5).

A Liberal government will establish, with the participation of Aboriginal peoples, an Aboriginal Educational Institute that would specialize in curriculum development for Aboriginal and non-Aboriginal schools, teacher orientation, distance education, standards development, Aboriginal languages, literacy, and the development of cultural survival programs for youth.

Postsecondary education assistance for Aboriginal students was first introduced by a Liberal government in the late 1960s as a deliberate strategy to close the gap between Native and non-Native education in Canada. The Postsecondary Education Program continued to meet the growing demand from the Aboriginal community for higher education until 1987, when the Conservative government restricted the criteria and capped the budget for the program. Eligible Aboriginal students are now being turned away from postsecondary institutions for lack of funding, while at the same time the government is more than willing to support many of these young people with welfare payments.

A Liberal government will remove the cap on postsecondary education specifically to provide adequate funding for Aboriginal students accepted at colleges, universities, and vocational institutes, and in adult education programs and professional degree programs. An additional \$20 million per year will be budgeted initially to address the backlog of eligible students who have been deferred as a result of the cap on funding. A review of the Postsecondary Education Program will also be undertaken with Aboriginal peoples to determine fair criteria for eligibility and special needs, including adequate child care for students in need of such a service.

## HEALTH AND HEALING

The need for a new approach to health issues in Aboriginal communities is starkly obvious. Aboriginal young people are committing suicide at a rate six

**A Liberal government will initiate a comprehensive health policy, designed by and for Aboriginal peoples, which supports an integrated approach to dealing with physical and mental health issues and incorporates traditional healing methods.**

times the national average, and many are falling into a life of hopelessness characterized by a lack of education, alcohol and drug abuse, and, for too many, incarceration in our prisons.

A Liberal government will work in partnership with Aboriginal peoples to provide their communities with the tools and resources necessary to tackle these problems. Some communities have identified an urgent need for crisis-intervention counsellors, drop-in centres for youth, cultural survival programs, healing centres, or other resources. Successful models for these initiatives already exist. A Liberal government will initiate a comprehensive health policy, designed by and for Aboriginal peoples, which supports an integrated approach to dealing with physical and mental health issues and incorporates traditional healing methods.

Many Aboriginal communities, particularly in remote areas and the North, lack qualified mental health counsellors and facilities. A Liberal government will commit the necessary resources to train professional counsellors in traditional and contemporary methods and to assist communities to develop traditional healing centres or other culturally appropriate initiatives. A Liberal government will triple the current number of bursaries and scholarships available through Health and Welfare Canada for training Aboriginal health professionals and will make the bursaries and scholarships accessible to all Aboriginal peoples.

#### ABORIGINAL JUSTICE ISSUES

There is ample evidence to demonstrate that the conventional justice system is not working for Aboriginal peoples. They continue to be imprisoned at a rate greater than that of the overall population. Several years ago, the Canadian Human Rights Commission made the observation that Native youth today are more likely to go to prison than to college or university.

Numerous studies and inquiries have examined the Canadian justice system and Aboriginal peoples, including the Marshall Inquiry and the Manitoba Justice Inquiry. The Royal Commission on Aboriginal Peoples has held a National Round Table on justice issues. There is clear agreement that change is needed and now is the time for action. Studies to date have been moving in the direction of either a separate Aboriginal justice system or, at the very least, major reforms to the present justice system to accommodate the unique cultures of Aboriginal peoples.

A Liberal government will act on Aboriginal justice issues as a priority and will consider alternative justice systems for Aboriginal peoples. We will also continue to support innovative alternative justice projects.

**A Liberal government will act on Aboriginal justice issues as a priority and will consider alternative justice systems for Aboriginal peoples.**



# **A SECURE LAND AND RESOURCE BASE**

The resolution of outstanding Aboriginal claims must be a priority for all Canadians. Aboriginal peoples require certainty with respect to land rights if their communities are to have a productive future. Until claims and grievances are resolved, uncertainty over land rights will limit the possibilities of economic development in many parts of Canada.

The objective of a Liberal government will be to uphold the honour of the Crown by settling claims through a fair and equitable process. The resolution of land rights will allow the federal government to meet its obligations and guarantee a secure land and resource base for self-government.

The current process of resolving comprehensive and specific claims is simply not working. A Liberal government will implement major changes to the current approach. A Liberal government will be prepared to create, in cooperation with Aboriginal peoples, an independent claims commission to speed up and facilitate the resolution of all claims. This commission would not preclude direct negotiations.

Most Crown land in Canada south of the 60th parallel is held by the provinces. A Liberal government will engage the provinces in redressing the grievances of the Aboriginal peoples over land and resource rights, including negotiating agreements for resource revenue-sharing. We will also promote co-management agreements between Aboriginal peoples and federal, provincial, and territorial governments.

**A Liberal government will be prepared to create, in cooperation with Aboriginal peoples, an independent claims commission to speed up and facilitate the resolution of all claims.**

Liberals believe Canadians want their national government to play a more active, independent, internationalist role in this world of change. Canadians want a government that takes pride in their tolerance, openness, and common sense, and that reflects those values in its foreign policy.

# An Independent Foreign Policy

CANADIANS HAVE WITNESSED THE WORLD AROUND THEM CHANGING DRAMATICALLY in the last few years. The end of the Cold War has brought new hope for peace, democracy, and human rights, but the darker reality of regional conflict fuelled by old hatreds has placed a shadow over our hopes. A renewed spirit of international cooperation has raised expectations that we can prevent environmental catastrophe, but a stubborn refusal to share stewardship and resources still threatens the Earth's future. A Liberal government will work to make change an opportunity – a chance for Canada to help develop greater international and intercultural collaboration in the interests of peace, justice, and the preservation of humankind.

Liberals believe Canadians want their national government to play a more active, independent, internationalist role in this world of change. They do not want Canadian foreign policy to be determined solely through special personal relationships between world leaders. Canadians want a national government that takes pride in their tolerance, openness, and common sense, and that reflects those values in its foreign policy.

Canadians are asking for a commitment from government to listen to their views, and to respect their needs by ensuring that no false distinction is made between domestic and foreign policy. Finding jobs, protecting the environment, enhancing national unity, providing political security, and enriching the cultural

identity of Canadians are all goals inextricably linked to how Canada acts in the global arena.

The foreign policy agenda of a Liberal government will meet the aspirations of Canadians and will be based on a number of priorities, including ensuring a more independent role for Canada. Canada's role in the world can be strengthened by developing a secure multilateral context for countries like ours, within the framework of international law and the forum of the United Nations.

A Liberal government will adopt a broader definition of national and international security, encompassing such goals as sustainable development, global economic prosperity, a capable defence, and the eradication of poverty and social inequality. We will continue to support democracy and respect for human rights worldwide and will provide for a more open foreign policy-making process at home.

#### NEW DIRECTIONS IN CANADA-U.S. RELATIONS

Canada under a Liberal government will foster a mutually respectful relationship with the United States that balances our ongoing interest in having the Americans remain our closest friends and neighbours and our largest trading partners, with a desire to seek out new avenues of cooperation and dialogue made possible by the end of the Cold War and other new realities.

In rejecting a camp-follower approach in favour of pursuing a partnership with the United States, Liberals will cooperate with the U.S. administration in areas where their ideas are particularly suited to our goals. These include UN reform, strengthening international human rights and democracy, defence conversion, problem-solving through multilateralism, and protecting the global environment.

#### PEACEKEEPING AND FOREIGN AID

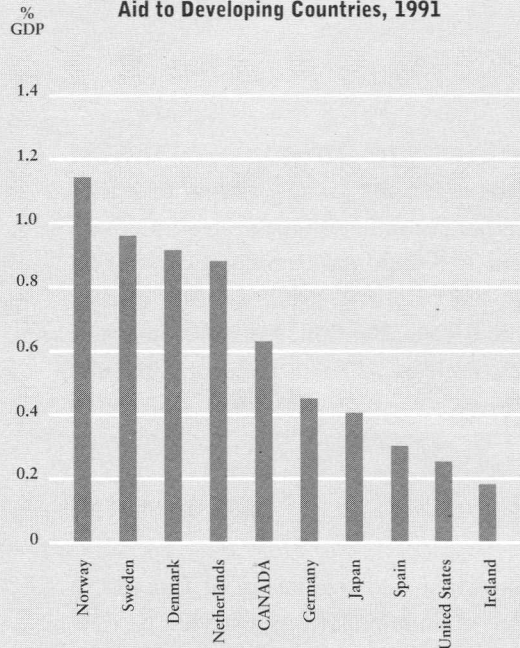
A Liberal government will strengthen Canada's leadership role in international peacekeeping. In part, this will be done through a reorientation of Canadian defence policy and procurement practices to emphasize the key priority of peacekeeping. Consideration will be given to creating a special peacekeeping brigade, comprising Canadian volunteers with both military and non-military expertise, who want to spend time in an organization specifically mandated to meet the increasingly diverse requirements of modern peacekeeping.

A Liberal government will also seek to convert surplus military bases in Canada to peacekeeping training and staging centres, and will encourage Canadian military industries to shift production in order to better support peacekeeping needs. We will give priority to Canadian efforts to improve the UN's policies on peacekeeping.

**A Liberal government will strengthen Canada's leadership role in international peacekeeping, in part through a reorientation of Canadian defence policy and procurement practices to emphasize the key priority of peacekeeping.**



Aid to Developing Countries, 1991



Source: OECD, 1993

## PERSPECTIVES

*"The central lesson of this time of our lives is clear enough: the people, not their leaders, are doing the leading. It's time now to start digesting the lesson, and thinking hard about what it means for our individual responsibilities in the 1990s and beyond."*

HARLAN CLEVELAND,  
 "The Birthday of a New  
 World," a keynote address;  
*Canada and the United  
 Nations System in the 21st  
 Century Report*, January 1992

## PERSPECTIVES

*"Central to the issues we are going to have to deal with are: patterns of production and consumption in the industrial world that are undermining the Earth's life-support systems; the explosive increase in population, largely in the developing world, that is adding a quarter of a million people daily; deepening disparities between rich and poor that leave 75 percent of humanity struggling to live; and an economic system that takes no account of ecological costs or damage – one which views unfettered growth as progress. We have been the most successful species ever; we are now a species out of control."*

MAURICE F. STRONG,  
 Secretary General of UNCED.  
 Excerpts from the opening statement  
 at the United Nations Conference on  
 Environment and Development,  
 Rio de Janeiro, Brazil, June 3, 1992

Canadian Peacekeeping  
Commitments

| Location             | Number involved | Date of deployment |
|----------------------|-----------------|--------------------|
| Afghanistan-Pakistan | 1               | 1990               |
| Angola               | 15              | 1991               |
| Cambodia             | 213             | 1992               |
| Cyprus               | 575             | 1964               |
| Egypt (Sinai)        | 28              | 1986               |
| El Salvador          | 11              | 1992               |
| Golan Heights        | 180             | 1974               |
| Iraq-Kuwait          | 45              | 1991               |
| Middle East*         | 13              | 1954               |
| Somalia              | 900             | 1992               |
| Western Sahara       | 33              | 1991               |
| Yugoslavia           | 12              | 1991               |
| Yugoslavia I         | 1,200           | 1992               |
| Yugoslavia II        | 1,200           | 1992               |

\*Egypt, Israel, Jordan, Lebanon, Syria

Source: Department of National Defence, 1992

In contrast to the Conservative government, a Liberal government will not arbitrarily and without prior consultation cut off aid programs to entire regions of the world, such as East Africa, that continue to face desperate poverty and deprivation. A Liberal government will conduct a comprehensive and public policy review of Canada's foreign aid priorities to ensure that a clear policy framework is in place for distributing Canadian aid. Effective means to manage the ongoing priority of helping countries in Eastern Europe and the former Soviet Union will be part of this review.

#### MULTILATERAL FORUMS

**The UN is experiencing a renaissance in its authority and stature in the world, much as its founders hoped it would. Canada's strong legacy of support for the UN and the reputation we have built there give us a unique opportunity to help lead its reform.**

A Liberal government will bring the full weight and reputation of Canada to bear in gaining international support for a United Nations Charter Review Conference in 1995, the 50th anniversary of the UN's founding. The UN is experiencing a renaissance in its authority and stature in the world, much as its founders hoped it would.

UN Secretary General Boutros Boutros-Ghali, acting with the support of the Security Council, has produced a blueprint for revitalizing the UN's capacity to act effectively in resolving international conflict. The Secretary General's July 1992 *Agenda for Peace* proposals are a far-reaching and innovative set of ideas linking traditional peacekeeping to other actions that UN member states can take in concert to ensure global peace and security.

However, a crisis of confidence in the UN's financial and political capacities is threatening to destroy the chances for a new and stronger internationalism. Resolving this contradiction in favour of an improved UN will require vigorous and persistent diplomatic initiative and negotiation. Canada's strong legacy of

#### AGENDA FOR ACTION

### Canada in the World

*Recovering our distinct role in multilateral cooperation*

A Liberal government will end the Conservatives' junior-partner relationship with the United States and reassert our proud tradition of independent foreign policy. We will strengthen Canada's leadership in international peacekeeping and pursue United Nations reforms. We will support democracy and human rights worldwide and reaffirm Canada's will to help the world's poor.

support for the UN and the reputation we have built there give us a unique opportunity to help lead this effort.

New multilateral regimes are needed to address many emerging global issues: the management of global fish stocks, the protection of the world's atmosphere, the maintenance of biodiversity, the control of population growth, the resettlement of refugees, and the equitable sharing of global wealth and resources. A Liberal government will foster the development of such multilateral forums and agreements, including an improved Law of the Sea, a new agreement on global warming, an improved international code of human rights, and a new agenda for development that matches the Secretary General's *Agenda for Peace*.

#### OPEN PROCESS FOR FOREIGN POLICY-MAKING

Liberals believe any Canadian effort to seek democracy, openness, and respect for human rights in the world must be reflected at home in our institutions and structures whose mandate is the development and execution of foreign policy. A Liberal government will establish a National Forum on Canada's International Relations as part of our commitment to the democratization of foreign policy-making in Canada.

This national forum will meet annually to discuss major issues and directions in Canadian foreign policy. It will include representation from Parliament and non-governmental organizations, and members of the general public who have an interest or involvement in world affairs. A Liberal government will also expand the rights of Parliament to debate major Canadian foreign policy initiatives, such as the deployment of peacekeeping forces, and the rights of Canadians to regular and serious consultation on foreign policy issues.

# Appendix A: Costing

## Costing for Proposed Programs 1994-95

### 1994-95

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|   |                      |
|---|----------------------|
| Cuts to existing <i>Conservative</i> programs | \$1,344 million *    |
| Cost of proposed <i>Liberal</i> programs      | — \$1,313 million ** |
| Decrease in spending                          | <b>\$ 31 million</b> |

### 1995-96

---

|   |                       |
|---|-----------------------|
| Cuts to existing <i>Conservative</i> programs | \$1,912 million *     |
| Cost of proposed <i>Liberal</i> programs      | — \$1,665 million **  |
| Decrease in spending                          | <b>\$ 247 million</b> |

### 1996-97

---

|   |                       |
|---|-----------------------|
| Cuts to existing <i>Conservative</i> programs | \$1,905 million *     |
| Cost of proposed <i>Liberal</i> programs      | — \$1,016 million **  |
| Decrease in spending                          | <b>\$ 889 million</b> |

### 1997-98

---

|   |                       |
|---|-----------------------|
| Cuts to existing <i>Conservative</i> programs | \$1,980 million *     |
| Cost of proposed <i>Liberal</i> programs      | — \$1,352 million **  |
| Decrease in spending                          | <b>\$ 628 million</b> |

\* See Table 1 opposite for details

\*\* See Table 2 opposite for details

All figures verified by Global Economics Ltd.



**Table 1: Savings from Cuts to Conservative Programs (\$ millions)**

|   | Pages | 1994-95 | 1995-96 | 1996-97 | 1997-98 |
|---|-------|---------|---------|---------|---------|
| Cancellation of the EH-101 helicopter program | 20    | 359     | 632     | 625     | 700     |
| Additional cuts to the defence budget *       | 20    | 350     | 425     | 425     | 425     |
| Reduction in the professional services budget | 20    | 400     | 620     | 620     | 620     |
| Additional cuts in grants to business *       | 20    | 225     | 225     | 225     | 225     |
| Cuts to budgets for ministerial staff and PMO | 20    | 10      | 10      | 10      | 10      |
| Total   |       | 1,344   | 1,912   | 1,905   | 1,980   |

\* "Additional" cuts are above and beyond cuts announced in the April 1993 federal budget.

**Table 2: Cost of Proposed Liberal Programs (\$ millions)**

|   | Pages | 1994-95 | 1995-96 | 1996-97 | 1997-98 |
|---|-------|---------|---------|---------|---------|
| <b>Capital Investments</b>                    |       |         |         |         |         |
| Infrastructure                                | 60-61 | 1,000   | 1,000   | —       | —       |
| Residential Rehabilitation Assistance Program | 61    | 50      | 50      | —       | —       |
| <b>Research and Technology</b>                |       |         |         |         |         |
| Venture Capital                               | 48-49 | 25      | 25      | 25      | 25      |
| Spending on R&D                               | 50-52 | 100     | 200     | 300     | 400     |
| Canadian Technology Network                   | 51    | 15      | 20      | 25      | 30      |
| Engineers Program                             | 54    |         | 10      | 10      | 10      |
| <b>Investing in People</b>                    |       |         |         |         |         |
| Apprenticeship                                | 33-34 | —       | 96      | 192     | 288     |
| Youth Service Corps                           | 34-35 | 25      | 50      | 100     | 100     |
| Literacy                                      | 36    | 5       | 5       | 5       | 5       |
| Child Care                                    | 38-40 | —       | 120     | 240     | 360     |
| National Forum on Health                      | 80-81 | 3       | 3       | 3       | 3       |
| Women's Health                                | 81-82 | 3       | 3       | 3       | 3       |
| Prenatal Nutrition                            | 82    | 10      | 15      | 30      | 30      |
| Aboriginal Head Start                         | 82-84 | 10      | 20      | 30      | 40      |
| Aboriginal Education                          | 101   | 20      | 20      | 20      | 20      |
| <b>"Action 21" Campaign</b>                   | 68-69 | 3       | 3       | 3       | 3       |
| <b>Equality</b>                               |       |         |         |         |         |
| Law Reform Commission                         | 86-87 | 3       | 3       | 3       | 3       |
| Court Challenges Program                      | 86-87 | 2       | 2       | 2       | 2       |
| Canadian Race Relations Foundation            | 86-87 | 24      | —       | —       | —       |
| <b>Culture</b>                                | 88-89 | 15      | 20      | 25      | 30      |
| Total   |       | 1,313   | 1,665   | 1,016   | 1,352   |

**Decrease in Spending (\$ millions)**

|       | 1994-95 | 1995-96 | 1996-97 | 1997-98 |
|-------|---------|---------|---------|---------|
| Total | 31      | 247     | 889     | 628     |

## Appendix B: Platform Papers

These policy statements were released by the Liberal Party on the dates shown. Copies may be obtained by writing to:

**Liberal Party of Canada**  
200 Laurier Avenue West  
Suite 200  
Ottawa, Ontario  
K1P 6M8

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